

Health Care Reform Timeline

Now that Congress has passed and President Obama has signed the Health Care Reform legislation, what can you expect? The following time line outlines the various programs that will be implemented over the upcoming years through this legislation:

2010

Insurers will be barred from imposing exclusions on children with pre-existing conditions.

By September of this year the federal government will appropriate \$5 billion to fund "high-risk pools" to provide health insurance for individuals who have been denied coverage because of pre-existing conditions until health care coverage exchanges are operational.

The federal government will also establish a "temporary re-insurance program." Re-insurance is the purchase of insurance on insurance, which makes it easier for employers to provide coverage for higher-risk employees and retirees. This program will reimburse employers 80% of the cost of claims for retirees aged 55-64 (not eligible for Medicare yet) in employment-based health plans. States and local government employers will also be eligible to receive the reimbursement.

The federal government will begin to create standards for state-based health insurance exchanges for individuals and small businesses with fewer than 100 employees. Grants may be awarded to states between 2010-2014 for planning and implementation of health insurance exchanges. An exchange is a government regulated marketplace where consumers would be able to shop for insurance, compare benefits and prices, and choose a plan that best suits their needs.

The federal government now will review premium increases to ensure that they are not unreasonable. Grants will be awarded to states to assist the states with the review of premiums.

NEW FEDERAL INSURANCE RULES WILL TAKE EFFECT, INCLUDING:

1. No lifetime limits on benefits;
2. Annual limits on benefits will be restricted;
3. Insurers cannot cancel coverage except for fraud, which means no cancellation simply because you get sick;
4. Certain preventive services and immunizations must be covered without co-payment;
5. Unmarried children can remain on a parent's health plan until age 26;
6. A new federal subsidy goes into effect for small businesses that provide health insurance;
7. All new plans will be required to implement an appeals process for coverage determinations and claims.

MEDICARE BENEFITS UNDER HEALTH CARE REFORM

1. There will be adjustments in payments to providers;
2. A \$250 rebate will be available for the 4 million individuals who are in the Medicare drug coverage gap (donut hole which occurs between the \$2700 initial limit and when catastrophic coverage kicks in after \$6,154 in expenses) and pay for drugs out of pocket;
3. Preventive care, such as cancer screening, will be free of co-payment.

States are allowed to expand Medicaid to individuals with income up to 133% of the Federal Poverty Level (FPL).

A 10% tax will be imposed on amounts paid for indoor tanning services on or after July 1, 2010.

Businesses with fewer than 50 employees will get tax credits covering 35% of their health care premiums in 2010.

2011

Tax for Health Savings Plan (HAS) withdrawals before age 65 for nonqualified medical expenses will increase from 10% to 20%.

Federal government will develop a vehicle for small businesses to offer tax-free benefits. This would ease the small employer's administrative burden of sponsoring a cafeteria plan.

MEDICAID

Beginning October 1, 2011, a new state Medicaid option supported by federal funding will be created for individuals with disabilities to receive home and community based services.

Federal funding may be increased for state Medicaid programs that cover certain evidence-based preventive services.

MEDICARE

1. A 50% discount will be provided on brand-name drugs for Prescription Drug Plans (Medicare Part D) and Medicare Advantage enrollees.
2. Medicare will provide FREE annual wellness visits and personalized prevention plans. New Medicare plans will be required to cover preventive services with NO co-pay.
3. Some Medicare advantage benefits, such as free eye-glasses, will be reduced or eliminated.
4. Out-of-pocket expenses for brand name drugs will be reduced by 50%.

2013

Health plans must implement uniform standards for electronic exchange of health information to reduce paperwork and administrative costs.

Contributions to flexible savings accounts will be limited to \$2,500 per year, indexed by the Consumer Price Index in subsequent years.

The employer Medicare Part D subsidy deduction will be eliminated. Employers will lose the tax deduction for subsidizing prescription drug plans for Medicare Part D-eligible retirees.

The income threshold for medical deductions will increase from 7.5% to 10% of adjusted gross income.

The Hospital Insurance Tax will increase 0.9% for those earning more than \$200,000 (\$250,000 for married filing jointly) and it includes net investment income.

States will be eligible for an additional 23 percentage-point increase in the Children's Health Insurance Program (CHIP) matching funds.

Medicare payroll tax increase goes into effect for individuals earning over \$200,000 and couples earning over \$250,000.

A new tax goes into effect on unearned income, such as dividends and interest, over a certain amount.

A 2.9% excise tax on the first sale of medical devices will be established. Excepted are eyeglasses, contact lenses, hearing aids and other items for individual use.

2014

Insurers can no longer refuse to sell or renew policies because of an individual's health status.

All individuals will be required to carry insurance or pay a penalty of \$95 in 2014. Penalty rises to \$325 in 2015, \$695 (or up to 2.5% of income) in 2016. Families will pay one half of the amount for children up to a cap of \$2,250 per family. After 2016 the penalties are indexed to the Consumer Price Index.

Workers who are exempt from individual responsibility for coverage but don't qualify for tax credits can take their employer contributions and join an exchange.

Individuals earning up to 400% of the Federal Poverty Level (FPL) will receive a sliding-scale subsidy that will cap premiums and out-of-pocket expenses for health insurance premiums and a tax credit to assist in paying for health insurance premiums.

INSURERS MUST:

1. Accept all applicants. You cannot be denied insurance coverage for pre-existing conditions and there will be no annual limit on benefits received;
2. Not use any factor in setting health insurance premiums other than limited use of age, family size, geography and tobacco use;
3. Provide a basic set of minimum benefits to all individuals free of out-of-pocket costs.

State based health insurance exchanges will be launched by January 1, 2014 and must be available to all individuals and small businesses.

Medicaid will be expanded to cover all individuals under age 65 up to 133% of the Federal Poverty Level (FPL) except undocumented immigrants. States will disregard 5% of income in determining eligibility, effectively expanding Medicaid to 138% Federal Poverty Level.

The small business subsidy for employers that provide insurance is increased up to 50% of costs.

Businesses with more than 50 employees must offer coverage to employees or pay a \$2,000 penalty per employee after their first 30 if at least one of their employees receives a tax credit. Employee waiting periods for eligibility for insurance cannot be longer than 90 days. Employers who offer coverage but whose employees receive tax credits will pay \$3,000 for each worker receiving a tax credit.

States may be allowed to establish a state-negotiated health insurance plan offered outside the insurance exchanges for non-medicare eligible individuals between 133% – 200% FPL.

2015

State Health Insurance exchanges must be self-sustaining and can charge an assessment or fee for use.

A tax credit will be available for children to obtain insurance through an exchange.

2016 – 2018

Insurance can be offered across state lines if the states agree. (2016)

States begin to pay a share of the Medicaid Expansion. (2017)

States may allow large companies with more than 100 employees to participate in exchanges. (2017)

An excise tax goes into effect on insurers for high-cost employer provided health insurance plans with annual premiums in excess of \$27,500 for a family and \$10,200 for an individual. This will increase to \$30,950 for families and \$11,850 for individuals.

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