

Health Reform: What is it and What Does it Mean for New York?



*I don't know if you know this, but
I'm kind of a big deal.*

Health Care for All New York

Outline of Presentation

- Whoa, what just happened?
- What does the new law do?
- What does the new law mean for me?
 - The mandate
 - For people who have insurance
 - For the uninsured
 - For young adults
 - For early retirees
 - For seniors
 - For kids
 - For women
 - For employers
- The bottom line
- What happens next?

Whoa, what just happened?

We have a new law



In March 2010, President Obama signed the “Patient Protection and Affordable Care Act” (PPACA) into law.

What it is...	What it is NOT...
<input checked="" type="checkbox"/> Insurance and health reform	X “Single-payer”
<input checked="" type="checkbox"/> Medicaid expansion	X “Cornerstone for Coverage” or “Partnership for Coverage”
<input checked="" type="checkbox"/> Medicare improvements	X “Medicare for All”
<input checked="" type="checkbox"/> Tax reform	X “Death panels”
<input checked="" type="checkbox"/> New requirements to have insurance	X The Tea Act of 1773, The October Revolution, National Socialism, China, etc.
<input checked="" type="checkbox"/> Government help to purchase insurance	X “The Apocalypse”

Why did we need a new law?

- **Insurance prices have outpaced wages**
 - Between 2000 and 2009, health insurance premiums in NY grew by 92%, while median earnings only rose by 14%.
 - The average annual cost of insurance in the individual market in NY is over \$12,000 for an individual, or \$24,000 for a family.
- **Working people can't find good affordable coverage**
 - Employers are cutting back health care benefits, or dropping them altogether.
 - 50% of uninsured adults in New York work full-time jobs.
 - 1 in 3 New Yorkers say they or someone in their family has postponed getting medical care or a prescription in the past year because of a lack of money or insurance.
 - 2.7 million New Yorkers currently lack health insurance (47 million in US).

What does the new law do?

Health Security: Insurance Company Regulation

- Health insurers cannot:
 - Put lifetime limits on benefits or unreasonable annual benefit limits.
 - Refuse to pay for a “pre-existing condition” (for kids in 2010, adults in 2014).
 - Drop you when you get sick, or cancel your policy for no reason (2010).
 - Price your insurance based on your gender; age and tobacco rating limited.
- Large group plans must spend at least 85¢ of every premium \$1 on health care (instead of profits or administrative costs); small group and individual plans must spend at least 80¢ (in NY 82¢).
 - Starting in 2011, plans that do not comply will have to issue annual rebates to enrollee.
- After 2014, all plans must cover the “essential health benefits,” including: preventative care, hospitalizations, maternity care, mental health, prescription drugs, rehabilitation services, etc.



The Exchange

- By 2014, states will have a website & telephone hotline to help individuals and small businesses purchase and enroll into “qualified health plans.”
 - Qualified health plans must meet minimum standards. Can be private insurance plans and public programs (like Medicaid, Child Health Plus and Family Health Plus).
- Allow shoppers to compare insurance plans on an “apples to apples” basis, including:
 - Benefits, monthly premiums and co-pays
 - Plan performance ratings on quality and price
 - Appeals, customer satisfaction data
- Members of Congress will get coverage on the Exchange too.



The Subsidies

People earning less than 400% of the federal poverty level may be eligible for advanceable and refundable “tax credits” to buy insurance through the Exchange.

- Refundable payments will be issued to the enrollee via tax returns, advanceable payments will be issued directly to the health plan.
- Subsidies may only be used for private insurance purchased on the Exchange.

Annual Income Range (for a family of three)		<u>Maximum</u> annual premium costs	<u>Maximum</u> annual co-pays and deductibles
< 133% FPL	< \$24,352	\$487	\$3,867
134%-150% FPL	\$24,352 - \$27,465	\$730 - \$1,098	\$3,867
151%-250% FPL	\$27,465 - \$45,775	\$1,098 - \$2,883	\$3,867 - \$5,800
251%-300% FPL	\$45,775 - \$54,930	\$2,883 - \$4,421	\$5,800
301%-400% FPL	\$54,930 - \$73,240	\$4,421 - \$6,957	\$7,733

Eligibility

- Eligibility to purchase insurance on the Exchange is limited to individuals, families, small businesses, and immigrants who are lawfully present.
- Eligibility for subsidies is limited to people who purchase insurance on the Exchange and:
 - are not eligible for insurance through their jobs or through public health insurance programs, and
 - people who have insurance through their jobs, but:
 - Pay between 8-9.8% of incomes for employer's plan (get a “free choice voucher” to opt into Exchange—no tax credit)
 - Pay more than 9.8% of their income for their share of employer's plan (can opt into Exchange and get tax credit, large employers penalized).



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Source: ACA §1401 (eligibility if pay more than 9.5% of income; §1411 (eligibility to access exchange and subsidies); §10108 (free choice vouchers).

What does the new law mean for me?

The Mandate

- Starting in 2014, everyone will be required to have health insurance that meets a minimum standard of quality.
 - Exemptions based on financial hardship, undocumented immigrants, religion, etc.
- People who go without insurance for more than 3 months will pay a penalty.
 - Penalties start at \$95 per person in 2014, and gradually phase in to a maximum penalty of \$695 per person per year, or \$2,085 per family in 2016. These are paid when you file your taxes.
- Large employers must enroll employees into coverage; mid-sized employers must either offer coverage or pay a penalty. Small employers (< 50 employees) have no mandate and may be eligible for tax credits.



For people who have health insurance through their employer

- If you like your insurance, you can keep it.
 - Employers offering health insurance on the date on which the law was enacted – March 23, 2010 – may continue to offer that insurance, and continue to enroll new employees into it.
- If you don't like your insurance, you can buy different insurance on the Exchange or elsewhere at full price.
- If you pay more than 9.5% of your income on your portion of your employer's health insurance plan, then you can buy insurance on the Exchange and get a subsidy.



Source: ACA §§ 1251 (grandfathered plans); 1401 (eligibility if pay more than 9.5% of income; 1411 (eligibility to access exchange and subsidies); §10108 (free choice vouchers).

For people who buy health insurance on their own, or who don't have insurance

- If you like your plan, and were enrolled in the plan on or before March 23, 2010, then you can keep it.
- If you don't like your plan, or don't have insurance, starting in 2014 you will have the new option of purchasing insurance through a state-based insurance exchange.
 - If you earn between 133% - 400% of FPL (\$24,350 - \$73,240 annually for a family of three) you can get a subsidy to buy insurance on the Exchange.
- Uninsured people who have a medical condition can enroll in state-based or federal “high risk” pool between 2010-2014. NY's is called the Bridge Plan.



Source: ACA §§ 1251 (grandfathered plans); 1401 (eligibility if pay more than 9.5% of income; 1411 (eligibility to access exchange and subsidies); §10108 (free choice vouchers).; § 1101 (high risk pool).

For young adults

- If you are less than 26 years old, then you can stay on your parent's insurance until you turn 26.
 - You do not have to be enrolled in college to do so, and can be married.
 - In NY, people between 26 and 29 can pay more and keep coverage through their parents' employer (will cost slightly more).
- If you are less than 30 years of age and cannot afford to buy coverage then you can purchase a low-cost “catastrophic” health plan.
 - This plan will have a high deductible.
 - The basic essential health package will begin once the deductible has been met. However, a plan must still offer at least three primary care visits per year, not subject to a deductible.



For early retirees

If you are a retired person between the ages of 55 and 64 and are enrolled in an employer health plan:

- Between June 2010 and 2014, the government will reimburse employers or insurers for 80% of retiree health claims between \$15,000 and \$90,000.
- These payments will be used to lower the cost of health insurance for early retirees enrolled in the employer health plan. This means lower monthly premiums and/or co-pays.



For seniors who have Medicare

- In 2011, there will be no co-payments and annual deductibles for preventive services.
- By 2014, Medicare Advantage plans will be required to spend at least 85¢ of every \$1 on health care for seniors.
- Seniors who hit the coverage gap (or the “donut hole”) will get a rebate of \$250 in 2010, and a 50% discount on brand name drugs and biologics in 2011.
- By 2020, the Medicare donut hole will be closed.



For kids

- Kids under 19 in families that earn less than 133% FPL (\$24,300 for a family of 3) will be eligible for free Medicaid coverage.
- Kids (and everyone else) with Medicaid will have more doctors to choose from because the new law raises pediatrician and primary care payment rates to match Medicare rates.
- Child Health Plus (SCHIP) will continue until 2019. All kids up to 400% FPL (\$73,240 for a family of 3) have access to affordable, comprehensive health insurance.
- Kids will no longer be subject to a pre-existing condition exclusion (2010).

Source: ACA § 2001(a)(5) (coverage of kids up to 133% FPL); 2101 (SCHIP); 1201 (pre-existing condition exclusions), codified at PHSA § 2704; ACA § 10103 (pre-existing exclusion rule for children applies to grandfathered plans); Recon Act § 1203 (primary care rates).



For immigrants



- If you are an immigrant who currently has insurance, and you like it, may keep it.
- If you are a lawfully present immigrant and don't like your insurance, or do not have insurance, starting in 2014 you may purchase insurance on the Exchange and get subsidies if you meet the standard eligibility requirements.
- If you are an undocumented immigrant you cannot buy insurance or get subsidies for yourself on the Exchange.
 - But, you can get it for your family members who may be citizens or lawfully present.

Source: ACA § 1411 (eligibility for exchange).

For women

- New anti-discrimination rules:
 - “Gender rating” banned in 2014, age-rating will be limited.
 - Bans denials of pre-existing conditions, such as breast cancer, c-sections, domestic violence.
- Women’s Health Amendment: no co-pays for preventive services and screenings (such as mammograms, Pap smears), maternity mandated .
- Around 6.4 million women of reproductive health age (15 to 44) will get Medicaid and 4.8 million will get federal subsidies to buy private coverage.
- Restrictions in Medicaid: 2 checks required in the Exchange, and general concern that most insurers will drop abortion benefit altogether.



Employer requirements

- Employers with 200+ employees must automatically enroll employees in health plans (employees can opt out).
- Employers with 50 + employees
 - Who do offer coverage, but who still have at least one full-time employee getting premium credits, can either pay penalty or offer employee a “free choice” voucher to buy coverage on the exchange.
 - Who do not offer health insurance, must pay a penalty if at least one full-time employee uses premium credits.
- Employers with less than 50 employees are exempt from requirements and penalties.



Source: ACA §§ 1511 (auto enrollment); 1513 (employer penalties).

Penalties for employers.

- Employers with 50+ employees who don't offer health insurance (and have one or more full-time employee who receives premium credits)
 - Must pay \$2,000 per full-time employee per year (excluding the first 30 employees)
- Employers with 50+ employees who do offer health coverage (and one or more full-time employee receiving premium credits)
 - Must pay the lesser of \$3,000 per employee getting a premium credit, or \$2,000 per full-time employee.
- If the employee's share of the cost is between 8%-9.8% of their income, the employer may offer them a voucher to purchase coverage on the exchange and employer will not be penalized.



Tax Credits for Small Businesses



- Employers with <25 employees and average annual wages of <\$50K who offer health insurance and pay at least 50% of the cost may be eligible for tax credits of up to 35% of their share of the cost in 2010 (50% in 2014).
- Credit amounts phase-in based on the number of employees and their average earnings.
 - To qualify for the full credit amount, an employer must have 10 or fewer employees and average wages of \$25K or less
- The tax credit may be claimed for up to 6 years total. It can be used every year from 2010 – 2013. Starting in 2014, businesses may only claim it for two years.

For-Profit Businesses	Non-Profit Businesses
Get a general business credit based on their actual tax liability. Unused credits can be carried forward up to 20 years.	Credit will be in the form of a reduction in income and Medicare tax withheld from employee wages and the employer share of Medicare tax on employee wages.

The bottom line

Health insurance will be more affordable.

- Health plans will no longer be able to charge co-payments or deductibles for preventive services (2010).
- Starting in 2014, health plans will have to limit out-of-pocket expenses at \$5,950 for an individual/\$11,900 for a family (excluding grandfathered and self-insured plans).
- Starting in 2014, small-group employer plans will have to limit deductibles to no more than \$2,000 for an individual or \$4,000 for a family.
- Health care premiums will likely go down due to more people paying into the system. It is estimated that the premiums on the direct-pay market will go down by as much as 20%. Job-based coverage will go down by about 3%.



Source: ACA § 1001 (preventive services), codified at PHSA § 2713; ACA § 1312 (cost sharing and deductibles).; whitehouse.gov (effect on premiums).

Health insurance will be easier to find and use.

- People will be able to use the new insurance Exchange as a simplified way to enroll into both public insurance programs and private health plans.
- The new law sets aside grants to states to establish consumer assistance or ombudsman programs (like Community Health Advocates) to help people enroll in plans, file complaints and appeals, and solve problems.
- Insurance plans are required to implement an effective appeals process for coverage determinations and claims.



Source: ACA § § 1311-1313, 10104, 10203 (exchanges); 1002 (consumer assistance), codified at PHSA § 2793; ACA § 1001 (appeals process); codified at PHSA § 2719

What's Next?

Implementation

- Phase-in over the next 4 years; fully implemented by 1/1/14
- Federal policymakers are issuing technical regulations and guidance.
In 2010:
 - Early retirees reinsurance program
 - Young adult, no pre-ex for kids, bar on rescissions, lifetime & annual caps
 - Insurance regulations on medical loss ratios and premium increases
 - Federal web portal
 - \$250 rebate for seniors who hit the donut hole
 - Small business tax credits
- State policymakers are working on implementation
 - High Risk pool—NYS Bridge Plan (August 2010)
 - Implementation Advisory Council
- Individuals, families and employers will start seeing the benefits of the new law as early as this year, but will not be subject to any penalties until 2014.

Resources

- Health Care For All New York: www.hcfany.org
 - Check out our website to find out more about the law and to keep posted on what's going on with health reform implementation or call: (212) 614-5337.
- Community Health Advocates: www.communityhealthadvocates.org
 - For help enrolling and using insurance or health care, call toll free: 1-888-614-5400.
- The White House: www.whitehouse.gov
- Congressional Budget Office:
<http://www.cbo.gov/publications/collections/health.cfm>
- Kaiser Family Foundation: <http://healthreform.kff.org/>
- Community Catalyst: <http://www.communitycatalyst.org/>
- PPACA: <http://www.ncsl.org/documents/health/ppaca-consolidated.pdf>

Thanks!

