



## Major Components of Federal Health Reform

Updated March 31, 2010

On March 30, 2010 President Obama signed the Health Care and Education Reconciliation act, completing health care reform. The Patient Protection and Affordable Care Act became law one week earlier.

	<b>Patient Protection Act (H.R. 3590) + Reconciliation Act (H.R. 4872)</b>
<b>Cost/ Deficit Impact (over 10 years)</b>	\$928 billion Reduce deficit by \$124 billion
<b>Individual Mandate</b> – requirement that all individuals purchase qualifying health insurance coverage  <b>Effective: 2014</b>	<b>Penalty:</b> \$695 per adult per year or 2.5% of household income to be fully phased in by 2016 and indexed for cost of living. <b>Exemption:</b> those below 100% FPL or if premium for the lowest cost approved plan exceeds 8% of income, those below income tax filing threshold (\$9,353 in 2009), those without coverage for less than 90 days
<b>Employer Mandate</b> – requirement that businesses offer their employees health insurance  <b>Effective: 2014</b>	Employers are not required to offer health insurance. However, larger employers must pay a penalty if any of their employees receive subsidies. Companies with more than 200 employees required to automatically enroll employees in employer-sponsored coverage plans <b>Penalty:</b> \$2000 for each full-time worker (excluding the first 30 workers) if any employees receive subsidies through the Exchange <b>Exemption:</b> Small businesses with fewer than 50 employees
<b>Gateway/Exchange</b> – marketplace where people can buy insurance. Primary users would likely be small businesses and people purchasing individual insurance plans	State-based Exchange. Exchanges must be self-sustaining after the first year  <b>Effective 2013</b>
<b>Medicaid/SCHIP</b> – government health insurance program for low-income children and families  <b>Effective: 2014</b>	<b>Medicaid Eligibility:</b> all individuals under age 65 with incomes below 133% FPL based on Modified Adjusted Gross Income <b>Federal Match:</b> Federal government covers 100% of newly eligible individuals for two years and gradually falling to 90% of costs from 2020-on. <b>SCHIP:</b> continues under current law until 2019 with federal match increased by 23% after 2015
<b>Subsidies</b> – refundable tax credits to help low-and moderate-income families pay for premiums of insurance purchased through the Exchange and limits out-of-pocket health expenses for those with employer sponsored coverage	Credits only for those who purchase insurance through the Exchange or who's employer sponsored coverage exceeds 9.5% of their income <b>Eligibility:</b> sliding scale for those up to 400% FPL for premiums and cost-sharing <b>Credit Level:</b> percentage of income based on cost of mid-level plan  <b>Effective: 2014</b>
<b>Financing</b> – providing new revenues or cost savings to pay for health reform  <b>Effective: 2011-2018</b>	Tax on insurers offering high-value plans, limit FSA contributions, re-define FSA & HSA medical expenses, increase Medicare Hospital Insurance tax for high-income earners, increase threshold for unreimbursed medical expenses, fees on drug & medical device manufacturers, health insurance providers, tax on tanning services
<b>Public Plan Option</b> – an insurance plan administered by the government offered as one of the choices in the health insurance Exchange	No provision to create a public plan option. Rather, encourages the development of Consumer Operated and Oriented Plans (CO-OP) and requires contracts with insurers to provide a least two multi-state plans in each Exchange  <b>Effective: 2013</b>