

## Health Reform Law

Source: Wall Street Journal, "The Path to Change"

The \$940 billion health-care overhaul will take nearly a decade to roll out in full. A look at the key parts of the bill and when they go into effect.

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### **COVERAGE:**

2010:

- Subsidies begin for small businesses to provide coverage to employees
- Insurance companies barred from denying coverage to children with pre-existing illnesses.
- Children permitted to stay on their parents' insurance policies until their 26<sup>th</sup> birthday.

2011:

- Set up long-term care program under which people pay premiums into system for at least 5 years and become eligible for support payments if they need assistance in daily living.

2014:

- Create exchanges where people without employer coverage, as well as small businesses, can shop for health coverage. Insurance companies barred from denying coverage to anyone with pre-existing illness.
- Requirement begins for most people to have health insurance. Subsidies begin for lower and middle-income people. People at 133% of federal poverty level pay maximum of 3% of income for coverage. People at 400% of poverty level pay up to 9.5 % of income. (Poverty level currently is about \$22,000 for a family of four.)
- Medicaid, the federal-state program for the poor, expands to all Americans with income up to 133% of poverty level.
- Subsidies for small businesses to provide coverage increase. Businesses with 10 or fewer employees and average annual wages of less than \$25,000 receive tax credit of up to 50% of employer's contribution. Tax credits phase out for larger businesses.

2017:

- Businesses with more than 100 employees can buy coverage on insurance exchanges, if state permits it.

### **TAXES AND FEES**

2011:

- Drug makers face annual fee of \$2.5 billion (rises in subsequent years).

2013:

- New Medicare taxes on individuals earning more than \$200,000 a year and couples filing jointly earning more than \$250,000 a year.
- Tax on wages rises to 2.35% from 1.45%.
- New 3.8% tax on unearned income such as dividends and interest.
- Excise tax of 2.9% imposed on sale of medical devices.

2014:

- Employers with more than 50 employees that don't provide affordable coverage must pay a fine if employees receive tax credits to buy insurance. Fine is up to \$3,000 per employee, excluding first 30 employees.
- Insurance industry must pay annual fee of \$8 billion (rises in subsequent years).

2016:

- Penalty for those who don't carry coverage rises to 2.5% of taxable income or \$695, whichever is greater.

2018:

- Excise tax of 40% imposed on health plans valued at more than \$10,200 for individual coverage and \$27,500 for family coverage.

## **COST CONTROL**

2013:

- Medicare pilot program begins to test bundled payments for care, in a bid to pay for quality rather than quantity of services.

2014:

- Independent Medicare board must begin to submit recommendations to curb Medicare spending, if costs are rising faster than inflation.