

What's UP with Health Care Reform?

The changes we'll see in our health care and insurance system as a result of the historic PPACA (Patient Protection and Affordable Care Act) legislation that was signed into law by President Obama in March 2010 will be implemented in phases. State insurance regulators, the Health and Human Services Administration, and state lawmakers are working on a relatively fast track to iron out the details of the first phase. The details include rules, regulations, and standards for health insurance rates and programs in this new era of what promises to be a much better system.

Consumer advocates (including UP) are working hard to make sure that the public/consumers get the maximum benefit from PPACA. As one of the official consumer representatives in the National Association of Insurance Commissioners (NAIC), UP has the inside, current scoop.

Here's a short list of health care reform measures that will take effect by September 23rd, 2010 (6 months after enactment of PPACA):

FOR ADULTS:

Temporary help for the uninsured:

Adults who have been denied coverage for pre-existing conditions and have been uninsured for more than 6 months will be eligible for temporary coverage in a high-risk pool.

FOR CHILDREN:

Pre-existing conditions:

Children under 19 with pre-existing conditions cannot be denied coverage.

Increase in age limit for dependent coverage:

Young adults are now eligible for coverage under a parent's plan until their 26th birthday, unless they are offered a policy through their own job.

FOR SENIORS:

Rebates for seniors in the “donut hole”:

A \$250 rebate will be offered to seniors who have reached the gap (or “donut hole”) in their Medicare Part D prescription drug coverage.

FOR ALL:

Restrictions on rescissions:

Fraud will be the only acceptable reason for insurers to rescind policies. Insurers must notify policyholders prior to cancellation.

Elimination of lifetime limits:

Existing insurance plans will no longer be allowed to put lifetime caps on coverage for “essential benefits.”

FOR BUSINESSES:

Incentives for small businesses through tax breaks:

Small businesses (less than 25 employees, with average wages of <\$50K) that choose to contribute toward their workers’ health premiums can receive a tax credit of up to 35 percent of premium costs.

Big businesses face fines for no coverage

Larger companies (more than 50 employees) are now required to offer coverage to their workers, and will be fined (up to \$2000) for each employee who purchases a plan through the Health Benefit Exchanges.

Here is a sampling of other important changes you can expect by 2014:

- **Fair premiums:** The only factors that can influence the cost of premiums are age, smoking, where you live, and whether coverage is for an individual or a family.
- **Prohibition of discrimination/ Preexisting condition exclusions:** An individual cannot be denied coverage for preexisting conditions, claims experience, disability, etc.
- **Mandatory coverage:** Individuals who do not have coverage by 2014 will pay a penalty.
- **“Health Benefit Exchanges”:** Each state will establish at least one Exchange, which is a

marketplace that will offer high-quality, affordable insurance options for families lacking insurance, or who cannot afford to buy enough coverage. Establishment of Exchanges will begin in 2010, and they will be up and running by 2014. Exchanges will also protect employees of large companies who already have adequate coverage from unfair insurance regulations that could limit coverage. And workers who lose their employer-provided insurance when they change jobs can look to the Exchange for new coverage. [Click here](#) for more information about Exchanges from the NAIC.

- **Ban on annual limits:** Annual limits will be phased out over the next three years until they are completely banned (for most plans) by 2014.

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