

## Summary of Health Care Changes from the Patient Protection and Affordable Care Act (Obamacare)

### Changes taking effect by year:

#### 2012

- Employers to report total cost of health care coverage on 2012 W-2s (issued in January 2013)
- Employers offering health coverage must provide a summary of benefits and coverage (SBC) to participants including 60 day notice of any material changes on the first day of open enrollment.
- Insurance Companies with a loss ratio of less than 80% of premiums on small groups or 85% on large groups must provide loss ratio rebate payments by August 1, 2012.
- Additional preventive care services for women covered at 100%
- Accountable Care Organizations (ACOs) share in Medicare cost savings

#### 2013

- Health care flexible spending account (FSA) contributions limited to \$2,500 per year
- Comparative effectiveness research fee paid by insurance plans (\$1/member/year in first year)
- Increased Medicare tax rate (from 1.45% to 2.35%) and a new 3.8% assessment on net investment income for high income filers (over \$200,000/individual or \$250,000/couple)
- Itemized deduction for unreimbursed medical expenses increased from 7.5% to 10% (waived for ages 65+)
- Medicare Part D retiree drug subsidy (deduction for expenses) eliminated
- Employers provide employees notice of state health insurance exchange availability (by March 1, 2013)
- Excise tax (2.3%) starts for medical device manufacturers

#### 2014

- State insurance exchanges open to individuals and small employers (under 101 employees)
- Tax credits and subsidies available for lower-income individuals (133% - 400% of federal poverty level) to purchase coverage through an exchange
- Individuals required to have minimum level of health insurance (or pay penalty)
- Employers (with at least 50 full-time equivalent employees) required to offer health insurance to full-time employees (or pay penalty).
- Employers with at least 50 employees must track full-time / part-time monthly status and keep permanent tax records for each month.
- Employers can be asked to "look-back" up to 12 months to provide documentation of hours worked for benefit eligibility.
- Health care tax credit maximum increased (35% to 50%) for small businesses with less than 25 employees and average annual wages less than \$50,000
- Annual dollar limits (on essential health benefits) and pre-existing condition exclusions for all plans (including grandfathered plans) are eliminated
- Waiting periods longer than 90 days are prohibited
- Plans required to cover children up to age 26 even if child is eligible for other insurance
- New and non-grandfathered plans are subject to:
  - Deductible maximum of \$2,000/individual and \$4,000/family
  - Out-of-Pocket maximums same as HSA-compatible plans
  - Coverage of routine medical costs of clinical trial patients
- Guaranteed issue and renewability of insurance regardless of health status for individuals and small groups
- Health insurance industry tax and temporary reinsurance program begins
- Employer wellness incentive limit increased from 20% to 30% of cost of employee-only coverage

**2018**

- “Cadillac” (high cost) health insurance coverage subject to 40% excise tax on value above \$10,200/individual or \$27,500/family. Paid by insurance carrier for fully-insured plans

**Previous changes that have taken effect:****2010**

- Health plans must cover children up to age 26 (with income tax exclusion) regardless of student or marital status unless child is eligible for coverage through his/her own employment
- Pre-existing condition limitations prohibited for children under age 19
- Preventive care services covered at 100% with no cost sharing
- Plans required include pediatricians and OB/GYNs as primary care physicians (no referrals required)
- Emergency room coverage covered under in-network level with no prior authorizations required
- Lifetime dollar limits prohibited and annual dollar limits restricted until 2014
- Insurers no longer able to cancel coverage retroactively except in cases of fraud
- Plans required to establish process for consumers to appeal health plan decisions
- Seniors receive \$250 rebate to fill Medicare Part D (prescription drugs) donut hole
- High risk insurance pools can be established for uninsured people with pre-existing conditions (few states have enacted the pools)
- Indoor tanning services subject to 10% tax
- Health care tax credit (35% maximum) offered to small businesses with less than 25 employees and average annual wages less than \$50,000

**2011**

- Increased penalties (from 10% to 20%) for non-qualified health savings account (HSA) withdrawals
- Non-prescribed medications no longer eligible for reimbursement under FSAs/HSAs/HRAs
- Annual fee imposed on pharmaceutical manufacturers
- Grants for up to five years to small employers that establish wellness programs
- Pharmaceutical manufacturers required to discount brand-name drugs in Medicare Part D donut hole by 50%
- Income-based premiums for Medicare Part D introduced
- Medicare begins to cover preventive care services at 100% with no cost sharing