

## **Year by Year Objectives of the Health Care Law**

### **2010**

- Offer small businesses a tax credit of up to 35 percent of an employee's premiums and increase credit to 50 percent of premiums by 2014.
- Ban insurance companies from refusing to cover children with a preexisting condition.
- Close the loophole in Medicare Part D that will save seniors about \$1,743 in prescription drug expenses.
- Uninsured citizens with a pre-existing condition will have immediate access to health insurance coverage.
- Health insurance companies must allow coverage for dependents in a family health plan, if the family chooses, until the child turns 26 years old.
- Prohibit lifetime limits on benefits in all group health plans and in the individual market and restricts the use of annual limits.
- Insurance companies cannot set lifetime caps on coverage.
- Health insurance companies will no longer be allowed to drop or rescind a person's existing health insurance policies due to sickness or as a way of avoiding covering the costs of that person's health care needs.
- Extend Medicare payment protections to small rural hospitals including hospital outpatient services, lab services, and facilities that have a low-volume of Medicare patients but play a vital role in their communities.
- Offer people with pre-existing conditions access to high-risk insurance pools.
- Eliminate co-pays and deductibles for preventive care.
- Provide funds to build new and expand existing community health clinics.
- Impose a 10 percent sales tax on indoor tanning.

### **2011**

- Require individual and small group market insurance plans to spend 80 percent of premium dollars on paying for medical services.
- Create a voluntary long-term care insurance program to provide a modest cash benefit to help disabled people stay in their homes, or cover nursing home costs. Benefits can begin five years after people start paying a fee for the coverage.
- Provide Medicare recipients in the prescription coverage gap with a 50 percent discount on brand name drugs; begins phasing in additional drug discounts to close the gap by 2020.
- Provide a 10 percent Medicare bonus to primary care doctors and general surgeons practicing in underserved areas, such as inner cities and rural communities; improves preventive coverage.

- Freeze payments to Medicare Advantage plans, the first step in reducing payments to the private insurers who serve about one-fourth of seniors. The reductions would be phased in over three to seven years.
- Boost funding for community health centers, which provide basic care for many low-income and uninsured people.
- Require employers to list the value of health care benefits on an employee's W-2 tax form.
- Impose annual registration fee on all drug makers, projected to generate \$2.3 billion the first year.

## 2012

- Allow the creation of nonprofit insurance co-ops, including those created by certain associations to compete with commercial insurers.
- Initiate Medicare payment reforms by encouraging hospitals and doctors to band together in quality-driven "accountable care organizations" along the lines of the Mayo Clinic.
- Implement "best practices" initiatives on more efficient ways of paying hospitals, doctors, nursing homes and other providers who care for Medicare patients from admission through discharge.
- Penalize hospitals with high rates of preventable re-admissions by reducing Medicare payments.

## 2013

- Standardize insurance company paperwork, first in a series of steps to reduce administrative costs.
- Limits medical expense contributions to tax-sheltered flexible spending accounts (FSAs) to \$2,500 a year, indexed for inflation.
- Raise threshold for claiming itemized tax deduction for medical expenses from 7.5 percent of income to 10 percent.
- People over 65 can still deduct medical expenses above 7.5 percent of income through 2016.
- Increase Medicare payroll tax on couples making more than \$250,000 and individuals making more than \$200,000. The tax rate on wages above those thresholds would rise to 2.35 percent from the current 1.45 percent.
- Add a new tax of 3.8 percent on income from investments.
- Impose a 2.6 percent sales tax on medical devices except for eyeglasses, contact lenses, hearing aids and many everyday items which are exempt.

## 2014

- Establish state administered health insurance exchanges to allow individuals and small businesses to comparison shop, creating a competitive insurance marketplace.
- Create multi-state, private plans, similar to those offered to members of Congress.
- Provide assistance for families earning up to 400 percent of the poverty level – or about \$88,000 a year – to purchase health insurance.
- Require employers with 50 or more employees to contribute to the cost of providing coverage.
- Require people who can afford it to be personally accountable for purchasing their own health care coverage. This requirement eliminates the \$1,000 a year “hidden tax” that every insured Arkansas family has to pay for those who do not have insurance.
- Prohibit insurers from denying coverage to people with medical problems, or refusing to renew their policy.
- Provide income-based tax credits for most consumers in the exchanges, substantially reducing costs for many. Sliding scale credits phase out completely for households above four times the federal poverty level, about \$88,000 for a family of four.
- Expand Medicaid to cover low-income people up to 133 percent of the federal poverty line, about \$29,300 for a family of four. Low-income childless adults covered for the first time.
- Require citizens and legal residents to have health insurance, except in cases of financial hardship, or pay a fine to the IRS. Penalty starts at \$95 per person in 2014, rising to \$695 in 2016. Family penalty capped at \$2,250. Penalties indexed for inflation after 2016.
- Penalize employers with more than 50 workers if any of their workers get coverage through the exchange and receive a tax credit. The penalty is \$2,000 times the total number of workers employed at the company. However, employers get to deduct the first 30 workers.

## **2018**

- Impose a tax on employer-sponsored health insurance worth more than \$10,200 for individual coverage, \$27,500 for a family plan. The tax is 40 percent of the value of the plan above the thresholds, indexed for inflation.

Sources: U.S. House Energy and Commerce Committee; Kaiser Family Foundation