

What Will the New Health Reform Law Do in the First Year?

The President signed a historic package of health reforms into law in March 2010. In the first year, consumers will gain new protections from insurance company abuses and sky-high premiums, small businesses will get significant subsidies to help with cost of providing coverage to their workers, and people on Medicare will see the first step toward closing the prescription drug coverage gap—the “doughnut hole.”

- **Provide immediate help for people with pre-existing conditions**

In the first year, the new law will create a new, temporary insurance program for people who have been uninsured for six months and who have a pre-existing condition. Premiums will be the same as those that individuals without a pre-existing condition pay for the same coverage. This interim program will operate until the exchanges are available. The new law will also, in the first year, prohibit insurers from denying coverage for children based on pre-existing conditions.

- **End unfettered insurance premium increases**

In the first year, insurance companies will be required to report and justify their premium rates and any requests to increase premiums. They must report these data to state insurance commissioners and federal authorities under new, uniform standards (thus providing immediate sunshine on insurance company price gouging). And states can apply for grants to help them implement this new rate review process starting in the first year.

- **Guarantee that premiums pay for health care services**

In the first year, insurance companies will be required to spend at least 80 percent (individual market) or 85 percent (employer market) of the premium dollars they collect on health care services and improvements in the quality of care. If they fail to do so, they must provide a premium rebate to consumers.

- **Provide free prevention benefits**

In the first year, all newly sold insurance plans will be required to cover prevention and wellness benefits with no deductibles or cost-sharing. This requirement applies to both private and public insurance coverage.

- **End arbitrary limits on coverage**

In the first year, insurance companies will be prohibited from imposing lifetime limits on benefits. They will also be tightly restricted in the use of annual limits in new plans (annual limits will be prohibited entirely starting in 2014 for all plans offering essential benefits).

- **Help small businesses with insurance costs**

In the first year, the new law will establish new tax credits of up to 35 percent of premiums. This tax credit will be available to qualifying small businesses that choose to provide insurance coverage to their workers. (Starting in 2014, two-year credits of up to 50 percent of premiums will be available to qualifying small businesses.)

- **End unfair rescissions**

In the first year, insurance companies will be prohibited from arbitrarily revoking coverage for people (who have paid their premiums) when they file a claim for benefits.

- **Help young adults stay insured**

In the first year, young adults who do not have an offer of coverage through an employer will be allowed to stay on their parents' health insurance policy until their 26th birthday.

- **Reduce the Medicare doughnut hole**

Medicare beneficiaries (seniors and people with disabilities) who fall into the Medicare Part D prescription drug coverage gap, or "doughnut hole," in 2010 will receive a \$250 rebate on prescription drug costs. Starting in January 2011, beneficiaries in the doughnut hole will receive a 50 percent discount on brand-name drugs and other discounts on generic drugs. These discounts will increase every year until the doughnut hole is closed.

- **Add new Medicare benefits**

In the first year, preventive services will be covered in Medicare with no copayments or deductibles. Additional help with out-of-pocket costs will also be available to more low-income Medicare beneficiaries.

- **Help early retirees keep their insurance coverage**

In the first year, a re-insurance program will be established to help protect coverage while reducing premiums for employer-based and retiree coverage for people aged 55-64.

- **Increase funding for community health centers**

In the first year, the new law will increase funding for community health centers to allow them to increase the number of patients they serve.

- **Increase the number of primary care doctors**

In the first year, the new law will fund training programs to increase the number of primary care doctors, nurses, and public health professionals.

- **Improve consumer appeal rights and patient protections**

In the first year, consumers will gain the right to appeal insurance decisions both to the plan and to an *independent* reviewer. Consumers also will gain other important protections, such as access to pediatricians and ob/gyns without a referral, and when emergency care is required, it will be covered at in-network rates.

- **Guarantee clear, comparable information about health insurance plans**

In the first year, consumers and small businesses will have a new consumer-friendly Web portal that will use a simple, standard format so that consumers can make an apples-to-apples comparison when choosing a health insurance plan.

- **Provide health insurance consumer assistance programs**

In the first year, the new law will provide funding for states to establish offices of health insurance consumer assistance or health insurance ombudsman programs.

- **Grants to start exchanges**

No later than one year after the bill passes, states will be able to receive grants to help establish new health insurance exchanges.

- **New Long-Term Care Insurance Program**

Starting in January 2011, a new insurance program for long-term services, the Community Living Assistance Services and Supports program (CLASS), will begin. The program will be financed by voluntary payroll deductions. Enrollment dates for CLASS have not yet been determined.

Part of a series of fact sheets, issue briefs, and special reports designed to help the public understand the new health reform law.



1201 New York Avenue NW, Suite 1100 ■ Washington, DC 20005

Phone: 202-628-3030 ■ E-mail: info@familiesusa.org

www.familiesusa.org