



The Clock Is Ticking *Health care reform benefits begin this year*

Ruth Ehresman, Director of Health and Budget Policy
May 30, 2010

The federal health care bills signed in March 2010 will begin to fix much of what is wrong with the current health care system. It changes the rules private insurers have been allowed to play by, and sets up rules that are fairer for Missourians who have a pre-existing condition, do not have insurance offered as a benefit in their work, are self-employed, have lost their job (and with it their health insurance), or do not have any affordable choices for private insurance. It expands and almost entirely pays for the expansion of states' Medicaid insurance, improves Medicare, modernizes the way health care is delivered, and in the end will reduce the deficit by curbing the growth of health care costs.

Of course, it cannot all happen at one time. Here is a short summary that shows when some of the important changes began and when others will take place.

In 2010

October 2009 (the beginning of the federal fiscal year 2010)

- States get aid to set up offices of health insurance consumer assistance to help individuals file complaints and appeals when they have a disagreement with an insurance company.
- Community health centers get increased funding that will allow them to double the number of people they treat over five years.
- Funding for training for primary care doctors, nurses and public health professionals is increased to meet the demand as more people are insured.

January 1, 2010

- Small business and not for profit organizations get help in paying insurance costs for their employees. To be eligible they must employ fewer than 25 people whose average salary is less than \$50,000, and must pay at least half of insurance premium cost.
- Individuals insured by Medicare get a \$250 rebate if they hit the "donut" hole.

June 23, 2010.

- A temporary high risk pool will be set up in each state to provide insurance choices for adults who have a pre-existing condition. Missouri has a high risk pool, the Missouri Health Insurance Program, but it is not affordable for most people. The new high risk pool's goal is to provide affordable insurance choices.

September 23, 2010

- Insurance companies will not be allowed to turn children down because they have a pre-existing condition.
- Insurance companies must allow parents to keep young adults on their insurance policy until the age of 26. The young adult does not have to be a dependent of the parent(s), does not have to live with the parent(s), and may be married. Some insurance companies have voluntarily started doing this.
- Insurance companies will not be allowed to cancel policies when people get sick, unless the person insured has committed fraud by lying to the insurance company. This is called "rescission". Some insurance companies have voluntarily started doing this.

- New group health plans may not discriminate in favor of higher wage employees and cannot charge co-pays and deductibles for preventive care.
- Lifetime benefit limits are banned, and new plans are restricted in using annual limits.
- A temporary program to help offset the costs of employers who provide health insurance for retirees between the age of 55-64 (older adults tend to have more health care needs) begins.
- Consumers in new plans will have better protections through an independent appeals process.

In 2011

January 1, 2011

- Insurance companies that cover individuals and small employers must spend 80 percent of the premiums collected on actual medical care. Those that insure large groups must spend 85 percent. (This percent is called the medical loss ratio). If insurance companies spend more than the limits allow on administrative and marketing expenses, profits for shareholders or other non-health care spending, they have to give a rebate to their policyholders.
- Those insured by Medicare get a 50 percent discount on brand name drugs in the donut hole.
- Those insured by Medicare do not pay co-pays or deductibles for preventive care.
- A new voluntary, public, long-term care insurance program begins. This is called the Community Living Assistance Services and Support Programs (CLASS). It is financed by voluntary payroll deduction, and individuals must pay into the program for five years before they are eligible for benefits. Active workers become eligible if they suffer an accident or illness that makes them functionally disabled.

In 2014, implementation of the entire reform plan begins

- Insurance companies will not be allowed to turn anyone down because they have a pre-existing condition.
- No insurance plans will be allowed to have annual or lifetime limits on benefits.
- Insurance companies will not be able to charge more because of a pre-existing condition, their gender or occupation. They will not be able to charge more than three times more for older individuals.
- All insurance companies will have to provide a standard package of benefits.
- No one can be charged a co-pay or deductible for preventive care.
- There will be limits to out of pocket costs to make sure that health insurance is affordable. This includes co-pays, deductibles and premiums. Premium assistance will be available on a sliding scale for families up to 400 percent of the federal poverty level (about \$88,000 per year).
- Health insurance “exchanges” will be set up in each state to make sure that individuals and small employers get the same kind of benefits that large groups get. The larger the pool of insured, the less expensive insurance is for each individual. These exchanges will be set up so those who are purchasing insurance can make good choices (It will allow individuals to compare “apples to apples and oranges to oranges”). Insurance choices will include at least one not-for-profit option, and choices similar to the federal employees’ health insurance plan.
- Individuals will be required to purchase insurance, or will pay a penalty. ***(This is important because if we are covering more sick people, we need to have as many healthy people in the “pool” as possible to keep down the cost of insurance for everyone.)***
- Some large employers will have to provide health insurance for their employees, or will pay a penalty.
- Tax credits for small employers and not for profits are increased.
- Medicaid is expanded to all individuals with incomes up to 133 percent of the federal poverty level. (Currently about \$22,000 a year for a family of 4). ***This expansion is funded entirely by the federal government through 2016.***
- Primary care doctors and general surgeons will get a 10 percent payment boost to encourage them to participate in Medicare.