

Highlights of Reform Timeline

2010

Immediately

- \$250 rebate to Medicare prescription drug beneficiaries who reach the coverage gap called the “doughnut hole.”

90 Days after enactment

- Sets up a high-risk health insurance pool to provide affordable coverage for uninsured people with medical problems who didn't have coverage because of pre-existing conditions.
- Creates a new temporary reinsurance program to help companies that provide early retiree health benefits for those ages 55-64 offset the expensive cost of that coverage. The federal program will reimburse the employer or insurance plan (whoever carries the risk) for 80 percent of claims between \$15k and \$90k per year. The program ends in 2014 when the state insurance exchanges go on-line.

6 months after enactment

- Bar insurers from denying or rescinding coverage when people get sick (unless fraud can be proven).
- Prevents insurers from denying coverage to children with pre-existing conditions (this is not guaranteed issue).
- Prevents insurers from imposing lifetime caps on coverage on essential benefits.
- Requires insurers to allow young people to stay on their parent's insurance until they turn 26 (as long as they are claimed as a dependant and are not married, and are not offered coverage at their own job)
- Reduces projected Medicare payments to hospitals, home health agencies and nursing homes.
- Provides tax credits to help small businesses with up to 25 employees (who make up to \$50k a year on average) get and keep coverage for their employees.

2011

- Requires individuals and small group market plans to spend 80 percent of premium dollars on medical services; large group plans would have to spend at least 85 percent.
- Creates voluntary long-term insurance program to provide cash benefit to help disabled people stay in their home.
- Provides 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.
- Levies a 2.3 billion annual fee on drug makers.
- Provides 10 percent Medicare bonuses to primary care doctors and general surgeons practicing in underserved areas.
- Freezes payments to Medicare Advantage plans.
- Increases the funding of community health centers.
- Requires employers to report the value of healthcare benefits on employees W-2 tax statements.

2012

- Penalizes hospitals with high rates of preventable readmissions by reducing Medicare payments.
- Creates program to create nonprofit insurance co-ops to compete with insurers.

2013

- Increase the Medicare payroll tax and expand to dividend, interest and other unearned income for singles earning more than \$200,000 and joint filers making more than \$250,000. (3.9% tax on both)
- Imposes a 2.3 percent sales tax on medical devices, including eyeglasses, contact lenses, hearing aids, etc.
- Standardizes insurance company paperwork to reduce administrative costs.
- Limits medical expense contributions to tax-sheltered flexible spending accounts to \$2,500 a year.
- Increases Medicare payroll tax on couples making more than \$250,000 and individuals making more than \$200,000.

2014

- Prohibits insurers from denying coverage to people with pre-existing conditions or refusing to renew their policy.
- Health insurance companies cannot charge higher rates to those in poor health. (no medical underwriting allowed)
- Premiums can only vary by age (no more than 3-1), place of residence, family size and tobacco use.
- Creates state insurance exchanges to market insurance plans to individuals and small businesses.
- Provides subsidies for families earning up to 400 percent of poverty level (about 88k) a year to buy insurance.
- Medicaid expanded to cover low-income people up to 133 percent of the federal poverty line (approx. \$29,300 for family of four). Low income childless adults covered for the first time.
- Requires citizens to have health insurance, except in case 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 or 2.5% of MAGI, whichever is larger.

2018

- Imposes a 40 percent excise tax on employer sponsored insurance policies worth more than \$10,200 for individual coverage and \$27,500 for a family plan.

2020

- Doughnut hole coverage gap in Medicare prescription benefit is phased out. Seniors continue to pay the standard 25 percent of their drug costs until they reach the threshold for Medicare catastrophic coverage.