

BACKGROUND

What is health care reform and when does it go into effect?

Health care reform refers to new federal laws (a combination of the “Patient Protection and Affordable Care Act” and the “Health Care and Education Affordability Reconciliation Act of 2010”) that makes improvements to the current health care system, expands coverage for millions of uninsured and establishes new, affordable health insurance options.

The President signed the laws into effect on March 23, 2010 and on March 30, 2010. Some of the improvements these laws make will start in 2010 and others will follow in the upcoming years. Visit www.apiahf.org/hcr for APIAHF’s health care reform implementation timeline.

PRESERVING WHAT WORKS

Will health care reform increase my taxes?

For 96% of Americans, it will not. If you have an annual income of \$200,000 individually or \$250,000 as a couple, certain tax increases will apply.

Can I keep my current health insurance coverage? Will anything happen to my current health insurance coverage?

Yes. You can keep your current coverage.

Yes, some changes will occur in current health plans. Starting in 2010, group and individual health plans can no longer create lifetime limits or rescind coverage. Health care reform legislation also restricts insurers’ ability to create waiting periods and annual coverage limits. In 2014, plans can no longer deny coverage for pre-existing conditions.

My state is facing a budget deficit. Does health care reform help keep states from cutting benefits like Medicaid and the Children’s Health Insurance Program (CHIP)?

Yes. Health care reform legislation requires that states maintain current levels of Medicaid and CHIP benefits until 2019 for children and until the state Exchanges are fully operational (likely the end of 2014) for adults. With the exception of Medicaid benefits to adults without disabilities living at over 133% FPL¹, a state will likely lose its federal Medicaid funding if it chooses to cut benefits. Federal Medicaid funding accounts for millions of dollars of state revenue.

PURCHASING AFFORDABLE COVERAGE

Do I have to purchase health coverage?

Yes, but this requirement starts in 2014 and applies to citizens and those who are lawfully present² in the United States only. The requirement, known as an “individual mandate,” does not apply if purchasing health coverage creates a financial hardship or if an individual receives a religious exemption, among other narrow exceptions. Undocumented immigrants are exempt from the individual mandate.

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What is a health insurance benefit exchange?

States and U.S. territories will create a “marketplace” where individuals and small businesses can shop for more affordable private health insurance plans. Health care legislation calls these marketplaces “Exchanges.” Specifically, for small businesses, these marketplaces will be called “Small Business Health Options Program” (SHOP) Exchanges. The Exchanges start in 2014.

I heard that there are tax credits available to purchase health insurance. Do I qualify for a tax credit and where do I apply?

To help make health coverage more affordable, health care reform provides low- and middle-income individuals and families who are not enrolled in a public program such as Medicaid or CHIP with premium tax credits and cost-sharing subsidies. Individuals and families with incomes of up to 400% of the federal poverty level (FPL)³, will be able to receive refundable tax credits when they purchase a health insurance plan in a state Exchange.

The application form for purchasing a plan in an Exchange will be streamlined so that the income information provided by applicants will also be used to determine eligibility for and the amount of the tax credit.

I am in a low-income household, but I don't know which of the new, affordable options I or my children qualify for. I also don't have the time to Apply to Program after program. What can I do?

The Secretary of Health and Human Services will create a single application form for Medicaid, CHIP, and the Exchanges. This process will allow individuals to submit their eligibility information in person, by mail, online or by telephone just once and will receive a referral to the appropriate program for enrollment.

I cannot afford health coverage because of the higher premium rates charged to women and to older individuals. Does health care reform address these problems?

Yes. Starting in 2014, health insurance plans can no longer charge individual women or small employers with a predominately-female workforce a higher amount for coverage. Health care reform also limits (but does not prohibit) premium increases for older individuals.

I have health insurance coverage but cannot afford to go to the doctor because of all the additional costs of co-pays and other out-of-pocket costs. Will health care reform make using my health coverage more affordable?

Yes. In 2010, many health plans will no longer charge out-of-pocket costs for a number of preventive services such as recommended screenings, immunizations, and exams. Also, if your income is at 400% FPL or lower and you do not receive coverage under Medicaid or CHIP, you can receive premium and cost-sharing subsidies to limit out-of-pocket expenses.

I am a small business owner and cannot afford to provide my employees with health coverage. Do I have to provide health coverage for my employees?

No, unless your business employs 50 or more full-time or full-time equivalent employees.

Do I have new, affordable options to cover my employees?

Yes. States will establish a Small Business Health Options Program (SHOP Exchange) to provide affordable, small group health coverage options. Starting in 2010, small businesses that employ 25 full-time or full-time equivalent employees or less and that fall within acceptable average annual wage limits will also receive a tax credit for contributing to employees' health coverage.

¹ In 2010, 133% FPL means a gross annual income of \$14,403.90 for an individual; \$24,352.30 for a family of three; and \$29,326.50 for a family of four.

² Lawfully present immigrants include, among others, lawful permanent residents (including battered and abused spouses and children of U.S. citizens or lawful permanent residents), refugees, asylees, Cuban/Haitian entrants, those with temporary protected status, a U.S. citizen's spouse and children with approved visa petitions and pending applications for status adjustment, and most aliens paroled into the U.S. for less than a year.

³ In 2010, 400% FPL means a gross annual income of \$43,320 for an individual; \$73,240 for a family of three; and \$88,200 for a family of four. These income levels may change by 2014.

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NEW BENEFITS AND ELIGIBILITY

I am uninsured because I am unemployed or cannot afford health insurance. Will health care reform help me?

Yes. There are several options that may apply to you. If you are 26-years old or younger, you can receive coverage under a parent's health plan. In 2014, if you are a non-elderly childless adult, you can access Medicaid if your income falls at 133% FPL or below and are not a legal immigrant that has been in the U.S. for five years or less.

States will also create a state Health Benefit Exchange that will offer new, more affordable plans in 2014. Many low- and middle-income individuals and families will also receive tax credits to help purchase a health insurance plan in the state Exchanges. All legal immigrants can access the Exchanges and the tax credits without a waiting period. Undocumented immigrants are not eligible for non-emergency Medicaid, Medicare, CHIP or premium tax credits, and are not allowed to purchase any of the health insurance plans offered in the state Exchanges.

Health insurance companies have denied me health insurance in the past because of previous illnesses. Are there options for me now?

Yes. In June 2010, states will establish "high-risk pools" to provide coverage for those with pre-existing conditions. In 2014, group health plans and issuers of group and individual health plans will no longer be able to deny an individual coverage due to pre-existing conditions or other discrimination based on health status. Currently, the Secretary of Health and Human Services is crafting regulations that would take effect this year and prohibit health plans from denying coverage to children with pre-existing conditions.

I am a Medicare beneficiary and have to pay for my medications. Will health care reform help with these costs?

Yes. Medicare currently has a gap, known as a "doughnut hole," in its prescription drug coverage. In Medicare Part D, once a beneficiary's drug costs reach \$2,700, Medicare provides no assistance until the beneficiary's drug costs reach \$6,154. Beneficiaries in this "doughnut hole" have to pay for the full cost of their medications. Under the new health care reform laws, "doughnut hole" beneficiaries will receive a \$250 rebate in 2010. From 2011 to 2020, increasing federal subsidies will add onto the 50% discount on brand name medication drug manufacturers must provide for "doughnut hole" beneficiaries. By 2020, health care reform closes the "doughnut hole" completely.

IMPACT ON IMMIGRANTS

I am a legal immigrant. Do I have new options for health coverage?

Yes. In 2014, states will set up a state Health Benefit Exchange to provide more affordable health coverage options. All legal immigrants can purchase coverage in the Exchanges. Additionally, low- and middle-income individuals can receive tax credits when they purchase coverage in the Exchanges. If you have been in the U.S. as a legal immigrant for at least five years and your income is 133% of FPL or lower, you may also be eligible for Medicaid.

Some members of my family are legal immigrants or citizens and some are undocumented. Can those with legal status still access the state's Health Benefit Exchange and the tax credits?

Yes. Citizens and legal immigrants can apply for health coverage in a state's Health Benefit Exchange. Additionally, undocumented parents can apply for "child-only" coverage for their legal immigrant or citizen child through the Exchange. Citizen or legal immigrant children are also eligible for premium tax credits and reduced cost-sharing.

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I am an undocumented immigrant. Do I have new options for health coverage?

No. Health care reform does not create benefits for undocumented immigrants. Even if undocumented immigrants can pay the full costs for a plan in a state Exchange, proof of citizenship or lawful presence must be verified for everyone. Undocumented immigrants may seek services from Emergency Medicaid, community health centers, and other safety net providers.

IMPACT ON THE U.S. TERRITORIES

Do residents of the U.S. Territories have to purchase health insurance coverage?

No. The individual mandate to purchase health insurance coverage does not apply to bona fide residents of the U.S. Territories.

Will the U.S. Territories have Exchanges?

U.S. Territories have the option to establish an Exchange. The Territories will also receive funds to provide affordability credits to low- and middle-income individuals and families that purchase health coverage in the Exchanges and that do not receive public health coverage benefits like Medicaid or CHIP.

Does health care reform provide any additional assistance to the U.S. Territories?

Yes, but these improvements do not provide Territories equal footing with the states. Health care reform increases Medicaid funding caps for the Territories by 30%. The federal matching percentage for a Territory's Medicaid expenditures will increase from 50% to 55%.

Will residents of the U.S. Territories receive the same protections in the insurance market as residents of the U.S. states?

Yes. Bans on exclusions due to pre-existing conditions, annual and lifetime limits, and higher premiums for women apply to residents of the U.S. Territories as do restrictions on higher premiums based on age.

For more information about the health care reform law, please visit our Health Care Reform Resource Center at www.apiahf.org/hcr.

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