

## Health Care Reform Bill Overview

White House/Congressional Leadership Reconciliation Bill Health Care and Education Affordability Act of 2010 (H.R. 4872)

Date: March 23, 2010

### DISCLAIMER:

This overview is provided for information purposes only. It is not intended as, and cannot be used for tax advice, legal advice, or for the purpose of developing standards for purchasing individual or group insurance. Legislative activity may change any or all of provisions of the act at any time. These provisions represent analysis and reportage of third party sources and are limited to the H.R. 4872 Reconciliation Health Care Bill as constituted on March 22<sup>nd</sup>, 2010.

### Sources:

Library of Congress Bill Summary, Kaiser Family Foundation comparison, National Association of Health Underwriters (NAHU) analysis. To consult the sources directly:

Library of Congress: <http://thomas.loc.gov/cgi-bin/bdquery/z?d111:HR03590:@@D&summ2=2&>

Kaiser Family Foundation: <http://www.kff.org/healthreform/sidebyside.cfm>

NAHU: [http://www.nahu.org/federal\\_sbs\\_mar\\_19%20revised\\_senate\\_and\\_rec\\_only.pdf](http://www.nahu.org/federal_sbs_mar_19%20revised_senate_and_rec_only.pdf)

Year	Main Provision	Additional Detail
2010	<p>Small business tax credits become available</p> <p>For individual and small group market, insurance rating variation allowed only for age, premium rating area, family composition, and tobacco use</p> <p>Insurance carriers cannot deny coverage for children with pre-existing conditions; plans cannot place lifetime limits on the value of coverage; dependent coverage extended to age 26; eliminate waiting periods greater than 90 days</p> <p>States develop "information portals" for residents to access private coverage options information, including Medicaid, CHIP and state pools.</p>	<p><b>Two levels of eligibility:</b></p> <ul style="list-style-type: none"> <li>• 25 or fewer employees and average annual wage of less than \$50,000;</li> <li>• 10 employees or fewer and average annual wage less than \$25,000</li> </ul> <p>Generally, effective 6 months from enactment. Grandfather provisions to be developed for existing plans.</p> <p>Effective 60 days after enactment</p>
2011	<p>Costs for over-the-counter drugs now <b>EXCLUDED</b> from reimbursement through a Health FSA, HSA, HRA or Archer MSA.</p> <p>National voluntary Long Term Care program established</p> <p>Drug companies begin paying annual fee</p>	<p>Monthly premium estimated at \$65; daily benefit estimated at \$50, full details yet to be released.</p> <p>\$2.5 billion, increasing in later years</p>

Year	Main Provision	Additional Detail
2013	<p>New Medicare taxes kick in</p> <p>Health Care Flexible Spending Account plans now limited to \$2,500 annual benefit</p> <p>Higher threshold for itemized deductions for unreimbursed medical expense kicks in</p>	<p><b>Income levels:</b></p> <ul style="list-style-type: none"> <li>• \$200,000 + for individuals,</li> <li>• \$250,000 + for couples filing jointly</li> </ul> <p><b>Tax levels:</b></p> <ul style="list-style-type: none"> <li>• To 2.35% on wages from current 1.45%;</li> <li>• 3.8% on unearned income</li> </ul> <p>Will be indexed for inflation in subsequent years</p> <p>From current 7.5% of adjusted gross income to 10% of AGI</p>
2014	<p>Employers with 50+ employees and sponsoring a group health plan must provide affordable coverage or pay a fine</p> <p>Insurance Exchanges appear to provide policies to the individual and small employer group market</p> <p>Individual mandate kicks in; subsidies begin</p> <p>Medicaid expands to include income levels of 133% of federal poverty level</p> <p>Insurance industry starts paying annual fee</p> <p>Medicare board must start to submit spending curb recommendations if costs rise faster than inflation</p>	<p><b>The lesser of:</b> \$3,000 fine for each employee receiving tax credits to buy insurance - OR - \$750 for each full-time employee (first 30 employees excluded from assessment).</p> <p>Plans must comply with one of four “benefit categories”. The Secretary of the Department of Health and Human Services will have developed a “standard of essential benefits” for plans sold through the exchanges.</p> <p>\$8 billion, increasing in later years</p>
2016	Individual penalty increases for those without coverage	<b>The greater of:</b> \$695 or 2.5% of taxable income
2017	Insurance exchanges may open up to employers with 100 + employees	
2018	40% excise tax levied on so-called “Cadillac” health plans.	<p><b>Plans valued at:</b></p> <ul style="list-style-type: none"> <li>• \$10,200 for individual coverage,</li> <li>• \$27,500 for family coverage</li> </ul>

