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Health-Care Reform: Looking Back and Ahead



Three years ago, on March 23, 2010, President Obama signed the Affordable Care Act (ACA) into law. While several substantial provisions don't take effect until 2014, many of the Act's requirements already have been implemented, including:

- Insurance policies must allow young adults up to age 26 to remain covered on their parent's health insurance.
- Insurers cannot deny coverage to children due to their health status, nor can companies exclude children's coverage for pre-existing conditions.
- Lifetime coverage limits have been eliminated from private insurance policies.
- State-based health insurance Exchanges intended to provide a marketplace for individuals and small businesses to compare and shop for affordable health insurance are scheduled to be implemented by October 1, 2013.
- Insurance policies must provide an easy-to-read description of plan benefits, including what's covered, policy limits, coverage exclusions, and cost-sharing provisions.
- Medical loss ratio and rate review requirements mandate that insurers spend 80% to 85% of premiums on direct medical care instead of on profits, marketing, or administrative costs. Insurers failing to meet the loss ratio requirements must pay a rebate to consumers.
- The ACA provides federal funds for states to implement plans that expand Medicaid long-term care services to include home and community-based settings, instead of just institutions.
- The ACA provides funding to the National Health Service Corps, which provides loan repayments to medical students and others in exchange for service in low-income underserved communities.
- Medicare and private insurance plans that haven't been grandfathered must provide certain preventive benefits with no patient cost-sharing, including immunizations and preventive tests.
- Through rebates, subsidies, and mandated manufacturers' discounts, the ACA reduces the amount that Part D Medicare drug benefit enrollees are required to pay for prescriptions falling in the donut hole.

Major provisions coming in 2014

Several important provisions of the ACA are due to take effect in 2014, such as:

- U.S. citizens and legal residents must have qualifying health coverage (subject to certain exemptions) or face a penalty.
- Employers with more than 50 full-time equivalent employees are required to offer affordable coverage or pay a fee.
- Premium and cost-sharing subsidies that reduce the cost of insurance are available to individuals and families based on income.
- Policies (other than grandfathered individual plans) are prohibited from imposing pre-existing condition exclusions, and must guarantee issue of coverage to anyone who applies regardless of their health status. Also, health insurance can't be rescinded due to a change in health status, but only for fraud or intentional misrepresentation.
- Policies (except grandfathered individual plans) cannot impose annual dollar limits on the value of



coverage.

- Individual and small group plans (except grandfathered individual plans), including those offered inside and outside of insurance Exchanges, must offer a comprehensive package of items and services known as essential health benefits. Also, nongrandfathered plans in the individual and small business market must be categorized based on the percentage of the total average cost of benefits the insurance plan covers, so consumers can determine how much the plan covers and how much of the medical expense is the consumer's responsibility. Bronze plans cover 60% of the covered expenses, Silver plans cover 70%, Gold plans cover 80%, and Platinum plans cover 90% of covered expenses.

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