



THE AFFORDABLE CARE ACT (ACA)
HOW DOES THE HEALTH REFORM ACT AFFECT YOU?
What we know as of September 2013

BASIC FACTS FOR PEOPLE WITHOUT MEDICARE

1. **Requires most U.S. citizens and legal residents to have health insurance:** Those without coverage pay a tax penalty of the greater of \$695 per year up to a maximum of three times that amount (\$2,085) per family or 2.5% of household income. Some exceptions apply, and penalty rates will be phased in starting in 2014.
2. **Pre-existing health conditions cannot be used to deny health insurance coverage**
3. **Children may remain on their parents' health insurance until age 26**
4. **Health Insurance Exchanges:** Individuals and families who are not covered by employer health plans may purchase insurance through a state-run insurance pool. As of 2014, 2.6 million Californians will qualify for federal financial assistance and an additional 2.7 million who do not qualify for assistance will benefit from guaranteed coverage through **COVERED CALIFORNIA™**, a new marketplace for private health insurance. Premiums and cost-sharing subsidies to individuals will be available for those who meet the requirements. Must be a citizen or a legal resident.
5. **Expansion of Public Programs:** Medi-Cal will be expanded to all non-Medicare eligible individuals under age 65 with incomes up to 133% of Federal Poverty Level, based on modified adjusted gross income. All newly eligible adults will be guaranteed a benchmark benefit package that meets the essential health benefits available through the Exchanges. See #4. Must be a citizen or a legal resident.
6. **Tax Credits:** Small businesses can receive tax credits of up to 35% of premiums to make employee coverage more affordable.
7. **Employer Shared Responsibility:** Although employers are not required to provide health coverage to their employees under the ACA, employers of a certain size will be subject to the Employer Shared Responsibility provision of the law. Under this provision, business owners with at least 50 full-time equivalent (FTE) employees that do not offer health coverage to their full-time employees may be subject to a "shared responsibility" payment to the Federal government.
8. **Individual Shared Responsibility:** This provision of the law applies to the self-employed, and requires that each individual have basic health insurance coverage, or makes a payment when filing a Federal income tax return starting in 2015. Exemptions may be applicable in certain cases.
9. **Improved Consumer Protections and New Insurance Market Rules:** Some provisions include the elimination of lifetime coverage limits and established "wellness programs" as part of insurance plans or employee benefit packages.
10. **More Information:** **COVERED CALIFORNIA™**; 888-975-1142 or www.coveredca.com; your local County Medi-Cal office; Office of Patient Advocate (OPA): 866-466-8900 or www.opa.ca.gov; the official federal website www.healthcare.gov



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- 1. More help with prescription drug costs:** Donut hole (coverage gap) is closing. Phased-in discounts for brand name and generic prescriptions are given for people with Part D plans. By year 2020, the coverage gap will be completely eliminated and people with high drug costs will generally pay about 25% of the cost of drugs until the catastrophic coverage period, where out-of-pocket costs will be very low.
- 2. Free Annual Wellness Visit and Prevention Plan:** This benefit allows you and your doctor to develop a plan to keep you healthy and make sure you get the screening and preventive services you qualify for. Most preventive benefits, e.g. cancer and diabetes screening are provided free without cost-sharing.
- 3. Better Care Coordination:** The law invests in testing new models of providing care to people through care coordination and more patient-centered services. Incentives are given to hospitals to prevent unnecessary re-hospitalizations by ensuring you get the services you need in your community and by teaching you ways to take good care of yourself.
- 4. Slowing Down Medicare Spending:** The law slows payment increases to Medicare providers, including hospitals, nursing homes, and home health agencies. But it does not reduce payments to doctors, and actually increases payments to primary care doctors or general practitioners.
- 5. Reduction of Overpayments to Medicare Advantage (MA) Plans:** Medicare has paid MA plans over 13% more per person than it pays original Medicare to take care of a similar person. The law gradually lowers these overpayments. But if MA plans provide quality care, they get a bonus payment. These plans can no longer charge more than original Medicare for dialysis, chemotherapy, or skilled nursing care.
- 6. Payment Advisory Board:** Starting in 2014, a board of experts is charged with recommending specific ways to reduce costs without cutting benefits or increasing out-of-pocket spending. But it's up to Congress to decide whether to accept or change the recommendations. Patient care will still be managed by your doctor, not by this board.
- 7. Increased Scrutiny on Provider Claims:** Millions of dollars are lost annually to improper payments and fraud. New methodologies to detect fraudulent claims are being implemented and stricter provider contracting regulations have been introduced.
- 8. Extra Funds to States for In-Home Services Through Medicaid (Medi-Cal):** In addition to extra funds available to the states, starting in 2014 through the end of 2019, the ACA also increases protections for spouses of people who receive Medicaid (Medi-Cal) home care services.
- 9. More:** 10% bonus to doctors who provide a lot of primary care; improved nursing home quality standards; enhanced training for workers who care for seniors; more protections against elder abuse, neglect, and financial exploitation.
- 10. For more information:** Call HICAP at 1-800-434-0222; California Health Advocates www.cahealthadvocates.org

Sources: Kaiser Family Foundation: Summary of the Affordable Care Act – Modified April 23, 2013; U.S. Small Business Administration www.sba.gov; COVERED CALIFORNIA™ www.coveredca.com; www.ncoa.org