

# KNOW YOUR BENEFITS.

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## Health Care Reform: What Does it Mean for You?

How the health care reform law affects you varies greatly depending on your income, who you work for and many other factors. So what does it mean for you? Below is a list of how health care reform affects different groups of people.

**Everyone:** Beginning in 2014, every individual must either have health insurance that meets minimum standards of coverage or pay a penalty when filing tax returns.

The penalty in 2014 is 1 percent of your yearly income or \$95 per adult for the year, whichever is greater. For children, the penalty is \$47.50 per child, up to a \$285 maximum per household.

The penalty increases every year. In 2015, the fee will be 2 percent of income or \$325 per person, whichever is greater. In 2016, it will be 2.5 percent of income or \$695 per person, whichever is greater. After 2016, it will increase with inflation.

Those who choose to pay the penalty and remain uninsured will still be responsible for 100 percent of the cost of their medical care.

While the penalty applies to the vast majority of Americans, there are certain exemptions. Uninsured people will not have to pay a penalty if they:

- Are uninsured for fewer than three months of the year
- Have low income and coverage is considered unaffordable
- Are not required to file a tax return because their income is too low
- Would qualify under the new income limits for Medicaid, but their state has chosen not to expand Medicaid eligibility
- Are a member of a federally recognized Indian tribe
- Participate in a health care sharing ministry
- Are a member of a recognized religious sect with religious objections to health insurance

### Health care reform affects each American differently based on many factors.

**Elderly:** The elderly now receive free preventive services under Medicare, including annual wellness visits and personalized prevention plan services. Once those with Medicare prescription drug coverage enter the “donut hole” coverage gap, they will be eligible for drug discounts and subsidies, until the donut hole is completely closed in 2020. Medicare beneficiaries earning \$85,000 or more will pay higher Part B premiums until 2019. High-income individuals will also pay higher premiums for Medicare prescription drug coverage. Those with Medicare Advantage plans may lose some benefits or experience an increase in copayments.

**Employees of a large company:** Employers with 50 or more employees will be required to provide health coverage that is affordable and provides minimum value, or pay a penalty. These rules take effect in 2015 for most large employers. Mid-sized large employers with 50 to 99 employees may have an additional year, until 2016, to comply with these coverage rules.



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**Low-income employees:** Some states have expanded their Medicaid programs to cover all low-income adults below a certain income level. Also, those who earn less than 400 percent of the federal poverty level (about \$95,000 for a family of four) may be eligible for subsidies to help buy coverage through the Marketplace. The expansion of funding for community health centers, designed to offer free and reduced-cost care, will also provide relief.

**Unemployed and uninsured:** Individuals who are unemployed may qualify for Medicaid, the Children's Health Insurance Program (CHIP) or lower costs on Marketplace coverage based on their income. An individual's household size and income, and not employment status, will determine what health coverage options they are eligible for and how much help they get paying for coverage.

In the Marketplace, unemployed individuals may qualify for lower costs for monthly premiums and out-of-pocket costs on private health insurance. You can enroll in a Marketplace plan during the annual open enrollment period or, if you qualify, during a special enrollment period.

**Small-business owners:** Organizations with 25 or fewer workers may be eligible for a tax credit to help provide coverage for employees. Starting in 2014, this tax credit is only available to small business owners that use a Marketplace's Small Business Health Options Program (SHOP) to purchase health coverage for their employees. Employers with 50 to 99 employees must provide

benefits or face a penalty beginning in 2016, and employers with 100 or more full-time employees must provide benefits or incur a penalty starting in 2015.

**Young adults:** Children may stay on their parents' policies until age 26. People under 30 may buy a catastrophic health plan through the Marketplace. This type of plan mainly protects covered individuals from very high medical costs. Also, unless an exemption applies, young adults must have health coverage or pay a penalty, beginning in 2014.

**Adults with a pre-existing condition:** Starting in 2014, health insurance companies can't refuse to cover adults with pre-existing conditions, or charge more because of an individual's pre-existing condition. This is true even if an individual has been turned down or refused coverage in the past due to a pre-existing condition. This provision applies to all employer plans and plans offered through the Marketplace. The only exception is for grandfathered individual health insurance plans—these plans don't have to cover pre-existing conditions. If an individual has one of these plans, he or she can switch to a Marketplace plan that covers pre-existing conditions during an open enrollment period (or during a special enrollment period, if applicable).

**Children with a pre-existing condition:** Group health plans and health insurance issuers may not impose exclusions on coverage for children with pre-existing conditions. This provision applies to all employer plans and plans offered through the Marketplace.

Source: *Healthcare.gov*



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