

The New Healthcare Law and You

How will your health insurance COSTS change?

The **Affordable Care Act (ACA)** became law in March 2010. It makes changes to the health insurance system and health insurance benefits that may affect your cost of care.

Below are examples of how these changes affect people like you.*



Eric, 35

Single Dad of 2

Insurance: None. His employer does not offer any and he can't afford private insurance. His children have Medicaid.

Income: \$17,000/year

BEGINNING IN 2014:

- Eric will be eligible for Medicaid because he makes less than 133% of the federal poverty level (\$18,530 for a family of 3 in 2011). He will be responsible for \$1-\$3 co-pays for services.
- His children will stay on Medicaid with no cost changes.



Bill, Age 42

Single

Insurance: None. His employer does not offer it and insurers will not sell him any due to a health problem.

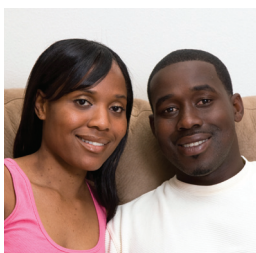
Income: \$50,000/year

BEGINNING THIS YEAR:

- Bill can buy insurance through the new Pre-Existing Condition Insurance Plan (PCIP).
- Based on his age, he could expect to pay \$295-\$398 monthly for a PCIP plan. For more information visit www.pcip.gov.

BEGINNING IN 2014:

- Insurers may NOT deny him insurance due to his health problem.
- He will be able to buy insurance on or off his state's health exchange.
- Insurers cannot charge him more because of his existing health problem.
- If he does NOT buy insurance he will be fined \$500 (the higher of \$95 or 1% of income). Fines will increase yearly to as much as \$1,250 by 2016.



Sean and Stephanie, Ages 31 and 34

Married, 2 kids

Insurance: Insured through Sean's employer

Income: \$83,000/year

BEGINNING THIS YEAR:

- Because Sean's employer's plan is grandfathered, they will see no change in their costs related to the ACA. Sean's plan will stay grandfathered unless his employer makes major changes to the terms or conditions (these include cutting benefits or increasing out-of-pocket costs).

BEGINNING IN 2014:

- Because Stephanie and Sean make less than four times the federal poverty level (\$89,400 for a family of 4), their cost and coverage choices are:
 - Their employer's plan
 - Buying a subsidized plan on an exchange
 - If both premium options are greater than 8% of their income, Sean and Stephanie can choose not to have insurance and not be fined

How will your health insurance COSTS change? (continued)



Pete and Heather, 45 & 43

Married

Insurance: Insured through Heather's employer

Income: \$375,000/year

BEGINNING THIS YEAR:

- Because Heather's employer's plan is grandfathered, they will see no change in their insurance costs related to the ACA.

BEGINNING IN 2013:

- Their personal Medicare taxes will increase from 1.45% to 2.35% because they are high-income (\$200,000/individual, \$250,000/couple).
- The itemized deduction for unreimbursed medical expenses is going from 7.5% Adjusted Gross Income (AGI) to 10% AGI for people under the age of 65 who itemize their taxes. This means Pete and Heather can deduct fewer medical expenses, if they have them.



Joan and Steve, Ages 69 & 73

Married

Insurance: Medicare Parts A, B, and D

Income: \$175,000

BEGINNING THIS YEAR:

- Because they are high-income seniors, their premiums will be \$12-\$69 more per month than last year. That's because Part D premiums are now partially based on income for high-income seniors. High-income seniors (currently 5% of the senior population), are those who make more than \$85,000/individual or \$170,000/couple per year.
- They will get 50% off brand-name drugs and 7% off generic drugs while in the donut hole, or coverage gap, where they were responsible for all prescription drug costs. Drug discounts will grow each year until 2020 when they are covered for 75% of all prescription costs.
- Preventive care is free. This includes annual physicals, diabetes screening, and flu shots.



The Health Foundation of Greater Cincinnati is an independent non-profit dedicated to improving community health through grants, evaluation and education. The Foundation works in Cincinnati and 20 surrounding counties in Indiana, Kentucky and Ohio.



Holly, Age 24

Single

Insurance: None. Her employer does not offer any and she can't afford it on her own.

Income: \$17,000/year

BEGINNING THIS YEAR:

- Holly can be on her parents' family plan until she turns 26.

BEGINNING IN 2014:

- Because Holly makes less than four times the federal poverty level (\$43,560 for a single person), she will receive help paying for insurance bought through an exchange. She will not pay more than 6.3% of her income (\$1,071 if her income remains the same) for insurance premiums.
- She will be fined if she does NOT have health insurance. Her fine will be \$170 (the higher of \$95 or 1% of income). The fine will rise until 2016 when it will be \$425 (the higher of \$295 or 2.5% of income).
- She can save money and satisfy the insurance requirement buying a less-expensive catastrophic plan until she turns 30.



Mike, 48

Small Business Owner

Insurance: Insured through the same plan he offers his 20 employees

BEGINNING THIS YEAR:

- As a small business (under 25 full-time equivalent employees), Mike's company does not have to offer its employees insurance. Because it does, it is eligible for a Small Business Tax Credit of up to 35% of the total amount of employee insurance premiums it paid.

BEGINNING IN 2014:

- Mike's company can get a tax credit of up to 50% of the total amount of employee insurance premiums it paid.
- Mike's company can buy insurance through a small business exchange which might result in lower premiums.

**These are fictional examples for demonstration purposes only.*

This is part of a series about the new health care law—the Affordable Care Act.

For more information, visit reform.healthfoundation.org.