The Not So Affordable Health Care Act.

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DISCLAIMER

This document does not constitute legal advice; rather, it serves only to highlight certain regulatory developments. Consult with legal counsel for specific guidance on how the regulatory developments impact you and your organization.

"SEN. MAX BAUCUS (D-MONTANA), a key architect of Obamacare said Wednesday, April 17, 2013, that he fears a "Train Wreck" as the Obama administration implements its signature healthcare law." Source: http://thehill.com/blogs/healthwatch/health-reform-implementation/294501-baucus-warns-of-huge-train-wreck-in-obamacare-implementation

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How affordable is healthcare going to be on the exchanges?

The IRS estimates that health premiums for a family of four will cost $20,000 annually in the basic bronze plan in the health exchange.

- Bronze Tier will cover expenses at 60%
- Silver Tier will cover expenses at 70%
- Gold Tier will cover expenses at 80%

Source: Department of Treasury: IRS 26 CFR Part 1, (REG-148500-12)

Why is the Affordable Care Act not so affordable?

Let’s take a stroll through recent history.

Effective in 2010

- Maximum Lifetime Limits are prohibited. Within six months of enactment. In 2014, Annual Dollar limits will be prohibited.
- Plans are required to pay 100% of specific preventative services.
- Cost sharing and dollar limits are prohibited. Source: HR 3590, section 2713 pg. 20 and ACA.

Example: Company ABC pays presently 100% of preventive routine well care up to a $500.00 maximum per individual. Under this reform law, the $500.00 maximum would cease to exist. This may sound good, but those maximums and limits help keep your premiums costs down.
Dependent Coverage

• In 2010, **All plans** will have to offer coverage to dependents up to the age of 26, even if married and living in another household.

• **In OHIO. All fully-insured plans** will have to offer coverage to dependents up to age 28.

$1,000 fine to plans for each failure to offer dependent coverage up to age 26.

This year, 2013

• Individuals earning more than $200,000 a year, or couples filing jointly earning $250,000 would be hit with a **3.8% tax on investment income** to help pay for the bill.

• “The new taxes are a negative for investors. In addition, it adds a 0.9% tax on wages for those earning more than $250,000, set to take effect in 2013.”

**Source:** "Experts Talk Health-Care Reform Bill Impact", By Bloomberg BusinessWeek Staff, Published: March 23, 2010

Next year, 2014

All employers with more than 50 **full time** employees must provide "minimum essential coverage" that is "affordable" or be subject to a penalty.

"**Affordable**" means the employee’s premium share is less than 9.5% of the employee’s family annual household income.

If their share exceeds 9.5% of income then, the employer is assessed a penalty of $2,000/per employee less the first 30 employees for not offering “minimum essential coverage” or $3,000 annually for each person receiving a tax credit for not offering “affordable” coverage.

In 2014

All employers with more than 50 full time employees are required to provide essential benefits that may include:

• Emergency services
• Hospitalization
• Preventive and wellness services
• Maternity and newborn care
• Prescription drugs-credible plans
• Rehabilitated services
• Pediatric Care and oral health, vision, and hearing services for children
• And more...

$2,000 fine for noncompliance per employee annually, but first 30 employees are waived from the fine

In 2018

“Cadillac” plans costing more than $10,200 a year for individuals or $27,500 for family coverage (not counting dental and vision plans) will be subject to a 40% tax on the portion of the cost that exceeds the limit.

Why is this important?

“Though the tax would actually be paid by insurers, it’s expected that it would be passed along to plan holders in the form of higher premiums.”

Source: “What health care reform means for your business”, By Neil deMause, Published: March 22, 2010

What to expect in the future.

• Increased Taxes or Withholding!
• Increased Cost in Premiums, Care and Services.
• Job losses and increase in part time workers.
• Amendments to come, some for the better and worse.
• More uninsured who will just pay penalties or more insured with future limited care and services.
• States reducing or limiting who is Medicaid eligible or not allowing new Medicaid claims. (Ex: Arizona reduced Medicaid eligible by half in March in 2010)
• States eliminating S-CHIP, insurance for children, dependents. (Ex: Arizona eliminate S-CHIP-health insurance for children due to lack of funding, 2010)
• Medical Providers making a decision to simply not accept insurance. (Examples: In Washington State, Walgreens and in California, CVS will not accept new Medicaid claims because of poor reimbursement rates, 2010)
In Closing

“You can’t make a weak man strong by making the strong man weak.”

Abe Lincoln