

KNOW YOUR BENEFITS.

From The Charles L. Crane Agency

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Health Care Reform: What Does it Mean for You?

Changes are unique to your situation.

How the health care reform law affects you varies greatly depending on your age, 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 a number of common categories.

Everyone: Beginning in 2014, every adult 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 gradually increases over the next two years. By 2016, it will be 2.5 percent of income or \$695 per person, whichever is greater, and \$347.50 per child up to a \$2,085 family maximum.

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. The following uninsured people will not have to pay a penalty if they:

- Are uninsured for fewer than three months of the year
- Have very 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 different factors.

Elderly: The elderly now receive free preventive services under Medicare, annual wellness visits and personalized prevention plan services. Once those with Medicare prescription drug coverage enter the “doughnut hole” coverage gap, they will be entitled to 50 percent off certain brand-name medications. Medicare beneficiaries earning \$85,000 or more will pay higher Part B premiums until 2019. 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 coverage or pay a penalty starting in 2015. Existing coverage packages will be grandfathered in, but new plans have to meet minimum requirements. Caps on out-of-pocket spending are intended to keep costs down.

Low-income employees: Even without children or a disability, those among the lowest-income workers will be eligible for Medicaid as of 2014. Those who earn less than 400 percent of the federal poverty level (about \$88,000 for a family of four) will

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be eligible for subsidies to help buy coverage. The expansion of funding for community health centers, designed to offer free and reduced-cost care, will also provide relief.

Unemployed and uninsured: Many individuals who are unemployed and uninsured likely qualify for Medicaid under the coverage expansion that began in 2010. The expansion of funding for community health centers, designed to offer free and reduced-cost care, will also provide relief. Certain uninsured individuals with pre-existing conditions can obtain coverage through the temporary high-risk pool as well.

Employees who do not have job-based health insurance, but earn too much income to qualify for Medicaid, will be able to buy health insurance through new health insurance marketplaces (also known as exchanges) launching in October 2013.

There are many differences between Marketplaces, but they all share common traits as well. All will provide four tiers of coverage based on affordability that provide free preventive care and meet your household's medical insurance needs, as well as exempt you from the fee.

Small-business owners: Organizations with 25 or fewer workers may be eligible for a tax credit to help provide coverage for employees. Those with 50 or more employees must provide benefits or incur a penalty starting in 2015. Small-business owners will be able to buy insurance for

employees through insurance marketplaces by 2017.

Young adults: Children may stay on their parents' policies until age 26. Those who buy coverage on their own or through the exchanges can obtain cheaper catastrophic coverage. Individuals who obtain traditional benefits packages will pay less than those who are older than age 26. Starting in 2014, individuals age 26 or younger must obtain coverage unless qualified for an exemption.

Adults with a pre-existing condition: Starting in 2014, adults with pre-existing conditions will be able to obtain individual coverage through a Marketplace and pay the same rate as other participants in same age group. Insurers cannot place annual or lifetime limits on coverage, nor can they deny coverage or charge higher premiums due to a pre-existing condition.

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 new plans offered through the Marketplace.

Source: Healthcare.gov



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