DAVISBROWN LAW FIRM

Summary of the Patient Protection & Affordable Care Act

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Expanding Access to Health Insurance Coverage

- Individual Mandate. Individuals required to have qualifying health coverage or face penalty of greater of $695/year or 2.5% of household income. (2014)
- Subsidies. Individuals with incomes between 133-400% FPL eligible for premium and cost sharing subsidies if must pay more than 9.5% of income toward premiums or minimum essential coverage not available through employer (2014)
- Creation of Exchanges. State-based "Exchanges" through which individuals and small employers can purchase coverage. (2014)
- Medicaid Expansion. Medicaid expanded to all individuals under 65 with incomes up to 133% of FPL (2014)

Employer Impact

- Small Employer Tax Credit. Fewer than 25 FTEs, annual wages less than $50,000 and contribute 50% of premium can receive tax credit of 35% of their premium costs in 2010 through 2013. In 2014, temporary 2 year credit of 50% of premium costs/based on sliding scale with employers with fewer than 10 FTEs and annual wages under $25,000 receiving the full credit. (2010)
- Early Retirement Benefits. Temporary reinsurance program (2010)
- W-2 Reporting. Must report health insurance coverage on W-2s (2011)
- "Mandate". Employers with 50 or more FTEs with 1 FTE receiving subsidy will pay monthly penalty if they provide no coverage or coverage isn't affordable. No coverage: mthly penalty = $166.67 x # of FTEs above 30. Unaffordable coverage: mthly penalty = $250 x # of FTE receiving subsidy (2014)
- Free Choice Vouchers. If employee opts out of coverage and has income at or below 400% FPL & premium contribution is between 8.0 and 9.8% of their income, must be given voucher = employer portion of the premium they can use to purchase coverage through Exchange. (2014) (THIS REQUIREMENT HAS SINCE BEEN REPEALED)
- Waiting Periods. Can not exceed 90 days (2014)
- Auto-Enrollment. Employers with 200 or more FTEs must automatically enroll new employees in coverage (2014)

Changes to Health Insurance (Dates Are for Calendar Year Plans)

- Dependents covered until age 26 (includes married, non-resident dependents)(2011)
- No lifetime limits on essential health benefits (2011)
- Annual limits on essential health benefits only as allowed by HHS (2011)
- No pre-existing condition limitations on children under 19 (2011)
- Insurance issuers to report amount of premium revenues spent on non-claim costs/Rebates if exceeds specified percentage (2011)
- Non-Grandfathered Plans: appeal process, no cost sharing on preventative care, no discrimination in favor of HCEs (2011)
- Uniform Coverage Documents (2012)
- No annual limits on essential health benefits (2014)
- No pre-existing condition limitations on anyone (2014)

Tax Changes

- 10% tax on amounts paid toward indoor tanning (2010)
- Narrows biofuel tax credit (2010)
- OTCs no longer reimbursable medical expenses under HFSAs, HSAs, MSAs, HRAs (2011)
- 20% penalty for using HSA funds for non-qualifying medical expenses (2011)
- Annual fees on pharmaceutical companies (2012)
- 2.3% excise tax on taxable medical devices (2013)
- Medicare Part A tax increases by 0.9% on earnings over $200,000 for individuals/$250,000 for couples (2013)
- Limit HFSA contributions to $2500 per year (2013)
- Employers can no longer deduct Medicare Part D retiree drug subsidy payments (2013)
- Annual fees on health insurance issuers (2014)
- Excise tax on "Cadillac" plans with premiums over $10,200 for single plan/$27,500 for family (2018)

Cost Controls

- Numerous anti-fraud measures (2010 and beyond)
- Adjustments to Medicare reimbursements to certain providers (2010 and beyond)
- Uniform standards for health care transactions (2011-2016)
- Restructuring Medicare Advantage (2012)
- Reduce payments to hospitals with preventable readmissions (2012)
- Establishment of Accountable Care Organizations/Providers Share in Savings (2012)
- Reduce payments to hospitals for hospital acquired conditions (2015)