



New Federal Health Care Act: What it means for Maine

The new federal health care law, the Patient Protection and Affordable Care Act, will increase access to health insurance and provide greater options to Maine families and businesses to access health care. Benefits from the new law begin this year, with most benefits fully in place by 2014.

Timeline for implementing the new law

2010

- **Establishes High Risk Pool.** Sets up pool for uninsured people with medical problems.
- **Expands Dependent Coverage.** Requires coverage for children up until 26 years.
- **Protects Children.** Prohibits insurers from writing a policy that excludes payment for children with medical problems.
- **Bars Lifetime Caps.** Prohibits insurers from capping or canceling policies.
- **Gives Small Businesses Credits.** Provides tax credits to help small businesses with up to 25 employees get and keep coverage for their employees.
- **Helps Seniors.** Begins narrowing the Medicare prescription coverage gap by providing a \$250 rebate to seniors in the gap, which starts this year once they have spent \$2,830. It would be fully closed by 2020.

2011

- **Helps Elderly Pay for Drugs.** Provides Medicare recipients in the prescription coverage gap with a 50% discount on brand name drugs.
- **Brings Care to Most Needy.** Boosts funding for community health centers, which provide basic care for many low-income, uninsured people and rural communities.
- **Helps Disabled.** Creates a voluntary long-term care insurance program to provide a modest cash benefit helping disabled people stay in their homes, or cover nursing home costs.

2012

- **Creates Competition.** Sets up program to create nonprofit insurance co-ops that would compete with commercial insurers.
- **Drives Down Costs.** Initiates Medicare payment reforms by encouraging hospitals and doctors to band together in quality-driven "accountable care organizations" along the lines of the Mayo Clinic. Penalizes hospitals with high rates of preventable re-admissions-by reducing Medicare payments.

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2013

- **Streamlines Administration.** Standardizes insurance company paperwork, first in a series of steps to reduce administrative costs.

2014

- **Ends Pre-Existing Condition Denials.** Prohibits insurers from denying coverage to people with medical problems, or refusing to renew their policy. Health plans cannot limit coverage based on pre-existing conditions, or charge higher rates to those in poor health. Premiums can only vary by age (no more than 3-to-1), place of residence, family size and tobacco use.
- **Ramps Up Coverage.** Coverage expansion goes into high gear as states create new health insurance exchanges — supermarkets for individuals and small businesses to buy coverage. People who already have employer coverage won't see any changes.
- **Reduces Costs.** Provides income-based tax credits for most consumers in the exchanges, substantially reducing costs for many. Sliding scale credits phase out completely for households above four times the federal poverty level, about \$88,000 for a family of four.
- **Expands Medicaid.** Medicaid expanded to cover low-income people up to 133% of the federal poverty line, about \$29,300 for a family of four. Low-income childless adults covered for the first time.

2020

- **Phases out Doughnut hole.** Doughnut hole coverage gap in Medicare prescription benefit is phased out. Seniors continue to pay the standard 25% of their drug costs until they reach the threshold for Medicare catastrophic coverage, when their copayments drop to 5%.

Useful websites:

The Federal Health Care Law Website: <http://www.healthcare.gov/>

Maine Bureau of Insurance Health Care Reform Website: http://www.maine.gov/pfr/insurance/federal_health_care_reform/index.htm