



HealthCare Reform and You

As our country goes through these historic times with the healthcare reform, there are many questions on how this will affect me, my family, and my company. Vicencia & Buckley is here to help you during these changing times and to answer your questions. We acknowledge that our customers deserve guidance and service from us. Below you will find a guide on the bill highlights and how consumers will feel the effect of these healthcare changes.

Bill Highlights:

- Requires insurance companies to cover all Americans, regardless of their health status, and would prohibit insurers from denying coverage to people who become sick.
- Require individuals to buy insurance and require large employers to provide employees with health benefits or in some cases face penalties.
- Open the nation's 45-year-old Medicaid insurance program for the poor to all Americans earning less than 133% of the federal poverty line -- \$14,404 for an individual or \$29,327 for a family of four.
- Create new state-based insurance marketplaces for millions who do not get coverage through work. Commercial insurers would offer plans in these marketplaces, or exchanges, and be required to provide a minimum set of benefits, including mental health services, maternity care and preventive care.
- The federal government is to provide approximately \$500 billion in subsidies over the next decade to help millions of low- and moderate-income Americans buy insurance in an exchange.
- New 3.8% tax on investment income for individuals earning more than \$200,000 and couples earning more than \$250,000.
- In 2018, people with high-end "Cadillac" health plans would be subject to a new tax on their benefits. And medical device makers, pharmaceutical companies and insurers would be subject to new excise taxes.
- Cut more than \$400 billion over the next decade in what Medicare pays to hospitals, nursing homes and insurance companies that provide Medicare Advantage plans

Consumers Guide:

- **What if I currently do not have health insurance:** under the new legislation most Americans would have to have insurance by 2014 or pay a penalty. The penalty would start at \$95, or up to 1 percent of income, whichever is greater, and rise to \$695, or 2.5 percent of income, by 2016. This is an individual limit; families have a limit of \$2,085. Some people would be exempted from the insurance requirement, called an individual mandate, because of financial hardship or religious beliefs or if they are American Indians, for example.
- **What if I can't afford health insurance:** Depending on your income, you might be eligible for Medicaid, the state-federal program for the poor and disabled, which would be expanded sharply beginning in 2014. Low-income adults, including those without children, would be eligible, as long as their incomes didn't exceed 133 percent of the federal poverty level, or \$14,404 for individuals and \$29,326 for a family of four, according to current poverty guidelines.
- **What if I am not eligible for Medicaid, but still can't afford health insurance:** You might be eligible for government subsidies to help you pay for private insurance that would be sold in the new state-based insurance marketplaces, called exchanges, slated to begin operation in 2014. Premium subsidies would be available for individuals and families with incomes between 133 percent and 400 percent of the poverty level, or \$14,404 to \$43,320 for individuals and \$29,326 to \$88,200 for a family of four. The subsidies would be on a sliding scale. In addition, if your income is below 400 percent of the poverty level, your out-of-pocket health expenses would be limited.
- **How would the legislation affect the kind of insurance I could buy?** If you have a medical condition, the bill would make it easier for you to get coverage; insurers would be barred from rejecting applicants based on health status once the exchanges are operating in 2014. In the meantime, the bill would create a temporary high-risk insurance pool for people with medical problems who have been rejected by insurers and have been uninsured at least six months. That would occur this year. And starting later this year, insurers could no longer exclude coverage for specific medical problems for children with pre-existing conditions, nor could they any longer set lifetime coverage limits for adults and kids.
- **How would the legislation affect young adults?** If you're an unmarried adult younger than 26, you could stay on your parent's insurance coverage as long as you are not offered health coverage at work. In addition, people in their 20s would be given the option of buying a "catastrophic" plan that would have lower premiums. The coverage would largely only kick in after the individual had \$6,000 in out of pocket expenses.
- **I own a small business. Would I have to buy insurance for my workers? What help could I get?** It depends on the size of your firm. Companies with fewer than 50 workers wouldn't face any penalties if they didn't offer insurance. Companies could get tax credits to help buy insurance if they have 25 or fewer employees and a workforce with an

average wage of up to \$50,000. Tax credits of up to 35 percent of the cost of premiums would be available this year and would reach 50 percent in 2014. The full credits are for the smallest firms with low-wage workers; the subsidies shrink as companies' workforces and average wages rise. Firms with more than 50 employees that do not offer coverage would have to pay a fee of up to \$2,000 per full-time employee if any of their workers got government-subsidized insurance coverage in the exchanges. The first 30 workers would be excluded from the assessment.

- ***What will happen to my premiums?*** That's hard to predict and the subject of much debate. People who are sick might face lower premiums than otherwise because insurers wouldn't be permitted to charge sick people more; healthier people might pay more. Older people could still be charged more than younger people, but the gap couldn't be as large. The bigger question is what happens to rising medical costs, which drive up premiums. Even proponents acknowledge that efforts in the legislation to control health costs, such as a new board to oversee Medicare spending, wouldn't have much of an effect for several years.

Immediate Effects:

- Dependent children could remain on their parent's health insurance plans until age 26
- Some senior citizens would get more help paying for drugs in Medicare
- People with health problems that left them uninsurable could qualify for coverage through a federal program
- Tax credits for business with fewer than 25 employees and average wages of less than \$50,000 could qualify for a tax credit up to 35% of the cost of their premiums

Based on the recent legislation, larger effects, such as a new insurance marketplace, expansion of Medicaid and requiring insurers to accept all applicants, are not scheduled to kick in until 2014. Vicencia & Buckley will continue to keep you informed and provide you with quality service through these changing times. Please let us know if we can answer any other questions or help you obtain an individual or group health insurance policy that suits your needs. You can reach us at 714-739-3177. Thank you for your business.