



Affordable Care Act: The New Health Care Law at Two Years

The President's health plan gives hard working, middle class families the security they deserve. The Affordable Care Act forces insurance companies to play by the rules, prohibiting them from discriminating against anyone with a pre-existing condition, dropping your coverage if you get sick, billing you into bankruptcy because of an illness or injury, and limiting your annual or lifetime benefits. And thanks to health reform, all Americans will have the security to know that you don't have to worry about losing coverage if you're laid off or change jobs, and insurance companies are required to cover your preventive care like mammograms and other cancer screenings.

Health reform is already making a difference. Thanks to the Affordable Care Act:

- 2.5 million more young adults have health insurance on their parent's plan.
- In 2010 and 2011, over 5.1 million seniors and people with disabilities on Medicare have saved over \$3.1 billion on prescription drugs. These savings include a one-time \$250 rebate check to seniors who hit the "donut hole" coverage gap in 2010, and a 50 percent discount on brand-name drugs in the donut hole in 2011. And everyone with Medicare can get key preventive services like mammograms and other cancer screening tests for free.
- Insurance companies can no longer drop your coverage when you get sick because of a mistake on your application, put a lifetime cap on the dollar amount of coverage you can receive or raise your premiums with no accountability.
- Insurance companies can no longer deny coverage to children because of a pre-existing condition. And in 2014, discriminating against anyone with a pre-existing condition will be prohibited.

The Affordable Care Act is helping Americans access the care and coverage they need. At the same time, States and the Obama Administration are moving forward to continue holding insurance companies accountable, working with health care providers to improve care for patients, and creating new health insurance marketplaces.

Holding Insurance Companies Accountable

Before the Affordable Care Act, most insurers could raise premiums without any explanation, spend much of your premium dollars on administration and profits, and deny or limit coverage to those with pre-existing conditions. Under the new law, patients have more rights and protections – and more security that their coverage will be there for them when they need it. For example:

- **No more pre-existing condition denials for children:** The parents of over 17.6 million children with pre-existing conditions no longer have to worry that their children will be denied coverage because of a pre-existing condition.
- **No more lifetime dollar limits on coverage:** 105 million Americans no longer have a lifetime dollar limit on essential health benefits. [Annual dollar limits](#) are set at increasingly higher amounts until January 1, 2014 when most plans issued or renewed are banned from having an annual dollar limit on coverage.

- **Insurance companies can't drop your coverage when you get sick:** Americans no longer need to fear that their insurance company can rescind or take away coverage when they get sick because of an unintentional mistake on an application.
- **No more coverage denials without appeal:** Many Americans with private coverage now have the right to appeal an insurance company's coverage decision and the Affordable Care Act provides consumers with information and assistance to give them more control over their health care decisions.
- **Helping consumers understand their coverage:** The [Health Insurance Finder on HealthCare.gov](#) gives Americans unprecedented information about the health plan choices in their own communities. Starting this fall, health plans will provide consumers with clear, consistent and comparable information about their health plan benefits and coverage. The [Summary of Benefits and Coverage forms](#) will enable consumers to easily understand their health coverage and determine the best health insurance options for themselves and their families.

Lifetime Limits

Amy Ward, Iowa

Last summer, Amy contracted a rare infection and nearly died. On her road to recovery, Amy's had to be on ventilators and dialysis. She's needed medications that cost up to \$1,600 a dose. Her medical expenses quickly added up.

Before the new health reform law, Amy's health insurance policy had a lifetime dollar limit of \$1 million. While it sounds like a lot, Amy's expenses exceeded that amount within months. Thanks to the new healthcare law, Amy's plan no longer has a lifetime limit and she can continue getting the care she needs to get well.

Making Care More Affordable

The new health care law is bringing down health care costs and making sure health care dollars are spent wisely.

- **80/20 Rule:** The health insurance companies of 76 million Americans now have to meet the 80/20 rule, or Medical Loss Ratio, where they must spend at least 80 cents of your premium dollar on your health care or improvements to care. If they fail to meet this standard, they must provide a rebate to their customers.
- **Reviewing premium increases:** For the first time ever in every State, insurance companies must publicly justify any rate increase of 10 percent or more. And the new law gives States new resources to review and block these premium hikes. Already, more than \$154 million in grants have gone to States to assist them in implementing or improving their rate review activities.
- **Small business tax credits:** Small businesses have long paid a higher price for health insurance – often 18 percent more than larger employers. Tax credits for small businesses included in the Affordable Care Act will benefit an estimated two million workers who get their insurance from an estimated 360,000 small employers who will receive the credit in 2011. In 2014, small business owners will get more relief with tax credits and affordable insurance choices in the new Affordable Insurance Exchanges in every State. For the first time, they will have a marketplace where they can see and compare their health plan options in one place, and insurers will have to actively compete for their business.

Small Business Tax Credits

Michael and Margaret Novak, Montana

Michael and Margaret own a grocery store in a small rural town in Montana. They were able to receive a small business tax credit worth \$10,500 to help them continue to offer health insurance to their more than two dozen employees.

- **Supporting early retiree coverage:** The Early Retiree Reinsurance Program (ERRP) has provided \$5 billion in reinsurance payments to employers so they can continue to provide benefits to their retired workers who are not yet eligible for Medicare. This program has reduced premiums or cost sharing for at least 19 million early retirees, workers, their spouses, surviving spouses and dependents.

Increasing Access to Affordable Care

In the two years since the Affordable Care Act was signed into law, millions of Americans have gained new access to more affordable health coverage and care. Under the law, Americans with pre-existing conditions and young adults have new options for health care.

- **Coverage for young adults:** 2.5 million young adults who were uninsured have gained coverage by being able to stay on their parent's health plan, giving their families peace of mind.
- **Access to free preventive services:** 54 million additional Americans now receive coverage through their private health insurance plan for many preventive services without cost sharing such as copays or deductibles. That means that more Americans will receive wellness visits, cancer screenings and other services that will help them get and stay healthy.
- **Coverage for people with pre-existing conditions:** More than 50,000 Americans with pre-existing conditions have gained coverage through the new Pre-Existing Condition Insurance Plan. This temporary program makes health coverage available and more affordable for individuals who are uninsured and have been denied health insurance because of a pre-existing condition.
- **Investing in primary care:** The new health care law also invests in training and supporting thousands of new primary care doctors and nurses by providing bonus payments, scholarships and loan repayment, and new training opportunities.

Strengthening Medicare

Nearly 50 million seniors and Americans with disabilities depend on Medicare every day. The new health care law makes Medicare stronger by making several key improvements, from new benefits and lower costs to fighting fraud and extending the life of the Medicare Trust Fund by eight years. Medicare cost growth has slowed, the Part B deductible has fallen, and since 2010, Medicare Advantage enrollment is up by 17 percent while average premiums are down by 16 percent.

- **Reducing prescription drug costs in Medicare:** In 2010 and 2011, over 5.1 million seniors and people with disabilities on Medicare saved over \$3.1 billion on prescription drugs thanks to the Affordable Care Act. These savings include a one-time \$250 rebate check to seniors who fell into the prescription drug coverage gap known as the "donut hole" in 2010, and a

Coverage for Young Adults

Devon Grochowski, Pennsylvania

Devon, 23, graduated from Pennsylvania State University in May of 2010. She has a full-time contract position working for the state's Department of Public Welfare and loves her job. But, she doesn't get benefits, including health insurance. Without the provision in the Affordable Care Act that allows her to stay on her parent's plan until she is 26, Devon would have had to consider leaving her job to get one that offers benefits, even if that meant leaving the field where she's hoping to build her career.

Coverage for Americans with Pre-Existing Conditions

Michael Story, Mississippi

After retiring, Michael couldn't obtain health insurance coverage because of a pre-existing condition—his cardiac pacemaker. He was uninsured for nearly three years, and paid for all his care out of pocket. After learning about the Pre-Existing Condition Insurance Plan, he applied to join the program and was accepted in August 2010. Just two days after his coverage started, he went to the cardiologist and they found his battery was running out. Michael was able to have surgery in September.

50 percent discount on brand-name drugs worth a total of \$2.1 billion, or an average of \$604 per person in 2011. Through the first two months of 2012, 70,000 seniors and people with disabilities have already received \$65 million in savings in the donut hole.

- **New preventive benefits:** The Affordable Care Act makes many key preventive services available with no co-pay or deductible to help ensure that seniors don't have to skip a potentially life-saving cancer screening because they can't afford it. More than 32.5 million seniors have already received one or more free preventive services, including the new Annual Wellness Visit.
- **Saving money for seniors:** The average person with Medicare will save approximately \$4,200 from 2011 to 2021, while those with high prescription drug costs will save much more – as much as \$16,000 over the same period. This is especially good news for people with chronic conditions such as diabetes and high blood pressure who must take their medication every day for many years.
- **Fighting fraud and saving taxpayer dollars:** The health care law helps stop fraud with tougher screening procedures, stronger penalties, and new technology. Thanks to the law, Medicare can now prevent fraud using the same safeguards your credit card company uses when someone buys ten flat screen TVs with your credit card. All told, our anti-fraud efforts have recovered \$4.1 billion in taxpayer dollars in 2011, the second year that recoveries have hit this record breaking level. Total recoveries over the last three years were \$10.7 billion. Prosecutions are way up, too: the number of individuals charged with fraud increased from 797 in fiscal year 2008 to 1,430 in fiscal year 2011 – a 79 percent increase.

Preventive Care for Seniors *Judith Parrotta, Pennsylvania*

Judith and her husband rely on Medicare for their health care. They were both due for a colonoscopy screening this year, and before reform, they could not have afforded the \$800 it would have cost them to both have the procedure. Thanks to the new law, they both were able to receive the procedure without a co-pay, and neither had to postpone receiving this life-saving cancer screening.

Higher Quality Care

For too long, the health insurance market has worked very well for big insurance companies, but not so well for patients and providers. Our health care system is full of barriers, red-tape and roadblocks – ranging from the way we pay for health care services to a lack of usable, reliable information for patients and clinicians alike – that often keep health care professionals from practicing medicine in a collegial, evidence-based, and patient-centered manner. The Affordable Care Act is working to cut red tape and create new opportunities and incentives to improve care for patients:

- **Cutting red tape:** New rules under the health care law save an estimated \$14.8 billion for physicians, other health care providers and plans by simplifying rules for health plan eligibility and health care claims and \$2.4 to \$3.6 billion by helping change the way the health care industry pays bills – from paper transfers to electronic billing. This means fewer phone calls between physicians and health plans, lower postage and paperwork costs, fewer denied claims for physicians, and a greater ability to automate health care administrative processes.
- **Encouraging innovation:** The newly established Innovation Center is testing and supporting innovative new health care models that can reduce costs and strengthen the quality of health care. So far, it has introduced 17 initiatives involving over 50,000 health care providers that will touch the lives of Medicare and Medicaid beneficiaries in all 50 states.

- **Paying for quality care:** The Value-Based Purchasing Program will begin paying 3,500 hospitals nationwide based on care quality, rather than solely relying on the quantity of services provided. Additionally, value-based purchasing in other Medicare programs is currently being developed.
- **Reducing preventable harm to patients:** The Partnership for Patients, a public-private partnership operated through the Innovation Center, is intended to make major reductions in preventable disease and mortality associated with stays at hospitals. As part of the Partnership, \$218 million has already been invested to reduce hospital acquired conditions by 40% by 2013, which would mean approximately 1.8 million fewer injuries to patients in the hospital, saving over 60,000 lives over three years.
- **Coordinating care:** Accountable Care Organizations will help providers better coordinate care for patients, making it easier for providers to deliver high quality care and use health care dollars more wisely. Thirty-two "Pioneer" ACOs are already up and running and could save up to \$1.1 billion over the next five years.

Investing in Public Health

The Affordable Care Act brought an unprecedented focus on the importance of prevention and investing in public health. From the Prevention and Public Health Fund to the new National Prevention Strategy, the Obama Administration is working to help Americans live more healthful lives.

- **Prevention and Public Health Fund:** The Administration allocated \$500 million in funds from the 2010 Prevention and Public Health Fund to programs to support activities such as community initiatives and the development of the public health infrastructure that can help prevent disease and illness. In 2011, building on the initial investment, \$750 million in new funds were dedicated to expanding prevention initiatives in: community prevention, clinical prevention, public health infrastructure and research and tracking. In 2012, the Prevention Fund is investing \$1 billion to support activities such as community-based efforts to combat chronic disease, public health infrastructure improvements, and State and local prevention programs.
- **National Health Service Corps:** Because of investments from the Recovery Act and the Affordable Care Act, the number of clinicians who practice in underserved communities through the National Health Service Corps has nearly tripled over the past three years, reaching more than 10,000. In 2011, the National Health Service Corps provided health care services to about 10.5 million patients, up from 3.7 million patients in 2008.
- **Community Health Centers:** Community Health Centers improve the health of the nation and assure access to quality primary health care services at more than 8,000 service delivery sites around the country. Since the beginning of 2009, health centers have increased the total number of patients served on an annual basis by 2.4 million. Also since the beginning of 2009, health centers across the country have added more than 18,600 new full-time positions in many of the nation's most economically distressed communities. In addition, nearly \$110 million has gone to support school-based health centers, expanding their preventive and primary health care services by building new facilities and modernizing current sites.
- **Million Hearts Campaign:** The Million Hearts Campaign is a public-private initiative that aims to prevent one-million heart attacks and strokes over the next five years by preventing tobacco use, reducing sodium and trans-fat consumption, and improving care for people who need treatment.

Laying a Foundation for 2014

The Affordable Care Act builds on ongoing State efforts to strengthen the health care system, and provides States with new tools, flexibility, and resources to provide their residents the health care benefits and consumer protections they need and deserve at an affordable price. In the nearly two years since President Obama signed the Affordable Care Act into law, States have taken action to implement health reform. Starting in 2014, Affordable Insurance Exchanges will make it easy for individuals and small businesses to compare qualified health plans, get answers to questions, find out if they are eligible for tax credits for private insurance or health programs like Medicaid and the Children's Health Insurance Program (CHIP), and enroll in a health plan that meets their needs.

- **Building Affordable Insurance Exchanges:** The Affordable Care Act gives States the resources and power to build and run their own Exchange. Thirty-three States, including the District of Columbia, are on their way, having received a total of nearly \$670 million in [Exchange Establishment Grants](#).
- **Ensuring Health Insurance Choices:** The Affordable Care Act creates a new type of non-profit health insurer, called a Consumer Operated and Oriented Plan (CO-OP). These insurers are run by their members. CO-OPs are meant to offer consumer-friendly, affordable health insurance options to individuals and small businesses. Already seven non-profits intending to offer coverage in eight states have been awarded more than \$638 million in loans to get up and running.
- **Banning the Worst Insurance Practices:** Starting in 2014, the Affordable Care Act will prohibit health insurers from charging more or denying coverage to people because of pre-existing conditions. It will also make charging women more for health insurance a thing of the past.

More Information: The Affordable Care Act in Your State

To learn more about how the Affordable Care Act is strengthening the health insurance marketplace and improving health care in your State, visit www.HealthCare.gov/law/resources/index.html.