

# How Does the Health Care Law Affect You?

## **The basics:**

The Patient Protection and Affordable Care Act (PPACA) was signed into law in 2010. Many of the provisions below are still awaiting HHS regulations to finalize how exactly they will be implemented. Further, I encourage you to speak with your insurance provider, physician, and employer before making any health care decisions.

**Individual Mandate:** By 2014, every US citizen will be required by law to have health care coverage. They can either have coverage from private insurance, Medicare or Medicaid. The law expands Medicaid coverage to include additional categories of people including childless adults, however the Supreme Court determined that states can choose whether to expand their Medicaid programs or not. If someone does not have coverage, they can purchase a plan from either the federal exchange or their state's exchange.

HHS will set minimum standards for health insurance plans called Minimum Essential Benefits that all plans will have to meet in order to be considered qualified coverage. If you have insurance that meets HHS' standards, you will not need to do anything further. If you do not have health coverage, you will need to purchase insurance by 2014 or face a tax. For 2014, the tax will be \$95 plus 1% of your income. In 2015 the tax will be \$325 plus 2% of your income, and in 2016 and beyond (indexed for cost of living increases) the tax is \$695 plus 2.5% of your income. Premium subsidies are available on a sliding scale for those between 133%-400% of the federal poverty level.

## **Coverage:**

- Insurance companies cannot discriminate based on pre-existing conditions
- Children can stay on their parents health insurance plans until they are 26 years of age
- Insurance companies cannot place a lifetime limit on coverage

**Employer Mandate:** The law requires employers with more than 50 employees (or full-time equivalents) provide health insurance to their employees. Companies who do not provide health insurance, or those who have employees who still choose to take insurance from the exchange instead of the coverage provided by their employer, face penalties.

## **Taxes:**

Starting in 2013, there will be an additional 0.9% Medicare tax for income above \$200,000 for a single filer and income over \$250,000 for a married couple.

A 3.8% tax on investments will also be levied on individuals making over \$200,000 (or couples making over \$250,000). This tax begins in 2013 and will affect investment income such as income from investments, dividends, rents, and capital gains. The law also includes an excise tax on so-called "Cadillac" high-cost health care plans. In 2018, plans with a high-cost threshold will be subject to a 40% tax on benefits above that threshold.

The law also imposed a 10% tax on indoor tanning services.

## **Misc. Provisions:**

The law established a maximum contribution to a Flexible Spending Account (FSA) at \$2,500 annually (indexed to inflation after 2014). Further, the law prohibited the purchase of over-the-counter medications with Health Savings Account (HSA) and FSA funds.

The law closed the "donut hole" for Medicare Part D recipients.