



# HealthWatch

LOCAL GOVERNMENT

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State Employees' Insurance Board

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*Don't go around  
saying the world  
owes you a living.  
The world owes  
you nothing. It  
was here first.*

Mark Twain



## Health Care Reform Law: Schedule of Changes

The recently enacted federal health care reform law contains many provisions affecting the nation's healthcare system. Some of these reforms are not applicable to members covered under the Local Government Health Insurance Program (LGHIP). Here's a schedule of the major changes:

### 2010

**Temporary high-risk health insurance pools** - will be established in each state providing uninsured people with medical problems affordable coverage.

**Temporary reinsurance program** - will help offset costs of coverage for companies that provide early retiree health benefits for those ages 55 to 64.

**Young adults** - will be able stay on their parents' insurance until their 26th birthday, effective for plan years beginning on or after September 23, 2010.

**Pre-existing conditions** - insurers will be barred from denying coverage to children with pre-existing conditions. Adults will have to wait until 2014 for the same protection.

**Lifetime limits** - on benefits and restrictive annual limits will be prohibited.

**Preventive care** - services will be covered with no co-pays.

**Small businesses** - with up to 25 employees will qualify for tax credits to encourage them to offer health insurance.

**Seniors** - will get a \$250 rebate to help fill the "doughnut hole" in Medicare prescription drug coverage. The Medicare Part D doughnut hole coverage gap will be completely phased out by 2020.

**Medicare payments** - to health care providers under the program will be reduced.

### 2011

**Voluntary long-term care insurance program** - will be established to provide home health and rehabilitation services.

**Medicare Part D recipients** - will receive a 50% discount on brand-name drugs when they reach the doughnut hole.

**Primary care doctors** - and general surgeons practicing in underserved areas will qualify for a 10% bonus on Medicare funded services.

**Healthcare company fees** - drug makers pay new fees. Insurance and medical-device providers follow in 2013.

### 2013

**Flexible spending account** - contributions will be limited to \$2,500 a year, indexed for inflation.

**Itemized medical expense** - threshold on federal taxes will be raised from 7.5% to 10% of income. For individuals over the age of 65, this change will not take effect until 2017.

**Medicare payroll tax** - will increase for individuals earning more than \$200,000 per year (\$250,000 for married filing jointly), and it includes net investment income.

**Employer Medicare Part D subsidy deduction** - will be eliminated. Employers will

## Health Care Reform Law : **Schedule of Changes**

lose the tax deduction for subsidizing prescription drug plans for Medicare Part D-eligible retirees.

### **2014**

**Health insurance exchanges** - will be created in each state providing individuals and small businesses a marketplace to compare and purchase coverage.

**Individual mandate** - almost everyone will be required to get insurance or face a fine - \$95 in 2014, \$325 in 2015 and \$695 in 2016. No penalty applied to individuals who qualify for hardship or religious exemption.

**Employer mandate** - businesses with 50 or more employees must offer insurance or pay a \$2,000-per-worker penalty.

**Premium credits** - and cost-sharing

reductions will be available for individuals and families below 400% of the federal poverty level.

**Medicaid program** - will be expanded to cover childless adults and low-income families up to 133% of the federal poverty level.

### **2018**

**Tax on "Cadillac" plans** - a 40% excise tax on health coverage cost that exceeds \$10,200 for an individual and \$27,500 for families.

Most of the provisions of the health care reform law do not directly affect LGHIP members. We have included other information that may affect your friends and family. You will be notified about changes affecting your Local Government Health Insurance Plan.

### **Exercise Your Right To Be Healthy! May 14 is National Employee Health and Fitness Day.**

This year's Montgomery event will take place from 12:00 – 1:00 pm in the Circle of Flags at the State Capitol. Details are:

- Walkers will follow a planned route around the Capitol Complex
- Blood pressure evaluations will be available before and/or after the walk
- Souvenir tee-shirts will be available for purchase
- Delicious, wholesome treats will be provided

If you would like to organize an event for your area, contact Ronnie Floyd with the Governor's Commission on Physical Fitness at 334.242.4496 or Laurie Eldridge at 334.206.5651. They can help you select a date that will be convenient for your group.

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