

Healthcare Reform and the Affordable Care Act:

What Is It and How Will It Impact You?



Why the Need for Healthcare Reform?

The need for healthcare reform in the United States is a result of several ongoing issues within our nation's healthcare system. For starters, there are a large number of citizens who lack health coverage throughout the nation. In addition, U.S. healthcare spending is unsustainable and, in spite of high spending, the nation's health outcomes are still poor. With a host of health disparities that exist among various population groups, and a healthcare system that emphasizes treatment instead of prevention, there was a major need to develop a multi-level solution that would address the nation's toughest health care issues.

When was the Affordable Care Act (ACA) passed and what are its goals?

The ACA was passed by Congress and signed into law by President Barack Obama on March 23, 2010. It was found constitutional by the U.S. Supreme Court on June 28, 2012. The ultimate goal of the ACA is to expand and improve access to care by impacting four main areas:

Four Main Areas of the ACA
Individual Mandate
Health Benefit Based Exchanges
Employer Penalties
Medicaid Expansion

Individual Mandate¹

The individual mandate requires U.S. citizens and legal residents to have qualifying health coverage. Those without coverage will have to pay a tax penalty. These penalties will be phased in based on the following timeline:

- 2014: \$95
- 2015: \$325
- 2016: \$695
- After 2016: Increased annually based on the current cost of living adjustment

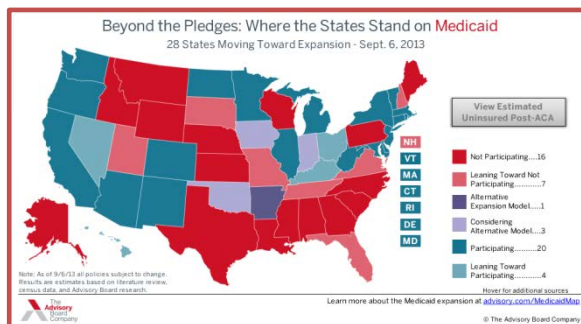
Penalty exemptions may be granted for: individuals facing financial hardships; religious objections; Native Americans/American Indians; individuals without coverage for less than three months; undocumented immigrants; incarcerated individuals; individuals with incomes below the tax filing threshold; and individuals whose incomes are 8% lower than the lowest cost plan option.

Medicaid Expansion²

Medicaid expansion is the only optional component of the ACA based on the U.S. Supreme Courts' June 2012 verdict. This expansion involves a state to increase its Medicaid eligibility requirements to citizens with incomes that are up to 138% of the federal poverty level.

There are currently 28 states (and the District of Columbia) that have decided to expand Medicaid (as shown in the map to the right). The remainder of the states have either opposed expanding Medicaid, are undecided, or are in pursuit of an alternative model.

There currently is not a concrete deadline to agree to expand Medicaid, however, this provision of the ACA will be implemented in January 2014.

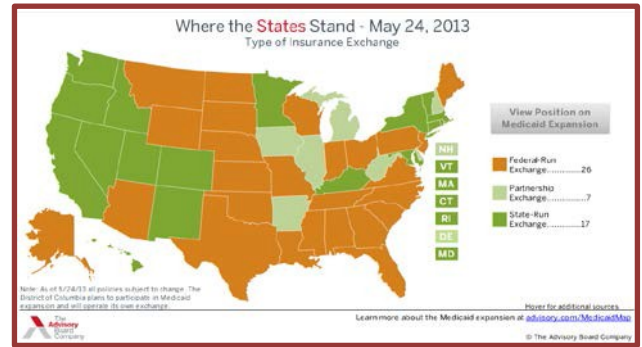


2013 Federal Poverty Guidelines ³		
Household Size	100%	138%
1	\$11,490	\$15,282
2	\$15,510	\$20,628
3	\$19,530	\$25,975
4	\$23,550	\$31,322
5	\$27,570	\$36,668
6	\$31,590	\$42,015
For each additional person add...	\$4,020	\$5,347

Health Based Exchanges⁴

Health based exchanges will be established in each state to help consumers make valid comparisons between available insurance plans. These exchanges will administer the new health insurance subsidies and facilitate enrollment in private health insurance, Medicaid and the Children’s Health Insurance Program (CHIP). One of the three following types of exchanges will be found in each state:

- State run
- Federal run
- Partnership (State and Federal run)



Employer Requirements¹

This component of the ACA will require employers to pay penalties for employees who receive tax credits for their coverage. Starting in January 2015, employers with 50 or more full-time employees that do not offer coverage will be assessed a fee of \$2,000 per full-time employee. In addition, employers with 50 or more full-time employees that offer coverage which does not meet federal minimum requirements will have to pay the lesser of \$3,000 for each employee receiving a premium credit or \$2,000 for each full time employee. Employers with more than 200 employees are required to automatically enroll employees into health insurance plans offered by the employer.

The only employers that will be exempt from such penalties are those with 49 or less full-time employees.

What's Next? ⁵	
October 1, 2013	<ul style="list-style-type: none"> • Open Enrollment in the Health Insurance Marketplace Begins
January 1, 2014	<ul style="list-style-type: none"> • Coverage begins in the Health Insurance Marketplace • Medicaid Expansion • Coverage for pre-existing conditions • Savings on monthly premiums and out of pocket costs • Eliminating annual limits on insurance coverage • Increasing small business health insurance tax credit
January 1, 2015	<ul style="list-style-type: none"> • Employer insurance coverage requirements begin

References

¹The Henry J. Kaiser Family Foundation. (2013). Summary of the affordable care act. Retrieved from <http://kff.org/health-reform/factsheet/summary-of-new-health-reform-law/>

²The Advisory Board Company. (2013). Daily briefing primer: ACA’s Medicaid expansion. Retrieved from <http://www.advisory.com/Daily-Briefing/Resources/Primers/Medicaid-expansion>

³The Families USA. (2013). 2013 Federal poverty guidelines. Retrieved from <http://www.familiesusa.org/resources/tools-for-advocates/guides/federal-poverty-guidelines.html>

⁴The Advisory Board Company. (2013). Navigating Health Insurance Exchanges. Retrieved from <http://www.advisory.com/Research/Financial-Leadership-Council/White-Papers/2013/Navigating-Health-Insurance-Exchanges>

⁵U.S. Centers for Medicare & Medicaid Services. (2013). Timeline of the health care law. Retrieved from <https://www.healthcare.gov/timeline-of-the-health-care-law#part=2>

For additional information on the Affordable Care Act and its implementation please visit:



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