

AFFORDABLE CARE ACT - FREQUENTLY ASKED QUESTIONS

The **Affordable Care Act** known as **Obamacare** was a 900 page bill approved into law in 2010. There are many provisions that have been implemented since 2010, and will continue over the next five years. There are numerous questions, and we hope to educate and provide as many answers as possible. Please find below some common questions and answers regarding the Affordable Care Act.

I don't have health insurance. Under the Affordable Care Act, will I have to buy it and what happens if I don't?

- Beginning in 2014, most people will have to have it or pay a fine. For individuals, the Health Insurance Tax penalty would start at \$95 a year, or up to 1 percent of income, whichever is greater, and rise to \$695, or 2.5 percent of income, by 2016.
- The requirement to have coverage can be waived for several reasons, including financial hardship or religious beliefs.
- Millions of additional people will qualify for Medicaid as part of the Medicaid Expansion provision of the Affordable Care Act or federal subsidies to buy insurance under the law.
- While some states, including most recently Alabama, Wyoming and Montana, have passed laws to block the requirement to carry health insurance, those provisions do not override federal law.

I get my health coverage at work and want to keep my current plan. How will the Affordable Care Act effect that ?

- If you get insurance through your job, it is likely to stay that way. But, just as before the law was passed, your employer is not obligated to keep the current plan and may change premiums, deductibles, co-pays and network coverage. You may have seen some law-related changes already. For example, most plans **now ban** lifetime coverage limits and include a **guarantee** that an adult child up to age 26 who can't get health insurance at a job can stay on her parents' health plan.

What other parts of the Affordable Care Act currently in place?

- Preventative services are now covered for standard routine exams, including breast cancer screening, and family planning.
- Health plans **can't cancel** your coverage once you get sick – a practice known as “rescission” – unless you committed fraud when you applied for coverage.
- Children with **pre-existing conditions** cannot be denied coverage. This will apply to adults in 2014.
- Insurers will have to provide **rebates** to consumers if they spend less than 80 to 85 percent of premium dollars on medical care. This is known as the **Medical Loss Ratio**
- Some existing plans, if they haven't changed significantly since passage of the law, do not have to abide by certain parts of the law. For example, these “**grandfathered**” plans can still charge beneficiaries part of the cost of preventive services.

I want health insurance but I can't afford it. How will the Affordable Care Act help me?

- Depending on your income, you might be eligible for Medicaid. Currently, in most states non-elderly adults without minor children don't qualify for Medicaid. But beginning in 2014, the federal government is offering to pay the cost of an expansion in the programs known as [Medicaid Expansion](#) so that anyone with an income at or lower than 133 percent of the federal poverty level, (which based on current guidelines would be \$14,856 for an individual or \$30,656 for a family of four) will be eligible for Medicaid.
- The Supreme Court, however, ruled in June that states cannot be forced to make that change. Republican governors in several states have said that they will refuse the expansion, though that may change now that Obama has been re-elected.

What if I make too much money for Medicaid but still can't afford to buy insurance?

- You might be eligible for government subsidies to help you pay for private insurance sold in the state-based insurance marketplaces, called [exchanges](#), slated to begin operation in 2014. [Health Insurance Exchanges](#) will sell insurance plans to individuals and small businesses. Please use our [tax calculator](#) to see if you're eligible for a subsidy.
- These premium subsidies will be available for individuals and families with incomes between 133 percent and 400 percent of the poverty level, or \$14,856 to \$44,680 for individuals and \$30,656 to \$92,200 for a family of four (based on current guidelines).

Will the Affordable Care Act make it easier for me to get Health Insurance?

- Insurers will be barred from rejecting applicants based on health status once the exchanges are operating in 2014.

I own a small business. Will the Affordable Care Act make me buy health insurance for my workers?

- No employer is required to provide insurance. But starting in 2014, businesses with 50 or more employees that don't provide health care coverage and have at least one full-time worker who receives subsidized coverage in the health insurance exchange will have to pay a fee of [\\$2,000 per full-time employee](#). The firm's first 30 workers would be excluded from the fee.
- However, firms with [50 or fewer people](#) won't face any penalties.
- In addition, if you own a small business, the health law offers a tax credit to help cover the cost. Employers with 25 or fewer full-time workers who earn an average yearly salary of \$50,000 or less today can get tax credits of up to 35 percent of the cost of premiums. The credit increases to 50 percent in 2014.

I'm over 65. How does the Affordable Care Act affect seniors?

- The law is narrowing a gap in the Medicare Part D prescription drug plan known as the "[doughnut hole](#)." That's when seniors who have paid a certain initial amount in prescription costs have to pay for all of their drug costs until they spend a total of \$4,700 for the year. Then the plan coverage begins again.
- That [coverage gap](#) will be closed entirely by 2020. Seniors will still be responsible for 25 percent of their prescription drug costs. So far, 5.6 million seniors have saved \$4.8 billion on prescription drugs, according to the Department of Health and Human Services.

- The law also expanded Medicare's coverage of preventive services, such as screenings for colon, [prostate](#) and breast cancer, which are now free to beneficiaries. Medicare will also pay for an annual wellness visit to the doctor. HHS reports that during the first nine months of 2012, more than 20.7 million Medicare beneficiaries have received preventive services at no cost.
- The health law reduced the federal government's payments to Medicare Advantage plans, run by private insurers as an alternative to the traditional Medicare. Medicare Advantage costs more per beneficiary than traditional Medicare. Critics of those payment cuts say that could mean the private plans may not offer many extra benefits, such as free eyeglasses, hearing aids and gym memberships that they now provide.

Will I to pay more for my health care because of the Affordable Care Act?

- No one knows for sure. Even supporters of the law acknowledge its steps to control health costs, such as incentives to coordinate care better, may take a while to show significant savings. Opponents say the law's additional coverage requirements will make health insurance more expensive for individuals and for the government.
- That said, there are some new taxes and fees. For example, starting in 2013, individuals with earnings above \$200,000 and married couples making more than \$250,000 will pay a [Medicare payroll tax](#) of 2.35 percent, up from the current 1.45 percent, on income over those thresholds. In addition, higher-income people will be taxed 3.8 percent on unearned income, such as dividends and interest.
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Are there more changes ahead for the Affordable Care Act?

- Some observers think there [could be pressure](#) in [Congress](#) to make some changes to the law as a larger package to reduce the deficit. Among those options is scaling back the subsidies that help low-income Americans buy health insurance coverage. The amount of the subsidies, and possibly the Medicaid expansion as well, could be reduced.
- It's also possible that some of the taxes on the [health care industry](#), which help pay for the new benefits in the health law, could be rolled back. For example, legislation to repeal the tax on medical device manufacturers passed the House with support from 37 Democrats (it is not expected to receive Senate consideration this year). Nine House Democrats are co-sponsoring legislation to repeal the law's annual fee on health insurers.



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- Meanwhile, the [Independent Payment Advisory Board \(IPAB\)](#), one of the most contentious provisions of the health law, is also under continued attack by lawmakers. IPAB is a 15-member panel charged with making recommendations to reduce Medicare spending if the amount the government spends grows beyond a target rate. If Congress chooses not to accept the recommendations, lawmakers must pass alternative cuts of the same size.
- Some Republicans argue that the board amounts to health care rationing and some Democrats have said that they think the panel would transfer power that belongs on Capitol Hill to the executive branch. In March, the House voted to repeal IPAB but that bill did not get past the Senate.

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