While many changes have already been made, full implementation of Health Care Reform will have the most significant impact on Americans’ relationship with the government since Medicare was enacted in 1965. This month I’m providing a general overview of Health Care Reform in the US, to be followed later by information on the Health Care Exchanges and a discussion of the costs to business and individual taxpayers. I hope that breaking this topic down will make it easier to navigate.

Health Care Reform Part I – The Changing Landscape

Whether you support it or not, Health Care Reform will significantly change health insurance in the US and the way you access health care. The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 provide the cornerstone of Health Care Reform.

The goal of reform was to extend health insurance coverage to 32 million uninsured Americans and stem the rising cost of health care. The laws were signed on March 23, 2010, and upheld by the US Supreme Court in June 2012.

There are many moving parts to health care reform, some of which are still being defined. The major pieces are:

1. Beginning in 2014 every American will be required to obtain health insurance for themselves and their dependents. Individuals without health insurance will owe a penalty.
2. Employers with 50 or more full-time workers must offer affordable health insurance to employees, or pay a penalty. **Delayed to 2015 on July 2, 2013**
3. Insurance “exchanges” will be established where individuals and small businesses can shop for insurance.
4. Those who cannot afford health insurance will receive assistance paying premiums.

The insurance policies that we buy are changing too:

1. Insurers can no longer cancel policies of customers due to serious illness.
2. Insurers can no longer implement lifetime limits on essential health benefits.
3. Health insurers are required to spend at least 80% of the premium dollars they collect providing health care to customers.
4. Children under the age of 26 are now allowed to remain insured under their parents’ health insurance.
5. Seniors with Medicare Part D Prescription coverage, now receive a 50% discount on brand-name prescriptions filled while in the coverage gap or “doughnut hole.”
6. Beginning 2014, insurance companies will no longer be able to refuse coverage based on pre-existing conditions.
7. Beginning 2014, deductibles for health plans in the small group market will be limited to $2,000 for individuals and $4,000 for families.

The Affordable Care Act created an alliance of the IRS and the Health and Human Services Administration to run the new health care system in coordination with the Department of Homeland Security, the Social Security Administration and the US Treasury.

The law and ensuing regulations require that Americans maintain minimum health coverage that must include:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services (including chronic disease management)
- Pediatric services (including oral and vision care)

Requirements for “preventive and wellness services” will be determined by the US Preventative Services Task Force, the Advisory Committee on Immunization Practices of the Centers for Disease Control and the Health Resources and Services Administration.

Employees of large organizations may see these changes come more slowly. In addition, the Health and Human Services Administration has issued “waivers” delaying implementation by certain groups. However, in the next few years, most policies will conform to the Federal standards as insurance plans respond to the “carrots and sticks” of health care reform.

More Information

In the “Tax Resources” area of www.darrahcpa.com, you will find a chart showing the tax timeline for health reform. Next month we’ll discuss the Health Care Exchanges and how premium assistance will be made available to uninsured Americans.

Please remember that the information provided here is general in nature and is not an individualized recommendation or advice and is not a substitute for consultation with a qualified tax advisor or CPA. If you have questions about how these laws affect you, please give me a call.