



COLORADO CENTER
on LAW & POLICY

Justice and Economic Security for all Coloradans

FACT SHEET
April 29, 2010

Health reform: What you should know

President Barack Obama signed the Patient Protection and Affordable Care Act into law on March 23, 2010. The reforms will touch every Coloradan. Here's a quick outline of how the legislation will be implemented.

- The requirement to have health insurance takes effect in 2014.
- While almost every U.S. citizen and legal resident will be required to have health insurance, there will be exceptions for people with low incomes, Native Americans and those who cannot participate for religious reasons.
- After 2014, most people will still be insured the way they are today – through a private plan at work.
- After 2014, insurance companies will not be able to turn away anyone who wants to buy health insurance. Children cannot be turned away beginning the end of September 2010
- People who are uninsured in 2014 are likely to buy insurance through an Exchange. Some businesses will also buy health insurance through Exchanges.
- Exchanges are health insurance marketplaces that will be set up in each state to help people shop for insurance. Exchanges also will help people enroll in Medicaid and figure out eligibility for premium credits.
- Premium credits that will help with the cost of insurance will be available for people with incomes of less than 400 percent of the Federal Poverty Level (or \$88,200 a year for a family of four). For help figuring out what your premium and credit might be see Kaiser's Subsidy Calculator at: <http://healthreform.kff.org/SubsidyCalculator.aspx>.
- Tax penalties for people who do not have insurance will be phased in beginning in 2014. In 2016, the penalty will be \$695 per person, with a maximum penalty of \$2,085 for a family, or 2.5 percent of income, whichever is greater. No one will go to jail for not having health insurance.
- Small businesses (those with 25 or fewer employees and average annual wages of less than \$50,000 per employee) will be eligible this year to get a tax credit of up to 35 percent of the cost of insurance to help them provide health insurance to their employees.

Immediate benefits for patients under health reform

High-risk pool

By July 1, 2010, people who have been uninsured for six months and have one or more pre-existing condition will be able to buy insurance through a new Colorado high-risk pool. There will be limits on how much people can be charged. This high risk pool will be in place until all pre-existing condition exclusions are eliminated in 2014.

Coverage for young adults

By September 2010, young adults up to age 26 will be eligible to be covered under their parents' health insurance. Some companies, WellPoint, United and others are making this change right away, although different plans have different rules. Some require the young adult to be a dependent; some restrict coverage to graduating college students. It will take time for the federal government to issue guidelines. In the meantime, check with your plan for eligibility rules.

Coverage for pre-existing conditions

Pre-existing condition exclusions for children will be eliminated by the end of September 2010. Adults have to wait until 2014.

Rescission, lifetime and annual caps

- Rescission is prohibited (except in cases of fraud) as of September 2010. Rescission is when your health plan cancels your policy after you get sick.
- No lifetime coverage limits as of September 2010.
- Annual limits for employer-based plans and new plans are restricted as of September 2010.
- No annual limits for all new plans and group health insurance after 2014.

Donut hole closing for seniors

Seniors who hit the Medicare "donut hole" will get a \$250 rebate this year. The donut hole closes entirely by 2020. The "doughnut hole" is a coverage gap in Medicare; today seniors pay out of pocket every year for prescription drugs that cost them more than \$2,830 and less than \$6,440.

Preventive care access increased

- New plans cannot require copayments for preventive services.
- By January 2011, there will be no copayments for most preventive care in Medicare and preventive services will be exempt from deductible requirements.

Voluntary long-term care program – the CLASS Act

Beginning January 2011, people will be able to sign up for long-term care insurance, paid for through payroll deductions. This insurance will help people stay at home as they get older or if they become disabled.

Health care access in Colorado

Medicaid, Child Health Plan expansions

A new Colorado law makes more parents, children and pregnant women eligible for Medicaid and the Child Health Plan beginning May 1, 2010. The new eligibility groups are parents of Medicaid eligible children with incomes under 100 percent of the Federal Poverty Level, and children and pregnant women in families up to 250 percent of poverty. One-hundred percent of poverty is an annual income of \$22,050 for a family of four. Two-hundred fifty percent of poverty is an annual income of \$55,125 for a family of four.

What's next

Gov. Bill Ritter just established an Office of Health Reform to oversee implementation of health reform. Check his site at www.colorado.gov/governor in the coming weeks for more information about what is happening in Colorado.

Contact: Elisabeth Arenales, Health Care Program Director
303-573-5669 ext. 302; earenales@cclponline.org