



Regence BlueCross BlueShield of Utah is an Independent Licensee of the Blue Cross and Blue Shield Association

## **The Patient Protection and Affordable Care Act – FAQ**

Many people have many questions about the recently passed health reform legislation known as the Patient Protection and Affordable Care Act (PPACA).

Here are some answers to some frequently asked questions.

### **Where does Regence stand on health care reform?**

Regence supports ensuring long-term health care security and stability for all Americans. We will do all we can to ensure the critical elements of this bill succeed. That includes eliminating barriers to coverage, making medical care more efficient, and modifying the system to be simpler and more transparent.

While we've long been an advocate for reform and support many of the new law's provisions, we also have some concerns regarding the ever-present challenge of cost containment. We will continue working closely with lawmakers, policymakers and our trade associations to develop recommendations for addressing these issues.

We have been monitoring and evaluating reform proposals since federal legislative action began. While there are many details that have yet to be determined, we stand ready to help our members navigate through these changes.

### **When does the new law take effect?**

The new bill has many provisions, which are being phased in.

A preliminary set of changes take effect for plans purchased or renewed after September 2010, including reforms that will make it easier for parents to cover adult children, harder for insurance companies to cancel health policies, and more economical for small employers to cover employees. In addition, children with pre-existing conditions will have more health plan choices and immediate coverage.

### **Do health insurers have to accept everyone now?**

The big changes in the law – the ones that could affect tens of millions of people – don't kick in until 2014. Those include insurance marketplaces called — exchanges; rules requiring insurers to accept all applicants, even those with health problems; and an expansion of state Medicaid programs.

### **What will happen to my premiums?**

That's difficult to say, but most are expected to continue to increase in coming years.

The bigger question is what happens to rising medical costs, which drives up premiums. Even proponents of the new bill acknowledge that efforts in the legislation to control health costs won't have much of an effect for several years.

The nonpartisan Congressional Budget Office estimated that by 2016, an average employee-only policy provided by a large employer would cost about \$7,300 a year (and slightly more for workers at small companies). An average family policy would cost about \$20,300 a year (and slightly less for workers at small companies). As now, those premiums would probably be split between employers and employees.

By comparison, in 2009, the average employer-provided employee-only policy cost \$4,824 a year, and the average family policy cost \$13,375, according to an annual survey by the nonprofit Kaiser Family Foundation.

### **Is it true that everyone has to buy health insurance?**

Not until 2014. Then, all Americans will be required for the first time to obtain insurance or face an annual penalty. There will be exemptions, e.g. low-income people.

### **Who gets subsidized insurance?**

Aid is available on a sliding scale for households based on the federal poverty level.

### **What does the new law mean for kids and families?**

It will affect families differently, depending on their incomes, home states, and job situations. In general, the health care reform bill expands coverage for kids, adolescents, and young adults.

### **Is a child now guaranteed to be accepted as a dependent on a parent's Individual plan?**

Unless applying to enroll in an individual grandfathered plan, children up to 19 years of age do not need to pass medical underwriting and be approved for coverage. We must still collect a health statement to determine the dependent's rating factor. **(New: 7/26/2010)**

### **I have two children, both in their early 20s, graduating from college. They are not on my health insurance now. Once this law takes effect, can I put them on my policy?**

Yes, you can add your children to your policy when your existing health plan renews. The federal reforms allow children to stay on family policies until age 26. No such requirement exists today, and many policies end dependent coverage before this age. Dependents wishing to enroll on their parents' individual policies after the law takes effect on September 23 will still need to go through underwriting – the law makes them eligible but does not make their enrollment guaranteed.

### **I've read that some health plans are extending coverage for dependents ahead of when the new law takes effect. What is Regence's position?**

Regence has announced that effective June 1, 2010, it will extend coverage to all dependents **currently covered** on their parents' health care policies up until age 26. While it is a key provision of the federal health reform act, insurers are not legally required to offer this coverage until a policy's first renewal after September 23, 2010. Regence will implement this provision early to avoid any interruption and possible confusion in coverage for our members.

## **I own a business. Am I now required to provide health insurance for my employees?**

Starting in 2014, if you have more than 50 employees, and do not offer health insurance as a benefit, and at least one of your full-time employees gets a subsidy from the federal government to purchase health insurance on his or her own, you may be subject to a fee of \$2,000 for every one of your full-time workers. (Company accountants take note: you are permitted to subtract the first 30 of your employees from that assessment.) Also, even if you do offer coverage, you might have to take some extra action to help any of your low- or middle-income workers who want to buy insurance on their own.

## **I have a small business. Can you explain the small business tax credits?**

Retroactive for premiums paid beginning in January 2010, small businesses with the equivalent of 25 or fewer full-time equivalent employees may get a federal tax credit of up to 35 percent of their premium costs if they meet the following requirements:

- The average annual wage is less than \$50,000.
- The employer contributes at least half of the premium cost.
- The coverage meets minimum standards.

The IRS will administer this program. For information on the amount of the potential tax credit, how to count employees, and other details, consult your tax advisor or review the information posted on IRS.gov.

## **What are the rules for preexisting conditions?**

Outlawing denial of insurance coverage to those with preexisting conditions is one of the most popular provisions in the entire 2,000-plus-page legislation.

The rollout starts with children. Beginning Sept. 23, 2010, insurers will no longer be able to exclude children (under age 19) with preexisting conditions from being covered under most policies. For current policies, that means insurers will have to rescind preexisting-condition exclusions.

Insurers will not have to take the same steps for adults until Jan. 1, 2014.

## **If the rules for preexisting conditions don't go in effect until 2014, what are people with health problems supposed to do between now and then?**

The new reform law does create a temporary backup plan for those uninsured who have health problems.

This Plan B is a short-term, national high-risk insurance pool. US citizens and legal immigrants who have preexisting conditions and have been uninsured for at least six months will be eligible to enroll in this pool and receive subsidies to help them afford the premiums.

Under the law, the premiums for this pool will be the same as would be charged for a standard population of people with varying risks. Maximum out-of-pocket cost sharing for enrollees will be \$5,950 for individuals and \$11,900 for families, per year.

This risk pool is supposed to be up and running by July 1, 2010 and then fade into the sunset on Jan. 1, 2014.

## **I'm over 65. How will the legislation affect seniors?**

The Medicare prescription-drug benefit will be improved substantially. This year, seniors who enter the Part D coverage gap, known as the "doughnut hole," will get \$250 to help pay for their medications.

Beyond that, drug company discounts on brand-name drugs and federal subsidies and discounts for all drugs will gradually reduce the gap, eliminating it by 2020. That means that seniors, who now pay 100% of their drug costs once they hit the doughnut hole, will pay 25%.

And, as under current law, once seniors spend a certain amount on medications, they will get "catastrophic" coverage and pay only 5% of the cost of their medications.

Meanwhile, government payments to Medicare Advantage, the private-plan part of Medicare, will be frozen starting in 2011 and cut in the following years. If you're one of the 10 million enrollees, you could lose extra benefits that many of the plans offer, such as free eyeglasses, hearing aids and gym memberships. To cushion the blow to beneficiaries, the cuts to health plans in high-cost areas of the country such as New York City and South Florida — where seniors have enjoyed the richest benefits — will be phased in over as many as seven years.

Beginning this year, the law will make all Medicare preventive services, such as screenings for colon, prostate and breast cancer, free to beneficiaries.

*For more information, we suggest checking your state insurance commissioner's web site. Additionally, the information provided in this document should not be construed as legal advice.*

### **About Regence**

Regence is the largest health insurer in the Northwest / Intermountain Region, offering health, life and dental insurance. Regence serves more than 2.5 million members as Regence BlueShield of Idaho, Regence BlueCross BlueShield of Oregon, Regence BlueCross BlueShield of Utah and Regence BlueShield (selected counties in Washington). Each health plan is a nonprofit independent licensee of the Blue Cross and Blue Shield Association. Regence is committed to improving the health of our members and our communities, and to transforming our health care system. For more information, please visit [www.regence.com](http://www.regence.com) or follow us on Twitter.

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