

Summary of the Affordable Health Care for America Act (HR 3962)
For Patients

What does this legislation do?

- **It reforms the insurance industry to** forbid basing premiums on pre-existing conditions or health status. Premiums may vary based on age, but only to a maximum 2:1 ratio between the highest and lowest premiums. Plans may no longer have lifetime or annual limits on spending, and out of pocket costs are capped. These rules apply to all plans, with time allowed for them to come into compliance. Currently existing plans will not need to meet these requirements.
- Creates a **Health Insurance Exchange** for individuals not covered by employers, Medicare or Medicaid. Businesses may also participate in the Exchange, starting with small firms in 2013. States may also create their own Exchanges. A **Public Option** will exist in the Exchange, funded entirely by its premiums (not through tax dollars).

Who is required to obtain health insurance?

- **Individuals** are required to have health insurance coverage. Failing to do so results in a fine equal to the lesser of 1) 2.5% of their adjusted gross income or 2) the average premium in the Exchange. Veterans and Native Americans are exempted.
- **Employers must cover 72.5% of the cost of premiums for employees** (65% for families), or pay into the Exchange to subsidize low-income individuals and families. Employers who do not provide qualified plans will pay 8% of payroll to subsidize employees seeking coverage in the Exchange.

How can I afford to purchase insurance through the Exchange?

- **Affordability credits** are provided to individuals and families with incomes less than 400% of the Federal Poverty Level (\$88,200 for a family of 4 in 2009). Annual out of pocket costs for these individuals are also capped. Credits are not available to individuals who qualify for Medicare or Medicaid.
- Medicaid is expanded to 150% of the Federal Poverty Level (\$33,075 for a family of 4).

Will I have to pay more in taxes?

- Taxpayers earning more than \$1,000,000 (joint) or \$500,000 (single) will pay a 5.4% tax rate. There is also a 2.5% excise tax on medical devices. Contributions to health savings accounts are limited to \$2,500. There are several other minor funding provisions.
- **Employers must cover 72.5% of the cost of premiums for employees** (65% for families), or pay into the Exchange to subsidize low-income individuals and families. Employers who do not provide qualified plans will pay 8% of payroll to subsidize employees seeking coverage in the Exchange.
- **Small businesses** (payroll less than \$500,000) are exempt from 8% payroll contribution. Businesses with payrolls between \$500,000 and \$750,000 pay less than 8% on a graduated scale.

Will my Medicare coverage be affected?

- Medicare Part C (Medicare Advantage) plans will be required to limit cost-sharing (what you pay out of pocket for care) to be equal or less than traditional Medicare.

What about prescription drug coverage (Medicare Part D)?

- **The Donut Hole in Medicare Part D** is eliminated over several years.