

ISSUE BRIEF

What Reforms Are Implemented Within a Year

by West Virginians for Affordable Health Care

While many of the reform measures found in the national health care reform act — the Patient Protection and Affordable Care Act (PPACA) — will not be implemented until 2014, there are a number of reform measures that will be implemented over the next year. These reforms include:

- Small businesses are immediately eligible for tax credits. These tax credits will pay 35 percent of the employer's health insurance premium to small business (10 or fewer employees) with average wages of \$25,000 or less. The tax credit is phased out to employers with more than 25 employees and average wages of \$50,000.
- Beginning immediately those covered by Medicare will receive a \$250 check if they reach the prescription drug doughnut hole. The doughnut hole is where seniors have to pay the full cost of prescription drugs up to \$3,610 a year. The doughnut hole will be totally closed by 2020.
- By July 1, Americans with pre-existing conditions who have been uninsured for six months will qualify for a national high risk insurance plan. Premiums in this program will be subsidized to make them affordable.
- There are a series of insurance reforms that go into effect when a new health insurance plan year begins after September 23, 2010. These include:
 - o Requiring insurance companies to allow parents to keep their children on their health insurance policy until age 26.
 - o Prohibiting insurance companies from denying coverage to children with a pre-existing medical condition.
 - o Prohibiting insurance companies from having a lifetime cap on the amount of coverage they will provide. This protects very sick individuals from losing their coverage when they need it the most. Additionally, annual caps on benefits are restricted until 2014 when annual caps are prohibited.
 - o Ending the insurance industry's practice of cancelling a consumer's policy just because he or she gets sick and uses their insurance. This practice is called rescission.
- Beginning January 1, 2011, those covered by Medicare will be eligible for an annual wellness check-up. Also effective preventive services will be covered by Medicare with no deductible or copayment by the consumer.
- Also beginning January 1, 2011, insurance companies will be required to report the percentage of the premiums they collect that is spent on medical and pharmaceutical claims as opposed to the amount they spent on administrative costs, such as executive salaries, marketing and profits.

Help for small businesses, senior citizens, young adults, and families will begin within the next year, and comprehensive reforms will be implemented in 2014.