

# Patient Protection and Affordable Care Act: The Basics



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## Health Benefit Exchanges

Two types of American Health Benefit Exchanges will be created – One for individuals and one for small employers (2014)

- The office of Personnel Management will contract with private insurers to provide at least two multi-state plans in the Exchange, at least one of which will be a non-profit
- Benefits offered through the exchange must meet a minimum set of standards
- Individuals and families that fall between 133 and 400 percent of the poverty level will receive premium subsidies

## Individuals

- Starting in 2014, most Americans will be required to have health insurance
  - Those individuals without access to affordable health care coverage could purchase coverage through a Health Insurance Exchange
  - Individuals who opt out of getting coverage will be subject to a maximum penalty of 2.5 percent of their income (some exemptions apply)
- Medical FSA limit of \$2,500/year with annual increases based on cost of living adjustments (2013)

## Employers

- Employers with 50 or more full-time employees that do not offer minimum essential coverage will be subject to penalties of up to \$2,000 per employee if ONE employee receives a government subsidy for health coverage. The \$2,000 penalty is an annual penalty for each employee, excluding the first 30 employees (2014)
- Employers who offer minimum essential coverage, but whose employees receive premium tax credits will be subject to penalties, which will be the lesser of \$3,000 per employee for each employee who is receiving the credit or \$2,000 multiplied by each full-time employee (2014)
- Employees receive tax credits if the employer/plan share of premium cost is less than 60% or the premium exceeds 9.8% of the employee's household income (2014)
- Companies with 50 employees or less will not pay a penalty if they do not offer group insurance coverage (2014)
- Companies that employ 25 employees or less will be eligible for tax credits if the average employee wage is \$50,000 or less (2010)

## Retired Employees

- Elimination of tax deduction for employers who receive Medicare Part D retiree drug subsidies (2013)

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## Insurance Companies

- Insurance companies will be subject to new regulations that will prohibit them from denying coverage to any individual for any reason, including pre-existing conditions (2014)
- Insurance companies also will be prohibited from increasing premiums based on health status or gender (2014)
- Waiting periods for coverage may not exceed 90 days (2014)
- Dependant age will be extended to age 26 (2010)
- Lifetime coverage limits will be eliminated (2010)
- Benefits offered by insurance companies must meet a minimum set of standards (2010)
- Annual benefit limits on coverage allowed only as determined by the Secretary (2010)

## Public Programs

- Medicaid will be expanded to all individuals under 65 and an income up to 133 percent of the federal poverty level (2014)

## Funding

- Over the next decade the bill is expected to cost \$940 billion and reduce the deficit by \$138 billion
- \$438 billion in new taxes will be divided among insurers, businesses and individuals
- The remainder of the cost will be paid for by cuts in Medicare funding

[Click here](#) for additional information about tax implications.

## Additional Resources

<http://healthreform.kff.org/>

[http://docs.house.gov/rules/health/111\\_ahcaa.pdf](http://docs.house.gov/rules/health/111_ahcaa.pdf)

[http://www.americanbenefitscouncil.org/documents/hcr\\_update032510.pdf](http://www.americanbenefitscouncil.org/documents/hcr_update032510.pdf)