

## The New Healthcare Law and You

### How will your health insurance COSTS change?

The Affordable Care Act (ACA) became law in March 2010. It makes changes to the health insurance system and health insurance benefits that may affect your cost of care.

### Below are examples of how these changes affect people like you.\*



#### Eric, 35

Single Dad of 2

Insurance: None. His employer does not offer any and he can't afford private insurance. His children have Medicaid.  
Income: \$17,000/year

#### NOW:

- Eric will be eligible for Medicaid if he makes less than 138% of the federal poverty level (\$26,951 for a family of 3 in 2013) and his state implements the Medicaid expansion. He may be responsible for \$1-\$3 co-pays for services.
- His children will stay on Medicaid with no cost changes.



#### Bill, Age 42

Single

Insurance: None. His employer does not offer it and insurers will not sell him any due to a health problem.  
Income: \$50,000/year

#### NOW:

- Bill can buy insurance through the new Pre-Existing Condition Insurance Plan (PCIP).
- Based on his age, he could expect to pay \$295-\$398 monthly for a PCIP plan. For more information visit [www.pcip.gov](http://www.pcip.gov).

#### BEGINNING IN 2014:

- Insurers may NOT deny him insurance because of his health problem.
- He will be able to buy insurance on or off his state's health marketplace.
- Insurers cannot charge him more because of his existing health problem.
- If he does NOT buy insurance he will be taxed \$500 (the higher of \$95 or 1% of income). Taxes will increase yearly to up to \$695 per person or 2.5% of income in 2016.



#### Sean and Stephanie, Ages 31 and 34

Married, 2 kids

Insurance: Insured through Sean's employer  
Income: \$83,000/year

#### NOW:

- Because Sean's employer's plan is grandfathered, they will see no change in their costs related to the ACA. Sean's plan will stay grandfathered unless his employer makes major changes to the terms or conditions (these include cutting benefits or increasing out-of-pocket costs).

#### BEGINNING IN 2014:

- Because Stephanie and Sean make less than four times the federal poverty level (\$94,200 for a family of 4), their cost and coverage choices are:
  - Their employer's plan
  - Buying a subsidized plan on a marketplace if Sean's employer stops offering insurance or if the insurance is not affordable
  - If both premium options are greater than 8% of their income, Sean and Stephanie can choose not to have insurance and not be taxed

## How will your health insurance COSTS change? (continued)



### **Pete and Heather, 45 & 43**

**Married**

**Insurance: Insured through Heather's employer**

**Income: \$375,000/year**

#### **NOW:**

- Because Heather's employer's plan is grandfathered, they will see no change in their insurance costs related to the ACA.

#### **BEGINNING IN 2013:**

- Their personal Medicare taxes will increase from 1.45% to 2.35% because they are high-income (\$200,000/individual, \$250,000/couple).
- The itemized deduction for unreimbursed medical expenses is going from 7.5% Adjusted Gross Income (AGI) to 10% AGI for people under the age of 65 who itemize their taxes. This means Pete and Heather can deduct fewer medical expenses, if they have them.



### **Joan and Steve, Ages 69 & 73**

**Married**

**Insurance: Medicare Parts A, B and D**

**Income: \$175,000**

#### **NOW:**

- Because they are high-income seniors, their premiums will be \$12-\$69 more per month than last year. That's because Part D premiums are now partially based on income for high-income seniors. High-income seniors (currently 5% of the senior population), are those who make more than \$85,000/individual or \$170,000/couple per year.
- They will get 53% off brand-name drugs and 28% off generic drugs while in the donut hole, or coverage gap, where they were responsible for all prescription drug costs. Drug discounts will grow each year until 2020 when they are covered for 75% of all prescription costs.
- Preventive care is free. This includes annual physicals, diabetes screening, and flu shots.



*The Health Foundation of Greater Cincinnati is an independent non-profit dedicated to improving community health through grants, evaluation and education. The Foundation works in Cincinnati and 20 surrounding counties in Indiana, Kentucky and Ohio.*



### **Holly, Age 24**

**Single**

**Insurance: None. Her employer does not offer any and she can't afford it on her own.**

**Income: \$17,000/year**

#### **NOW:**

- Holly can be on her parents' family plan until she turns 26.

#### **BEGINNING IN 2014:**

- Because Holly makes less than four times the federal poverty level (\$45,960 for a single person), she can receive help paying for insurance bought through an exchange. She will not pay more than 9.5% of her income for insurance premiums.
- She will be taxed if she does NOT have health insurance. Her tax will be \$170 (the higher of \$95 or 1% of income). The fine will rise until 2016 when it will be \$425 (the higher of \$295 or 2.5% of income).
- She can save money and satisfy the insurance requirement buying a less-expensive catastrophic plan until she turns 30.



### **Mike, 48**

**Small Business Owner**

**Insurance: Insured through the same plan he offers his 20 employees**

#### **NOW:**

- As a small business (fewer than 25 full-time equivalent employees), Mike's company does not have to offer its employees insurance. Because it does, it is eligible for a Small Business Tax Credit of up to 35% of the total amount of employee insurance premiums it paid.

#### **BEGINNING IN 2014:**

- Mike's company can get a tax credit of up to 50% of the total amount of employee insurance premiums it paid.
- Mike's company can buy insurance through a small business marketplace, which might result in lower premiums.

*\*These are fictional examples for demonstration purposes only.*



**This is fifth in a series about the new health care law – the Affordable Care Act.**

**For more information, visit [reform.healthfoundation.org](http://reform.healthfoundation.org).**