

The Affordable Care Act: What Californians Should Know

May 2010

Signed into law in March 2010, the federal legislation known as the Affordable Care Act is designed to make it easier for millions of Americans to obtain, pay for, and keep the coverage they need. After the law is fully implemented in 2014, estimates are that 94 percent of Californians will be insured, either through their employer, a new exchange market, or expansions to public benefit programs. This guide is intended to orient California consumers to the coming changes in the coverage landscape, the key reforms the law contains, and what their options will be once all the pieces are in place.

Highlights of the Law

Bars insurers from:

- Denying coverage because of pre-existing medical conditions.
- Dropping the coverage of people who become sick.
- Charging higher premiums because of health issues.

Requires large employers to:

- Provide health insurance, or be subject to potential penalties.

Encourages small employers to:

- Provide coverage in exchange for tax credits.



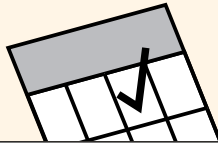
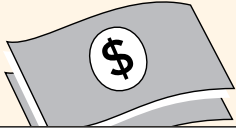
Requires individuals to:

- Obtain health insurance or pay a penalty, unless they qualify for certain exemptions.

Allows parents to:

- Extend their health insurance to children up to the age of 26.

Changes for Californians with No Insurance

Annual Income		Coverage Options	Cost
Individual 	Family of Four 		
Up to \$14,400	Up to \$29,327	Eligible for Medi-Cal. Low-income Californians who are U.S. citizens, as well as most legal immigrants, can enroll in Medi-Cal, the state's Medicaid program.	Copayments of \$1 to \$5 for selected services. A provider may not refuse care if a patient cannot pay for the cost of a visit.
Up to \$43,320	Up to \$88,200	Eligible to buy subsidized private coverage through a new health insurance exchange market. Participating insurers must offer a package of "essential" benefits that covers at least 60% of health care expenses.	Buyer's share of premium may not exceed 2% of annual income at the low end of the earning scale to 9.5% at the top. Yearly limits on out-of-pocket costs also apply.
\$43,321 and above	\$88,201 and above	Required to buy private coverage. Ineligible for subsidy.	Subject to market rates. Individuals who remain uninsured will be liable for penalties of up to 2.5% of their income unless they qualify for certain exemptions.

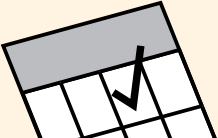
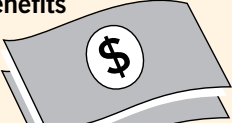
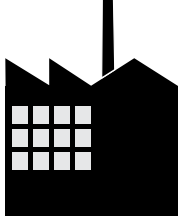


What if I'm sick and need coverage before 2014, but no insurer will sell it to me?

Uninsured Californians with health problems may qualify for insurance through a temporary, state-run program at standard market rates, with no lifetime or annual payout limits. Contact the California Major Risk Medical Insurance Program, (800) 289-6574 or www.mrmib.ca.gov.

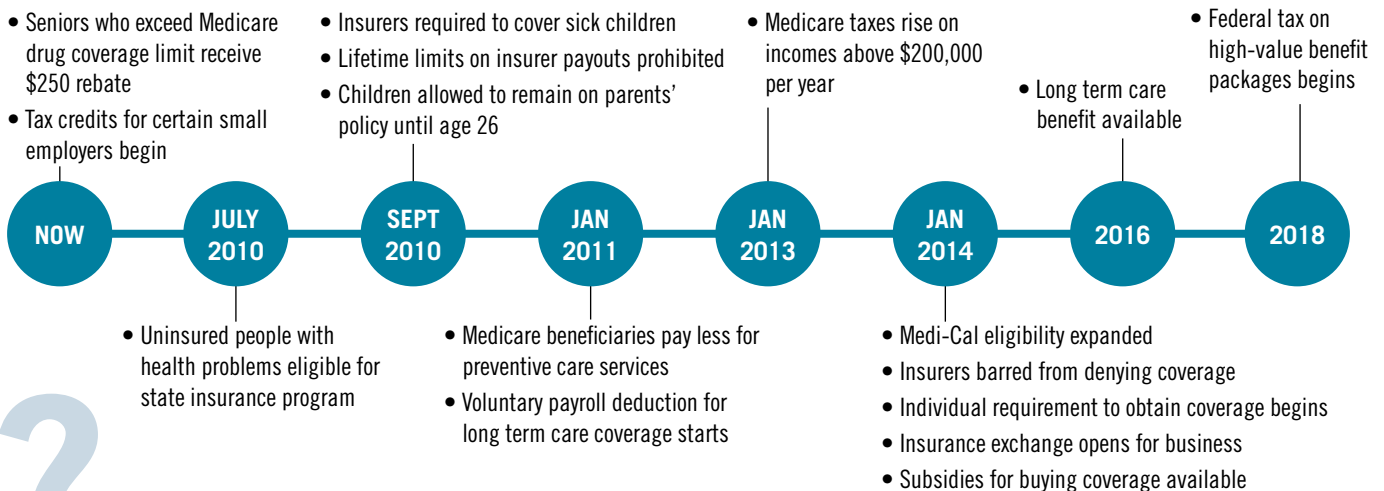


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Changes for Californians with Insurance

Source of Coverage	Coverage Options 	New Costs and Benefits 
Employer Plan 	<ul style="list-style-type: none"> • Stay in employer plan. If your employer continues to offer coverage, you can keep it. • Shop for coverage through the insurance exchange. Small businesses and people whose employer offers only minimal benefits, or who must pay more than 9.5% of their income in premiums, can look for better options in the exchange. • Participate in long term care insurance. A new payroll deduction will allow employees to qualify for long term care benefits after a five-year waiting period. The program is voluntary; those who do not opt out will be enrolled automatically. 	<p>Lifetime dollar limits on insurance payouts are eliminated.</p> <p>Medicare taxes will increase for individuals with annual incomes above \$200,000, or families earning more than \$250,000.</p> <p>Annual contributions to Flexible Spending Accounts will be capped at \$2,500, and can no longer be used for over-the-counter drugs.</p> <p>Employer-provided insurance valued at \$10,200 or higher (\$27,500 for families) will be subject to federal tax.</p>
Individual Policy 	<ul style="list-style-type: none"> • Keep current plan. If your insurer continues to offer the same coverage, you can renew it. However, new policies must comply with federal minimum coverage standards; older plans that don't meet this test cannot enroll new customers. • Shop for coverage through the insurance exchange. Individuals with incomes below \$43,320 can qualify for federal tax credits to help offset premium costs. 	<p>Lifetime dollar limits on insurance payouts are eliminated. Caps on out-of-pocket costs apply.</p> <p>Medicare taxes will increase for individuals with annual incomes above \$200,000, or families earning more than \$250,000.</p>
Medicare 	<ul style="list-style-type: none"> • Basic benefits and eligibility. No change. All Californians who qualify under today's rules will continue to do so. • Medicare Advantage. Federal subsidies for Medicare Advantage plans will be eliminated, which may cause the private insurers who sell them to cut benefits, reduce enrollment, or raise premiums. • Access to services. Physicians who treat Medicare patients in rural areas, inner cities, and other underserved areas will be paid a 10% bonus, which may make it easier for beneficiaries to obtain care. 	<p>Free annual check-ups and wellness programs, including screening tests.</p> <p>Gaps in drug coverage phased out, beginning with \$250 rebate.</p> <p>Monthly premium payments for drug coverage will increase for individuals with incomes above \$85,000 and households earning more than \$170,000.</p>

Reform Timeline: When the Changes Happen



Where to go for more information

Details on the health reform law are available at healthreform.gov. General questions can be emailed to healthreform@hhs.gov.