

# Interpreting Healthcare Reform

*What does the new legislation mean for you now?*

by richard cox



On March 23, President Barack Obama signed into law The Patient Protection and Affordable Care Act. Some parts of this new legislation, such as the health insurance exchanges and an individual mandate to purchase health insurance, will not go into effect until 2014. Many people, though, will start to see benefits this year. Here are elements of healthcare reform that will roll out in the coming months.

## Children with pre-existing conditions cannot be denied coverage.

Children with a pre-existing condition may not be excluded from their parents' health plan.

Insurers also will not be allowed to insure a child but deny treatment for that child's pre-existing condition. Although it technically becomes effective in September, some insurers already have begun to abide by this provision. In 2014, these same provisions will extend to adults with pre-existing conditions.

## Young adults can stay on their parents' health insurance until age 26.

Qualifying young adults up to age 26 will be allowed to remain on their parents' health insurance as long as they are not eligible for an employer-sponsored health plan.

This provision becomes effective in September, although some plans will implement the change this month. Most people will have to wait until their insurance plan's open enrollment period to sign up, however. Since many health plans operate on a calendar year, the earliest opportunity for many to get on their parents' policy will be January 2011.

## Adults with pre-existing conditions will have access to new, temporary high-risk pools.

People who have been unable to buy health insurance because of a pre-existing condition will be able to get coverage through a temporary high-risk pool. The high-risk pools will be created this summer and will be open to anyone who has a pre-existing medical condition and has been without health coverage for six months. They will provide coverage until

2014, when other elements of the new plan, like the health insurance exchanges, take effect.

The temporary high-risk pools will be similar to programs currently operated by many states (including Colorado) but will have lower premium costs, enabling more people to afford coverage. Benefits also may differ slightly from the existing state high-risk pools.

## Rebate checks for \$250 will begin to close the Medicare Part D "doughnut hole."

Medicare Part D, the prescription drug plan, has always had a built-in coverage gap. The plan provides coverage for prescriptions until the total retail cost of a person's medications for the year reaches \$2,830. At that point, an enrollee is responsible for 100 percent of the cost of all prescriptions until total spending on medications reaches \$6,440. Then catastrophic coverage kicks in and medications again are covered for the remainder of the year. This coverage gap, nicknamed the "doughnut hole," affects 14 percent of all Medicare Part D enrollees.

Starting this month, Medicare participants who have reached the doughnut hole will receive a \$250 rebate check. A series of discounts and subsidies will be phased in beginning next year, further shrinking the size of the doughnut hole so that by 2020 enrollees in the coverage gap will pay substantially less for their prescriptions.

## Lifetime limits on coverage will end.

Health plans typically limit the dollar amount in coverage they will provide each year and throughout a person's lifetime. Although most people never reach their lifetime caps, a person with a catastrophic injury or chronic illness easily could use up all of his or her allotted coverage in a few years and be faced with financially devastating medical bills. Under the new legislation, individual and group health plans may not impose lifetime limits on coverage. This became effective immediately for existing plans and applies to all new plans beginning in September. Also, for plans that begin prior to 2014, insurers will be prohibited from imposing annual coverage limits on a number of "essential health benefits," including emergency services, hospitalization and preventive services.

## Qualifying small businesses that provide health insurance for employees can receive a tax credit.

Certain small businesses that provide healthcare coverage to their employees are eligible for a tax credit. The tax credit, which is effective immediately, covers up to 35 percent of the cost of health premiums. That rises to 50 percent in 2014. Qualifying businesses must have fewer than 25 full-time employees, and the average annual salary per employee cannot exceed \$50,000. They also must contribute at least half of the cost of healthcare coverage for their workers. ✨

The State of Colorado has established an official website with information on healthcare reform's impact on Colorado and links to other resources: [www.colorado.gov/healthreform](http://www.colorado.gov/healthreform)

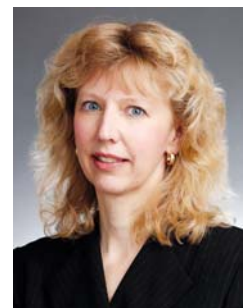
## Health District Receives Public Health Hero Award

The Larimer County Board of Health has announced that the Health District and its executive director Carol Plock have been awarded the 2010 Joseph Jabaily Public Health Hero Award. The award is given annually in honor and remembrance of the many contributions to public health and the selfless spirit of Dr. Joseph Jabaily, a Loveland neurologist who died in a charity bicycle race in 2004.

"The Health District of Northern Larimer County exemplifies the meaning of 'public health hero.' The agency steps up to fill gaps, to create links, to lower barriers and to offer support in meeting the community's health priorities," the nomination stated.

In announcing the award, Dr. Adrienne LeBailly, director of the Larimer County Department of Health and Environment, specifically cited the Health District's role in responding to the H1N1 outbreak last fall.

"Nearly every one of the 18,000 people who were vaccinated through the H1N1 mass-vaccination clinics were in some way impacted by the assistance of the Health District," said LeBailly. "Under Carol's vision and leadership, the Health District stepped up from the start, offered assistance with planning, volunteer recruitment, staffing, and communications, and then worked side by side with the Health Department in key H1N1-related functions."



Carol Plock