

# America's Affordable Health Choices Act Implementation Timeline

## 2010

**ENDS HEALTH INSURANCE RESCISSIONS:** Prohibits abusive practices by health insurance companies rescinding existing health insurance policies as a way of avoiding covering the costs of enrollees' health needs.

**ENACTS ADMINISTRATIVE SIMPLIFICATION:** Begins adopting and implementing administrative simplification requirements to reduce paperwork, standardize transactions, and greatly reduce the administrative burdens and costs in today's health care system.

**CREATES REINSURANCE FOR EARLY RETIREES:** Creates a new temporary reinsurance program to help companies that provide early retiree health benefits for those ages 55-64 offset the expensive cost of that coverage.

**IMPLEMENTS PHYSICIAN PAYMENT REFORMS IN MEDICARE:** Averts a 20% pay cut for physician services that threatened Medicare beneficiaries' access to medical care. Implements physician payment reforms that enhance payment for primary care services and encourage physicians to join together to form "accountable care organizations" to gain efficiencies and improve quality.

**IMPROVES PREVENTIVE HEALTH COVERAGE IN MEDICARE & MEDICAID:** Eliminates cost sharing for preventive services to encourage wider use of preventive care for Medicare beneficiaries. Requires State Medicaid programs to cover preventive services recommended to the Secretary of HHS based on evidence, such as tobacco cessation counseling for pregnant women.

**INCREASES REIMBURSEMENT FOR PRIMARY CARE IN MEDICAID:** Brings reimbursement for primary care services in Medicaid up to Medicare levels with 100% federal funding (phased in over several years).

**GIVES RURAL AND OTHER HOSPITALS DISCOUNTS ON DRUGS:** Extends discounted prices under the 340B program to certain rural and other hospitals for outpatient and inpatient drugs they dispense to their patients.

**ALLOWS STATES TO COVER LOW-INCOME INDIVIDUALS WITH HIV:** Gives States the option of extending Medicaid coverage to individuals infected with HIV and receiving enhanced federal matching payments for the costs of care.

**PROVIDES FOR 12-MONTH CONTINUOUS ELIGIBILITY IN CHIP:** Provides continuity of care for children by requiring that states provide 12-month continuous eligibility for children in the CHIP program

**INCREASES FUNDING FOR COMMUNITY HEALTH CENTERS:** Provides increased funding for community health centers that will allow them to double the number of patients served over the next five years.

**IMPLEMENTS NEW PREVENTIVE HEALTH SERVICES PROGRAM IN COMMUNITIES:** Provides immediate funding for preventive services at the community and local level to address public health problems such as obesity, tobacco use, and diabetes.

**EXPANDS PRIMARY CARE, NURSING AND PUBLIC HEALTH WORKFORCE:** Increases access to primary care by sustaining the current efforts to increase the size of the National Health Service Corps. Primary care and nurse training programs are also immediately expanded to increase the size of the primary care and nursing workforce. Ensures that public health challenges are adequately addressed.

**ESTABLISHES THE HEALTH BENEFITS ADVISORY COMMITTEE:** Establishes within 60 days of enactment, the Health Benefits Advisory Committee -- led by the Surgeon General and made up of health care experts, health care providers and patients -- provides recommendations on the essential benefits package to the Secretary of HHS for approval.

## 2011

**INCREASES VALUE OF HEALTH INSURANCE AND LOWERS PREMIUMS:** Requires health plans to meet minimum medical loss ratio standards as put forth by the Secretary of HHS.

**BEGINS TO FILL IN THE MEDICARE PART D DRUG DONUT HOLE:** Combines the PHRMA deal with funds raised by creating a Part D rebate only dual eligibles to significantly narrow the donut hole for prescription drug coverage in Medicare. The gap is narrowed over the coming years until it is fully eliminated.

**ELIMINATING BARRIERS TO ENROLLMENT IN MEDICARE LOW-INCOME SUBSIDY FOR PART D DRUG PROGRAM:** Eases burdens on enrollment so more low-income beneficiaries can get the financial help they need to make health care affordable.

**ESSENTIAL BENEFITS:** In preparation for reform, the Health Benefits Advisory Committee reports their recommended essential benefits package to the Secretary of HHS for adoption.

## 2012

**IMPROVES LOW-INCOME PROTECTIONS IN MEDICARE:** Increases the assets test limits in the Part D drug program and Medicare Savings Programs to ensure that more low-income beneficiaries get the financial help they need to make their health care affordable.

## 2013

**HEALTH INSURANCE REFORMS:** Implements strong health insurance reforms that prohibit insurance companies from engaging in discriminatory practices that enable them to refuse to sell or renew policies due to an individual's health status. In addition, they can no longer exclude coverage for treatments based on pre-existing health conditions. It also limits the ability of insurance companies to charge higher rates due to health status, gender, or other factors. Premiums can vary only on age (no more than 2:1), geography and family size.

**HEALTH INSURANCE EXCHANGE:** Opens the Health Insurance Exchange to individuals without other coverage and to small employers under 10. This new venue will enable people to comparison shop for standardized health packages. It facilitates enrollment and administers affordability credits so that people of all incomes can obtain affordable coverage.

**PUBLIC HEALTH INSURANCE OPTION:** Creates a new public health insurance plan that is available only within the Health Insurance Exchange. It competes on a level playing field against private health plans. It will inject competition into the many parts of our country without a competitive health insurance market. Because it doesn't operate at the behest of investors, it will be able to offer stiff competition to private insurers – forcing them to compete on cost and quality for the first time.

**AFFORDABILITY CREDITS:** Makes Health Insurance Affordability Credits available through the Exchange to ensure people can obtain affordable coverage. Credits are available for people with incomes above Medicaid eligibility and below 400% of poverty who are not eligible for or offered other acceptable coverage. They apply to both premiums and cost sharing to ensure that no family faces bankruptcy due to medical expenses again.

**INDIVIDUAL RESPONSIBILITY:** Requires individuals to obtain acceptable health insurance coverage or pay a penalty of 2.5% of their income that is capped at the cost of the average cost of qualified coverage.

**EMPLOYER RESPONSIBILITY:** Employers are required to offer coverage to their workers and their workers families and meet standards for that coverage or pay a penalty of 8% of their payroll to help offset the cost of their workers obtaining coverage through the Exchange. Employers have a grace period and are not required to meet the benefit standards until 2018.

**PROTECTS SMALL BUSINESS:** Exempts small businesses with annual payrolls under \$250,000 from the requirement to offer coverage, but their employees of exempt businesses obtain coverage through the Exchange. Employers with payrolls between \$250,000 - \$300,000 pay a 2% payroll penalty for failure to provide coverage, those with payrolls of \$300,000 - \$350,000 pay a 4% penalty, \$350,000-\$400,000 pay 6%. At \$400,000 of annual payroll, the full 8% penalty is applicable.

**SMALL BUSINESS TAX CREDITS:** Provides certain lower-wage small businesses that choose to provide health coverage with a new tax credit worth up to 50% of the amount paid by a small employer for employee health coverage.

**EXPANDS MEDICAID ELIGIBILITY:** Expands Medicaid – with fully federal funding – to 133% of poverty to ensure that people obtain affordable health care in the most efficient and appropriate manner.

**PROTECTS THE HEALTH OF NEWBORN BABIES:** Provides temporary Medicaid coverage for up to 60 days for babies who are born without proof of other health coverage.

## 2014

**INITIATES AN AFFORDABILITY TEST FOR EMPLOYER-SPONSORED COVERAGE:** Opens the Health Insurance Exchange to individuals who have an offer of employer-sponsored coverage, but for whom that coverage would be unaffordable because the premium would absorb more than 11% of their family income. People who meet this test will be able to enter the Exchange and are eligible for affordability credits based on their incomes.

**HEALTH INSURANCE EXCHANGE EXPANDS:** Opens the Health Insurance Exchange to small businesses with up to 20 employees.

## 2015

**EXPANDS HEALTH INSURANCE EXCHANGE:** Provides the Health Choices Commissioner the authority to continue expanding the Exchange from this point forward to larger employers as the system is ready to handle increased capacity.

## 2018

**EMPLOYERS OUTSIDE THE EXCHANGE ARE REQUIRED TO MEET ESSENTIAL BENEFITS PACKAGE AND MINIMUM CONTRIBUTION LEVELS:** The grace period for employer sponsored plans to meet the health insurance standards ends. All employer sponsored coverage and health insurance offered within the exchange is required to meet benefit and contribution standards.