

Final Healthcare Reform Legislation Implementation Timeline – 2010 - 2018

March 2010

**Additional Data Source:
Kaiser Family Foundation**

2010 Requirements

Business Tax Credits

- Business with no more than 25 employees and annual average wages of less than \$40,000 will receive tax credits to help provide health insurance to employees. Credit will be up to 35% in 2010 of the employers contribution, if the employer pays 50% of the total premium cost. Effective for the 2010 tax year with the credit increasing to up to 50% by 2014

Temporary Reinsurance Program

- \$5 Billion allocated for employers to provide coverage for retirees over the age of 55 who are not eligible for Medicare. Effective date of June 1, 2010 and expiration date of January 1, 2014

Temporary High Risk Insurance Pool

- \$5 Billion pool created to provide health insurance to individuals with pre-existing medical conditions who have been uninsured for at least six months. Effective date of June 1, 2010 and expiration date of January 1, 2014

Pre-Existing Conditions

- Insurance companies will be barred from denying coverage to children who have pre-existing conditions. Effective six months from enactment date

Adult Dependent Children

- Insurance companies required to provide coverage for dependent children up to the age of 26. Effective six months from enactment date

2010 Requirements - continued

Insurance Coverage Limits

- Insurance plans prohibited from placing lifetime limits on how much they pay out to individual policy holders and from rescinding coverage except in the cases of fraud. Effective six months from enactment date

Preventive Services

- Health insurance plans required to cover preventive services such as immunizations for children and cancer screenings for women. Effective six months from enactment date

Medicare Drug Rebates

- Medicare patients who face a gap in prescription drug coverage will received a one year rebate for \$250 to help pay for medication. Effective immediately

2011 Requirements

Tax Changes on Health Savings Accounts

- Federal tax on individuals who spend money from a health care savings account on ineligible medical expenses will double to 20%. Effective January 1, 2011

Community Health Centers

- Funding will increase by \$11 billion for Community Health Centers that provide medical care to patients who can not afford it. Effective October 1, 2011

Medicare “Doughnut Hole”

- Drug companies will provide a 50% discount on brand name prescription drugs for seniors who face a gap in drug coverage. More subsidies will be phased in through 2020 when the full coverage gap will be closed. Effective January 1, 2011

Primary Care

- Primary care physicians and general surgeons that practice in areas that lack primary care physicians will receive a 10% bonus payment under Medicare. Effective January 1, 2011 through December 31, 2015

2011 Requirements - continued

Long Term Care – CLASS Act

- Voluntary Long Term Care (Community Living Assistance Services and Supports, or CLASS Act) program created. After at least five years of contributions, enrollees would be entitled to a \$50 a day cash benefit to help pay for long-term care services. Effective January 1, 2011

New Annual Fee for Drug Makers

- Total annual fee of \$2.5 billion will be imposed on pharmaceutical manufacturers. Effective January 1, 2011

Insurance Rebates

- Health insurance companies required to provide rebates to enrollees if they spend less than 85% of their premium dollars on health care costs as opposed to spending on administrative costs. Effective January 1, 2011

2012 – 2013 Requirements

Annual Fee on Drug Makers

- Annual fee on pharmaceutical manufacturers increases to \$3 billion each year through 2016. Effective January 1, 2012

Contribution Limits on Health Care Spending Accounts

- Limits established on how much individuals can contribute to flexible spending account that allow them to set aside money tax free to pay for certain health care costs. Limit to be set at \$2,500. Currently, employers set this limit. Effective January 1, 2013

Itemized Deduction for Un-Reimbursed Medical Expenses

- Threshold for deducting un-reimbursed medical expenses will increase from 7.5% of adjusted gross income to 10% of adjusted gross income. Effective January 1, 2013

Medicare Taxes

- Medicare tax rate will increase by .9% from 1.45% to 2.35% on earnings over \$200,00 for individuals and \$250,000 for families. Also for the 1st time a 3.8% Medicare tax will be imposed on investment income. Effective January 1, 2013

2014 Requirements

Individual Mandate

- Individuals will be required to purchase health insurance or pay a fine of \$95 per individual up to \$285 per family or 1% of taxable household income, whichever is greater. Effective January 1, 2014

Employer Requirements

- Companies with 50 or more employees will pay a fine if any of their full-time workers qualify for federal health care subsidies. Effective January 1, 2014

Medicaid Expansion

- Program for low-income Americans under the age of 65 will expand by increasing the income eligibility to 133% of the federal poverty level, or \$29,000 for a family of four. Effective January 1, 2014

Federal Expansion

- Federal subsidies which will vary based on household income will be established to help offset the cost of buying insurance for Americans and legal residents who qualify. Effective January 1, 2014

2014 Requirements - continued

Annual Fee on Insurance Companies

- Annual fee of \$8 Billion to be imposed on health insurance companies. Effective January 1, 2014

Health Insurance Exchanges

- State-based health care exchange marketplace will be created where uninsured individuals and small businesses can comparison shop for insurance policies. Effective January 1, 2014

2015 - 2018 Requirements

Individual Mandate

- Penalties for not carrying health insurance will increase to \$325 for each family member up to \$975 per family or 2% of taxable household income, whichever is greater. Effective January 1, 2015
- Penalties for not carrying health insurance will increase to \$695 for each family members up to \$2,025 per family. Effective January 1, 2016 with annual inflation adjustments thereafter

Annual Fee on Insurance Companies

- Annual fee on insurance companies will increase to \$11 billion. Effective January 1, 2015
- Annual fee will increase to \$13.9 billion effective January 1, 2017 and \$14.3 billion effective January 1, 2018

Annual Fee on Drug Makers

- Annual fee on pharmaceutical manufacturers will increase to \$3.5 billion effective January 1, 2017 and \$4.2 billion effective January 1, 2018

Excise Tax on High Cost Insurance Plans

- 40% excise tax will be imposed on healthcare plans that cost more than \$10,200 for individual coverage and \$27,500 for family coverage. Effective January 1, 2018