

Provision	Patient Protection and Affordable Care Act
Overall approach to expanding access to coverage	Require most U.S. citizens and legal residents to have health insurance. Create state-based American Health Benefit Exchanges through which individuals can purchase coverage, with premium and cost-sharing credits available to individuals/families with income between 133-400% of the federal poverty level (FPL) (the poverty level is \$18,310 for a family of three in 2009). Require employers to pay penalties for employees who receive tax credits for health insurance through an Exchange, with exceptions for small employers.
Individual Mandate – requires individuals to have health coverage.	Requires U.S. citizens and legal residents to have qualifying health coverage. Those without coverage will pay a tax penalty of the greater of \$695 per year up to a maximum of three times that amount (\$2,085) per family or 2.5% of household income. The penalty will be phased-in according to the following schedule: \$95 in 2014, \$325 in 2015, and \$695 in 2016 for the flat fee or 1.0% of taxable income in 2014, 2.0% of taxable income in 2015, and 2.5% of taxable income in 2016. Beginning after 2016, the penalty will be increased annually by the cost-of-living adjustment. Exemptions will be granted for financial hardship, religious objections, American Indians, those without coverage for less than three months, undocumented immigrants, incarcerated individuals, those for whom the lowest cost plan option exceeds 8% of an individual's income, and those with incomes below the tax filing threshold (in 2009 the threshold for taxpayers under age 65 was \$9,350 for singles and \$18,700 for couples).
Employer Mandate – requires employers to offer insurance and penalizes those who do not.	<ul style="list-style-type: none"> <li>• <b>Effective January 1, 2014:</b> Assess employers with more than 50 employees that do not offer coverage and have at least one fulltime employee who receives a premium tax credit a fee of \$2,000 per full-time employee, excluding the first 30 employees from the assessment. Employers with more than 50 employees that offer coverage but have at least one full-time employee receiving a premium tax credit, will pay the lesser of \$3,000 for each employee receiving a premium credit or \$2,000 for each full-time employee.</li> <li>• Require employers with more than 200 employees to automatically enroll employees into health insurance plans offered by the employer. Employees may opt out of coverage.</li> </ul>
Dependent coverage	• <b>Effective September 23, 2010:</b> Provide dependent coverage for children up to age 26 for all individual and group policies.
Pre-existing Conditions	• <b>Effective immediately for children and 2014 for adults:</b> Pre-existing conditions cannot be excluded.
Tax changes related to health insurance: <ul style="list-style-type: none"> <li>• W2 Reporting</li> <li>• Health Flexible Spending Account changes</li> <li>• Medicare Part A Tax</li> <li>• Itemized deductions</li> <li>• Penalties for individuals without coverage</li> <li>• Tax on Cadillac Plans</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Effective January 1, 2013:</b> Employers issuing 250 or more W-2s are required to report the cost of health care benefits on employees' 2012 W2 tax statements. Employees issuing less than 250 W-2s are exempt until at least 2014. Contributions that employees make to health care flexible spending accounts are to be excluded from the cost figure.</li> <li>• <b>Effective January 1, 2011:</b> Exclude the costs for over-the-counter drugs not prescribed by a doctor from being reimbursed through a health Flexible Spending Account and from being reimbursed on a tax-free basis.</li> <li>• <b>Effective January 1, 2013:</b> Limit the amount of contributions to a flexible spending account for medical expenses to \$2,500 per year increased annually by the cost of living adjustment.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Effective January 1, 2013:</b> Increase the Medicare Part A (hospital insurance) tax rate on wages by 0.9% (from 1.45% to 2.35%) on earnings over \$200,000 for individual taxpayers and \$250,000 for married couples filing jointly and impose a 3.8% tax on unearned income for higher-income taxpayers (thresholds are not indexed).</li> <li>• <b>Effective January 1, 2013:</b> Increase the threshold for the itemized deduction for unreimbursed medical expenses from 7.5% of adjusted gross income to 10% of adjusted gross income for regular tax purposes; waive the increase for individuals age 65 and older for tax years 2013 through 2016.</li> <li>• <b>Effective Date:</b> To be phased-in beginning in 2014: Impose a tax on individuals without qualifying coverage of the greater of \$695 per year up to a maximum of three times that amount or 2.5% of household income.</li> <li>• <b>Effective January 1, 2018:</b> Cadillac Plan Tax: Impose an excise tax on insurers of employer-sponsored health plans with aggregate values that exceed \$10,200 for individual coverage and \$27,500 for family coverage (these threshold values will be indexed to the consumer price index for urban consumers (CPI-U) for years beginning in 2020). The tax is on insurance carriers but will most likely be passed on to employers through the premium rates. The threshold amounts will be increased for retired individuals age 55 and older who are not eligible for Medicare. The threshold amounts may be adjusted upwards if health care costs rise more than expected prior to implementation of the tax in 2018. The threshold amounts will be increased for firms that may have higher health care costs because of the age or gender of their workers. The tax is equal to 40% of the value of the plan that exceeds the threshold amounts and is imposed on the issuer of the health insurance policy, which in the case of a self-insured plan is the plan administrator or, in some cases, the employer. The aggregate value of the health insurance plan includes reimbursements under a flexible spending account for medical expenses (health FSA) or health reimbursement arrangement (HRA), employer contributions to a health savings account (HSA), and coverage for supplementary health insurance coverage, and excludes dental and vision coverage.</li> </ul>
Plan Limits	<ul style="list-style-type: none"> <li>• <b>Effective September 23, 2010:</b> Prohibit group plans from placing lifetime limits on the dollar value of coverage. Prohibit pre-existing condition exclusions for children.</li> <li>• <b>Effective January 1, 2014:</b> Group health plans are prohibited from placing annual limits on the dollar value of coverage</li> </ul>
Tax on Medical Devices	<ul style="list-style-type: none"> <li>• <b>Effective January 1, 2013:</b> There will be an excise tax on the sale or rental of medical devices equal to 2.9% of the price. Eyeglasses, contact lenses and hearing aids are exempt.</li> </ul>
Long-term Care Insurance	<ul style="list-style-type: none"> <li>• <b>Effective January 1, 2011:</b> Voluntary long term care insurance program would be made available to provide cash benefit for assisting disabled individuals to stay in their homes or cover nursing home costs. Benefits would start five years after people begin paying a fee for coverage.</li> </ul>