



HEALTH CARE *and you*

The New Health Care Law Timeline: When Changes Come About

Congress enacted a new health care law which brings a number of benefits for all Americans, including people over 50. Some of these changes you will see this year. Others phase in over the next several years.

2010

- Those who reach the Medicare Part D coverage gap or “doughnut hole” receive a \$250 rebate to help pay for prescription drugs.
- Employers providing retiree health insurance get funding to encourage continued coverage to early retirees.
- Temporary insurance, also known as “high risk pools,” begins covering people who have a pre-existing condition and have been without insurance for the last 6 months.
- Young adults up to age 26 can remain on their family’s health insurance plan.
- Individuals with new employer-based or individual insurance plans do not have to pay a deductible and other out of pocket costs for certain preventive care services.
- Insurance companies can’t drop your coverage if you become sick.
- Insurance companies can’t place lifetime limits on health coverage. They are also restricted from using arbitrary annual limits on your health coverage.

2011

- Those who reach the Medicare doughnut hole receive a 50 percent discount on brand-name prescription drugs.
- Medicare benefits expand to include free coverage for wellness and preventive care.
- It becomes easier to file complaints about the quality of care in a nursing home. Better access to information on nursing home quality and resident rights is available.

2014

- Exchanges begin offering health insurance coverage with comprehensive benefits.
- Premium subsidies are available for those with limited incomes who purchase health insurance through an exchange.
- Children, parents, and childless adults who do not have Medicare and who have a limited income are able to apply for Medicaid.
- Insurance companies are banned from putting annual limits on health coverage.
- Insurance companies can't deny anyone health coverage because of a pre-existing condition.
- Spouses of people on Medicaid who receive care services at home get the same protections for income and other resources as spouses of those on Medicaid who live in nursing homes.

2020

- Medicare Part D coverage gap or “doughnut hole” is completely closed.

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The New Health Care Law: Key Improvements to Health Insurance Practices

The health care law passed by Congress includes stronger consumer protections against a number of discriminatory insurance practices. No longer can your insurance company drop your health coverage when you become sick. Nor can it place lifetime dollar limits on coverage you may need.

Many of these protections will take effect this year. Others will be phased in over the next several years.

The new law:

- **Stops insurance companies from dropping coverage:** Prohibits health insurance companies from dropping your health coverage if you become sick. (Effective September 2010.)
- **Bans lifetime limits on coverage:** Prohibits health plans from placing limits on how much they will pay for medical benefits over your lifetime. (Effective September 2010.)
- **Bans annual limits on coverage:** Prohibits health plans from placing arbitrary limits on how much they will pay for your medical benefits during each calendar year. (Effective 2014.)
- **Adds free preventive care under new private health insurance plans:** Requires new private health insurance plans to cover more preventive services free of charge. (Effective September 2010.)
- **Extends coverage for young adults:** Allows parents to keep their young adult children covered under their health insurance until they reach age 26. (Effective September 2010.)
- **Ends denial of coverage based on pre-existing conditions:** Stops health plans from denying coverage to children with pre-existing conditions. (Effective September 2010.) In 2014, this protection will be extended to **everyone**.

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The New Health Care Law: What it Means for People Ages 50-64

If you are 50-64, the new health care law may benefit you in several ways. It makes it easier to get coverage, helps make coverage more affordable and helps you pay for long term-care. The law also aids small business owners and supports early retirees. By knowing what's in the law you can take advantage of these changes. Some of these changes start this year. Others will phase in over the next several years.

Makes it easier to obtain health insurance:

- The new law creates health insurance exchanges for those who can't get coverage through their job. Exchanges will be set up in every state to provide "one stop shopping" so it will be easier to compare plans and prices. If you are eligible for insurance through an exchange and do not purchase it, you will be subject to a penalty. Exchanges start offering insurance in 2014.
- All health plans in the exchanges must cover a range of benefits. These include medical, mental health, prescription drugs, and rehabilitative services. You will be able to pick among four levels of coverage to fit your needs.

- If you have been uninsured for six months and have a pre-existing condition, you may be able to get coverage. This coverage – also known as "high risk pools" – should be available in your state in the next few months. It will continue until the exchanges start in 2014.

Helps make coverage more affordable:

- Starting in 2010 for new plans, you will not have to pay some of the costs for preventive care. This includes services such as mammograms, immunizations, and screenings for cancer and diabetes.
- The Medicaid program will cover more people. In 2014 Medicaid will expand to children, parents, and childless adults who do not have Medicare and who have a limited income. (The income limit as of 2010 is about \$14,400 for a single person and \$20,000 for a couple.).
- Starting 2014, you may be able to get tax credits to help pay your premiums for insurance purchased through an exchange. You will qualify if you earn less than \$58,280 for a couple or \$43,320 for an individual.

- Starting in 2010, some small businesses can get tax credits to help buy health insurance. This applies to businesses with fewer than 25 employees whose average wage is below \$50,000.

Expands insurance coverage for children and young adults:

- Beginning this year, your adult son or daughter may be able to be included on your insurance policy until he or she turns 26.
- By July 2010, insurers must cover children under age 19 who have pre-existing conditions.

Helps protect health benefits for early retirees:

- If you are between 55 and 64 and have retiree health coverage through your work, you have added protection. Starting in 2010, new federal funds will encourage your employer to continue offering health benefits until you become eligible for Medicare.

Makes key improvements in insurance practices:

- As of 2010, insurance companies can't drop your health coverage if you become sick. Your health insurance is guaranteed, as long as you pay your premiums.
- Insurance companies can no longer place lifetime or restrictive annual limits on your health coverage. This change will ensure that your benefits won't run out when you need them the most. The ban on lifetime limits begins in 2010, while the ban on annual limits begins in 2014.

- Starting in 2014, you cannot be denied health insurance because of a pre-existing condition.

Helps pay for long-term care:

- A new voluntary long-term care insurance program – called CLASS -- will be available to you if you are working. This program will help you pay for some of your future long-term care services. You will receive a cash benefit if you have a qualifying disability, have paid into the program for at least five years, worked at least three of those initial five years, and meet other eligibility requirements. If your employer participates in the program, you will be enrolled automatically unless you choose to opt out. You will also be able to buy this insurance if your employer doesn't participate, if you are self-employed, or have more than one employer. This program is likely to start in 2012 or 2013.

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The New Health Care Law: What it Means for People 65+

If you are age 65 or over, or under 65 but on Medicare, the new health care law may benefit you in several ways. The new law lowers prescription drug costs, strengthens Medicare, and improves long-term care services. By knowing what's in the law you can take advantage of these changes. Some of these benefits start this year. Others will phase in over the next several years.

Lowers out-of-pocket prescription drug costs:

- If you have Medicare Part D prescription drug coverage and reach the coverage gap (“doughnut hole”) this year, you will **automatically** receive a \$250 rebate check to help pay drug costs. You will not need to request or apply for the payment.
- Next year, if you reach the doughnut hole, you will receive discounts on your prescription drugs. You’ll get a 50% discount on brand name drugs and a 7% discount on generics while you are in the coverage gap.
- The Part D coverage gap will gradually narrow until it disappears in 2020.

Strengthens Medicare:

- The law expands coverage for preventive care. If you have Medicare, you will qualify for a new annual wellness visit, mammograms, and other screenings for cancer and diabetes—at no charge. These new benefits start in 2011.
- Medicare Advantage plans that give better quality care will receive additional bonus payments. Plans are required to use some of this bonus money to offer you added health benefits.
- New rules will stop Medicare Advantage plans from charging people more than Original Medicare for certain services. These services include chemotherapy administration, renal dialysis, and skilled nursing care. These changes start in 2011.
- Beginning in 2014, Medicare Advantage plans must limit how much they spend each year on administrative costs. This means plans will have to spend more money on benefits and services that improve the quality of care.

Reduces waste, fraud and abuse:

- The law cracks down on waste, fraud and abuse in Medicare and the health care system as a whole.
- To guard against fraud, the law also protects the privacy of your personal information.

Improves long-term care services and information:

- Starting in 2011, consumers will have more information about nursing home inspections, complaints against facilities, and consumer rights. This information will help you make decisions when selecting a nursing home.
- Your state may receive more funds to expand home and community-based services. For example, under the Community First Choice Option, participating states would get more federal dollars to provide certain home and community-based services to certain people with disabilities who live at home but need an institutional level of care. These changes begin in 2011.
- A new voluntary long-term care insurance program – called CLASS – will be available to you if you are working. This program will help you pay for some of your future long-term care services. You will receive a cash benefit if you have a qualifying disability, have paid into the program for at least five years, worked at least three of those initial five years, and meet other eligibility requirements. If your employer participates in the program, you will be enrolled automatically unless you choose to opt out. You

will also be able to buy this insurance if your employer doesn't participate, if you are self-employed, or have more than one employer. This program is likely to start in 2012 or 2013.

- Starting in 2014, the law extends financial protections to more spouses of people on Medicaid. If you're married to someone on Medicaid who gets long-term care services at home, you will have the same protections for your income and other resources as you would if your spouse lived in a nursing home.

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The New Health Care Law: Insurance Coverage for Young Adults

The new health care law allows you to keep your young adult children on your health insurance policy until they are age 26. In the past, young adults frequently were forced off their parents' policies once they reached 18 or 21, or graduated from college. Now they can stay on your policy or be added to your family policy even if they have left home or are no longer a student.

- If you currently include your children on your health insurance, you can keep them on your family policy until they reach age 26. This means you can make sure they have health insurance even if they no longer live with you, are married, or are no longer in school. You do not have to claim them as a dependent on your tax return. You will not be able to include their spouse or their children on your policy.
- Although this new provision does not become a requirement until September, more than 65 insurance companies have agreed voluntarily to continue to insure new college graduates and other young adults who would otherwise lose their coverage this year.
- If you do not now include your adult children on your health insurance and you want to, you will be able to add them to your policy, if your insurer provides dependent coverage. This

provision becomes effective in September. Your insurance company or plan provider will be sending you a written notice about a **special** enrollment opportunity. Watch for it or contact your insurance company. You will have 30 days to add any eligible adult children younger than age 26. However, their coverage may not begin until the start of your new insurance plan year.

- Your insurance company will not be able to charge you more to insure your young adult than it charges for younger children. It also will not be able to provide them fewer benefits.
- Insurance companies and employer-based plans are not required to offer dependent coverage. If you are in a plan that does not provide family coverage, you will not be able to include your young adult children. Also if they have access to employer-based coverage on their own, you will not be able to add them to your plan.

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