

HEALTH CARE *and you*

The New Health Care Law: What it Means for People with Moderate or Low Incomes

The new health care law helps people with moderate or low incomes by making many more people eligible for Medicaid and by making private insurance more available and affordable.

Expands Medicaid

Medicaid is the joint state and federal government program that pays the health care costs for people with very limited incomes. Before the new health care law, only certain very specific groups of people who had low incomes and very few resources were eligible for Medicaid. Childless adults in most states, including millions of uninsured 50-64 year old Americans, were not eligible no matter how low their incomes.

- By 2014 many more people will be eligible for Medicaid. If you are under the age of 65, not eligible for Medicare and earn less than about \$15,000, you may be eligible to have Medicaid pay most of your health care costs. Couples earning less than about \$20,000 will also be eligible. This new group includes children, pregnant women, parents, and adults without dependent children. States can start offering Medicaid coverage to this group beginning this year, but most

states are likely to take until 2014 to fully implement this change.

- You will need to show how much income you receive, but you will not have to prove how much you have in resources. States will also have to make it easier for you to apply for Medicaid and cut back on how much paper work you will need to prove that you are eligible.

Helps People with Moderate Incomes

The new health care law also provides help for people with moderate incomes. Starting in 2014, purchasing pools – or exchanges – will be set up in states to offer insurance coverage for those with moderate incomes who are self employed, work for businesses that don't offer health insurance to their employees, and others who have not been able to buy insurance.

Exchanges create one-stop-shopping so it will be easier for you to compare private plans and prices for health insurance. Also buying your insurance through an exchange instead of on your own will give you the advantage of group rates, which tend to be much lower.

- Once an exchange is set up in your state, all health insurance plans in the exchanges must offer a set of basic comprehensive benefits. Those benefits include medical, mental health, prescription drugs, and rehabilitation services. Standardizing benefit levels will make it easier for you to compare benefits and costs. Plans cannot refuse to sell you a policy because of your health status and must comply with many new consumer protections.
- People eligible to shop in the exchanges will be able to pick among several levels of coverage. This will allow you to find a plan that fits your needs.
- Depending on your income you may receive subsidies or tax credits to reduce the cost of buying insurance through an exchange. This help will be based on a sliding scale, if your income is below a certain income level. For example, individuals with incomes between about \$14,400 and \$43,300 and families of four with incomes between about \$29,300 and \$88,200 would be eligible. The exact income ranges and amount of the help will be announced as the exchange details are worked out.
- What policies will cost is not yet known, but there will be annual limits on how much you have to spend on deductibles and co-payments for insurance purchased through an exchange. For example, a family of four

now earning \$60,000 could spend no more than \$11,900 out-of-pocket (excluding premiums) for health care in a year.

Help for This Year

People who have been uninsured for the past six months and have a pre-existing condition will be able to get temporary insurance starting in mid-summer through high risk pools. These high-risk pools will be set up either by your state or by the federal government. This coverage will be available until the exchanges start in 2014. Then, all insurance plans will be required to cover pre-existing conditions.

- Watch for announcements from your state government about how to apply for this insurance coverage.

Check www.aarp.org/getthefacts frequently for the latest information.