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## **HEALTH CARE REFORM & YOU**

### **Top Questions Answered**

**STATEWIDE** – Have you figured out what you need to know about the new national health reform law? Do you know: Who must have insurance? Will your taxes go up? How will new law impact your doctor? AARP has the answers, and is working to help educate Massachusetts residents about the new law and how it will benefit them.

“The national health reform law will affect everyone: those who are on Medicare, get insurance through an employer, buy it on their own, or are uninsured,” says Deborah Banda, state director of AARP Massachusetts, which represents more than 800,000 members age 50 and older in the Bay State. “It will also bring a number of benefits for everyone, like coverage for preventative care; and it will stop discriminatory insurance practices such as dropping someone’s coverage because of a preexisting condition.”

### **Who must have health insurance?**

Starting in 2014, almost all U.S. residents must have at least basic health insurance, meaning coverage from employers or public programs such as Medicare, Medicaid, Veterans Affairs or policies you buy on your own. This is not a new concept for Massachusetts residents, who have been required to have health coverage since 2007, due to the state’s landmark health reform law.

But, the penalty for those who remain uninsured may change for those in the Bay State. In 2014, the national law mandates a penalty of \$95 or one percent of income, whichever is greater; in 2016 and later, this rises to \$695 or 2.5 percent of income. The penalty applies to each uninsured adult in the household with a \$2,085 annual limit for families.

You will not be fined for going without insurance if:

- your income is so low that you don’t have to file taxes;
- the premiums for the least expensive insurance plan available would cost more than 8 percent of your income; or,
- you can demonstrate financial hardship.

The government cannot seize your property or use liens to enforce the law, or send you to jail.

### **Will your taxes go up?**

New taxes mostly affect people with high incomes. Beginning in 2013, a married couple with income of more than \$250,000 a year or an individual making more than \$200,000 a year will pay an extra 0.9 percent in Medicare payroll taxes and a new 3.8 percent tax on unearned income from, for example, investment interest, annuities, and rents. This tax does not include Social Security benefits, pensions or IRAs.

For those of all income levels with a health savings account, as of next year, the tax on withdrawals for anything other than approved medical expenses will rise from 10 to 20 percent. Also, starting in 2013, you can take a tax deduction only on medical expenses that exceed 10 percent of your income – up from 7.5 percent now. This change is postponed until 2016 for taxpayers age 65 and older.

### **How will the new law affect my doctors?**

Americans are already struggling with a shortage of primary care doctors. While some fear that insuring more people will make it even harder to find a doctor, groups like the American Medical Association say the new law will help improve the situation. For example:

- Medicare will give extra payments to physicians and nurses providing primary care in areas with doctor shortages.
- Medicaid doctors will see pay increases.
- Paperwork will be simplified to give doctors more time with patients.
- New measures will be introduced to attract more doctors, nurses and physicians assistants to primary care.

Further, more health professionals in Medicare will be paid for the quality of care they provide rather than the number of services they perform – a change that is expected to lower costs while improving care.

“It’s important to remember that some changes will happen this year; others will phase in over time,” Banda adds. “By knowing what’s in the law and when the various provisions go into effect, you can make the best decisions for yourself and your family.”

To learn more – or ask your own questions – please visit AARP’s web page devoted to providing information about the health care reform law: [www.aarp.org/getthefacts](http://www.aarp.org/getthefacts). To receive a free informational brochure, “How the New Health Care Law Benefits You (D19272),” call AARP Massachusetts toll free at 1-866-448-3621.

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