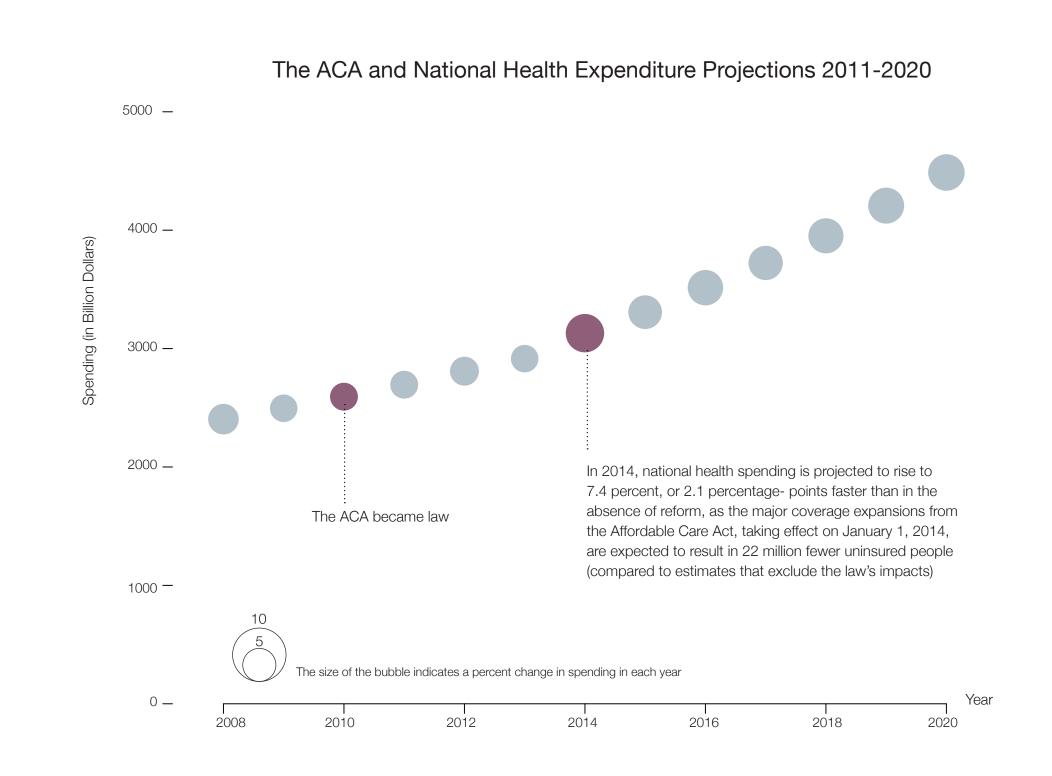
# OBAMACARE

# What Is It?

The Affordable Care Act (ACA), more commonly known as Obamacare, refers to the Patient Protection and Affordable Care Act, (PPACA) which was enacted in 2010 under the Obama administration. The health care law "puts in place" comprehensive health insurance reforms that will roll out over four years and beyond" (Healthcare.gov). Highly comprehensive, the health law tackles nearly every aspect of the health care system, ranging from extending health care coverage to the uninsured to regulating insurance companies practices.

Notorious for its "for-profit and un-universal" health care system, the United States "is among the few industrialized nations in the world that does not guarantee access to health care for its population" (IOM). In fact, "lack of health insurance causes roughly 18,000 unnecessary deaths every year in the country" despite the fact that America leads the world in spending on health care. Also, a new study published in the American Journal of Medicine reports that medical debt accounts for 62 percent of personal bankruptcy in the United States.

Thus, to improve the quality and efficiency of health care system, President Barack Obama signed the federal health care law on March 23, 2010. The ACA "represents the most significant regulatory overhaul of the U.S. healthcare system since the passage of Medicare and Medicaid in 1965." PPACA is aimed primarily at decreasing the number of uninsured Americans and reducing the overall costs of health care. "It provides a number of mechanisms—including mandates, subsidies, and tax credits—to employers and individuals in order to increase the coverage rate" (Wikipedia). In addition, the health law implements anti-discrimination requirements, protecting people from the unfair practices of insurance companies.



# Public Opinion of Obamacare Data Drawn from Kaiser Family Foundation Health Tracking Polls in November, 2012 Don't Know/ Decline to State Favorable Overview of the Uninsured 65 and Older Under 18 16.3% of Americans Are Uninsured 45-64 26.5% Percent of the Uninsured By Age

### Medicare Reform

Medicare is the federal health insurance program created in 1965 for all people age 65 and older, regardless of income or medical history, as well as nonelderly people with permanent disabilities. 50 million Americans are now enrolled in the program. "Most people age 65 and older are entitled to Medicare Part A if they or their spouse are eligible for Social Security payments and have made payroll tax contributions for 10 or more years. Medicare was expanded in 1972 to include people under age 65 with permanent disabilities" (KFF). Medicare is organized into four parts: Medicare Part A, Part B, Part A & B, Part C, and Part D. Each part covers different types of services.

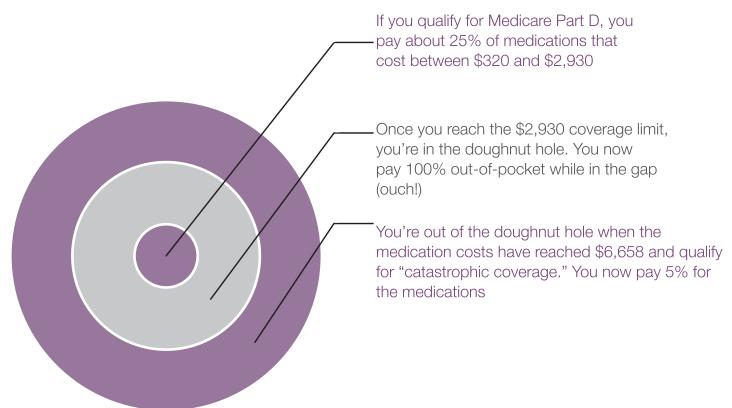
#### The ACA Provisions that Affect Medicare

"The health care law strengthens Medicare by protecting and improving guaranteed benefits [for people with Medicare] and cracking down on waste, fraud and inefficiency...The law lowers prescription drug costs, strengthens Medicare [such as adding preventive care benefits at no charge] and improves long-term care services. These benefits are in effect now" (AARP).

#### Closes the Doughnut Hole

Getting rid of the doughnut hole is one of the health law's goals. Doughnut hole refers to to Medicare Part D coverage gap. Under the ACA, the doughnut hole policy is being phased out and will ultimately be eliminated by 2020. Beginning in 2012, People with Medicare receive a 50 percent discount on brand-name prescription drugs and a 14 percent discount on generic prescription drugs while in the doughnut hole. The discounts will increase over time and the coverage gap will be phased out.

# How Doughnut Hole Works



# The ACA Tax Provisions

# Net Investment Income Tax

"The 3.8 percent Net Investment Income Tax applies to individuals, estates and trusts that have certain investment income above certain threshold amounts" (IRS).

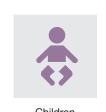
# Additional Medicare Tax

"A new Additional Medicare Tax goes into effect starting in 2013. The 0.9 percent Additional Medicare Tax applies to an individual's wages, Railroad Retirement Tax Act compensation, and self-employment income that exceeds a threshold amount based on the individual's filing status. The threshold amounts are \$250,000 for married taxpayers who file jointly, \$125,000 for married taxpayers who file separately, and \$200,000 for all other taxpayers" (IRS).

# Medicaid Expansion

Medicaid, not to be confused with Medicare, is "the United States health program for certain individuals and families with limited incomes and resources." The program is jointly funded by the federal and state governments and managed by the states. Unlike Medicare, Medicaid eligibility is solely determined by an individual's income and "population catagories." That is, the program only provides health care coverage to 4 groups: children, adults (specifically parents of dependent children and pregnant women), aged and disabled. Thus, not every person with limited income qualifies for Medicaid, leaving many low income adults who do not have dependent children uninsured. In addition, "most states administer Medicaid through their own programs (Wikipedia). For instance, Medi-Cal is Medicaid program run in California while Massachusetts operates MassHealth.

#### Population Catagories Eligible for Medicaid Now











# People Eligible for Medicaid in 2014





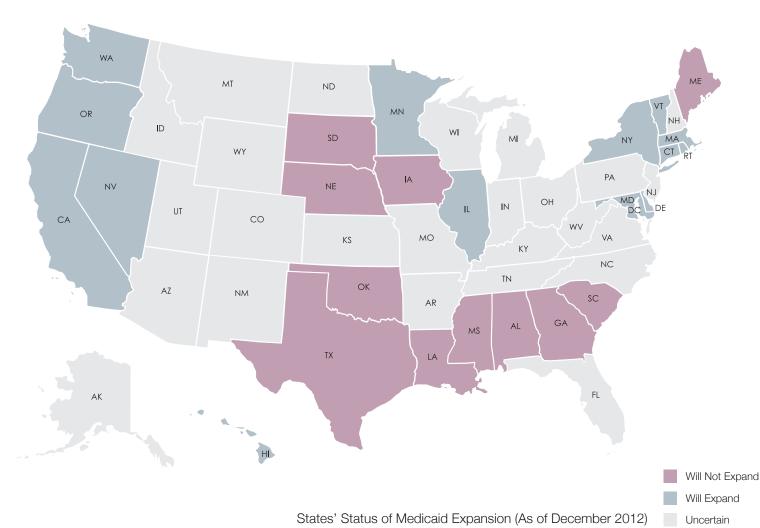






# States' Commitment to Expand Medicaid Eligibility

Since the Medicaid coverage is limited to certain group of individuals and unlikely to cover low income adults without children, the ACA would have required states to expand Medicaid coverage to all adults, whether they have children or not, with incomes up to 133 percent of the federal poverty level" (NPR). Having said that, in July 2012, the Supreme Court ruled that Medicaid Expansion would be an option rather than a mandate, and thus the expansion is now optional for all states. Numbers of states have made a decision as to whether to implement the expansion. Many, however, are still uncertain. Beginning on January 1, 2014, adults, with or without children, with limited income (below 133% of FPL) will qualify for Medicaid in participating states.



# Health Insurance Exchanges

17.4%

18–24

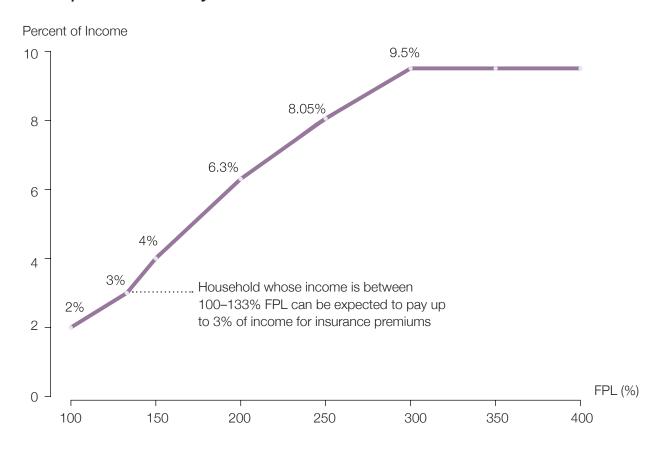
16.2%

The health insurance exchanges are marketplaces, regulated by state or federal government, where individuals and small businesses (up to 100 employees) will be able to shop for health insurance (NPR). Uninsured individuals whose income is between 100 and 400% of FPL will be able to choose and purchase health insurance via the exchanges in their states and receive subsidies to help paying for their premiums. Beginning on January 1, 2014, states must set up their own exchanges or participate in an exchange plan run by the federal government if they choose not to run their own market (US News).

#### Eligibility and Subsidies

"Anyone can buy insurance in an exchange. For example, if you need health insurance because your employer doesn't make it available, you are self-employed or not working, you have been denied coverage, or you have not been able to afford insurance, you can shop in the exchange in your state. You may be able to get tax credits to help you pay for the health insurance you buy in the exchange. The amount of help you can get depends on your income" (AARP). "The health insurance subsidies are administered as a tax credit, applied annually to the tax burden of each household" (Washington Post).

#### The Maximum Amount A Household Can Be **Expected to Pay for Insurance Premiums**



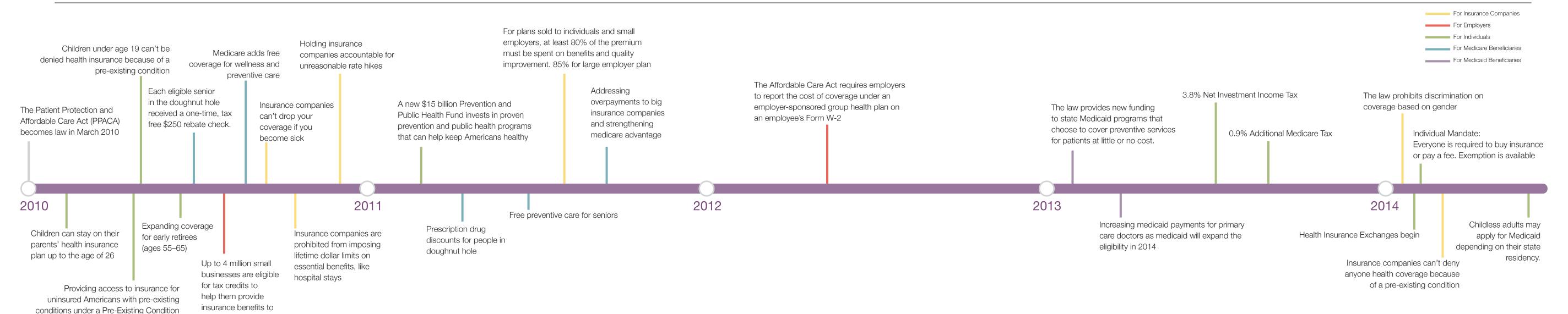
# 2012 Annual Federal Poverty Guidelines

Household Size	100%	133%	150%	200%	300%	400%
1	\$11,170	\$14,856	\$16,755	\$22,340	\$33,510	\$44,680
2	15,130	20,123	22,695	30,260	45,390	60,520
3	19,090	25,390	28,635	38,180	57,270	76,360
4	23,050	30,657	34,575	46,100	69,150	92,200
5	27,010	35,923	40,515	54,020	81,030	108,040
6	30,970	41,190	46,455	61,940	92,910	123,880
7	34,930	46,457	52,395	69,860	104,790	139,720
8	38,890	51,724	58,335	77,780	116,670	155,560
For Each Additional Person, Add	3,960	5,267	5,940	7,920	11,880	15,840

# The Model: Massachusetts

"The state exchanges will also have to determine who has incomes low enough to qualify for Medicaid, and help them enroll in that program. It sounds like a lot, but there's already a real-world example. Massachusetts passed a law in 2006 that was in many ways the template for the federal Affordable Care Act. It launched something called the Massachusetts Health Connector within a year" (NPR).

# The ACA Timeline 2010–2014 Unless repealed, these are things to expect under Obamacare



Insurance Plan (PCIP) until 01/01/14

their workers