

Timeline for Healthcare Reforms

(Key Provisions)

Within a year of enactment (2010-2011)

- A tax credit becomes available for small businesses (with up to 25 workers with average wages of \$50,000 or less) to help provide coverage for workers.
- A 10% tax on indoor tanning services that use ultraviolet lamps goes into effect.
- Health insurers are barred from excluding children from coverage because of pre-existing conditions and from dropping people from coverage as a result of illness.
- Lifetime benefit limits are eliminated and annual caps restricted.
- Children are allowed to stay on their parents' insurance plan until age 26.
- Uninsured adults with pre-existing conditions will be able to obtain health coverage through a new, national high-risk pool that will expire once new insurance exchanges begin operating in 2014.
- A temporary reinsurance program is created, until 2014, to help companies maintain health coverage for early retirees between the ages of 55 and 64.
- New health plans will be required to cover preventive services with little or no cost to patients; grants may be available to help small companies with 100 or fewer workers to offer wellness programs.

Starting in 2011

- Employers are required to disclose the value of health benefits on employees' W-2 tax forms.
- A \$2.5 billion annual fee, which increases over time, is imposed according to market share on pharmaceutical companies with yearly sales exceeding \$5 million.
- Payments to insurers offering Medicare Advantage services are frozen at 2010 levels. These payments are to be gradually reduced to bring them more in line with traditional Medicare.

Starting in 2013

- The Medicare payroll tax (employee portion) is raised to 2.35% from 1.45% for individuals earning more than \$200,000 and married couples with incomes over \$250,000.
- A new 3.8% Medicare tax also is levied on non-payroll investment income for these same taxpayers (singles who earn more than \$200,000; married couples, \$250,000.)
- Tax deductions for federal subsidies that companies receive as incentives to provide retiree prescription drug coverage are eliminated.
- Annual contributions to health flexible spending accounts (FSA) are limited to \$2,500.
- A 2.3% excise tax is imposed on the sale of medical devices – excluding devices generally bought at the retail level by the public.
- The threshold for claiming medical expenses on itemized tax returns increases to 10% from 7.5% of income for all but the elderly, whose threshold will remain at 7.5% until 2017.
- By 2013, a national long-term care program is to be created. Employers can elect to enroll employees automatically and to deduct premiums from payroll, but employees may opt out of the program.

Starting in 2014

- Most people required to obtain health insurance coverage or face a penalty (the greater of \$695 or 2.5% of household income) if they don't.
- State health insurance exchanges open for individuals and small businesses with under 100 employees.
- Employers with 50 or more workers who do not offer qualifying health insurance face a fine of \$2,000 for each employee if any of their workers receive government subsidized insurance on an exchange. The first 30 employees aren't counted for purposes of the fine. (The law establishes levels of qualifying health coverage, with the minimally acceptable “bronze” level covering at least 60% of benefit costs. It also establishes essential benefit plan requirements.)
- Employers with 50 or more workers who do offer health insurance face fines if any of their workers opt to receive subsidized insurance on an exchange instead (fine is up to \$3,000 per subsidized employee.)
- Employers with 200 or more employees must automatically enroll new full-time workers into the group health plan. Employees can opt out.
- Health insurance companies begin paying a fee based on their market share.
- Medicaid coverage expanded to individuals with income up to 133% of the federal poverty level (which may extend Medicaid coverage, in conjunction with the Children’s Health Insurance Program, to about 16 million more enrollees.)
- Healthcare tax credits become available to help people with incomes up to 400 percent of poverty purchase coverage on a state exchange.
- Health plans no longer can exclude anyone based on pre-existing conditions.

Starting in 2015

- Medicare creates a physician payment program aimed at rewarding quality of care rather than volume of services.

Starting in 2017

- States may allow larger employers (with 100 or more workers) to buy health insurance through an exchange

Starting in 2018

- A 40% excise tax on high-cost, employer-provided plans (“Cadillac plans”) is imposed. The first \$27,500 of a family plan and \$10,200 for individual coverage is exempt from the tax. (Higher levels are set for plans covering retirees and people in high-risk professions.)