

Health Care reform:

HOW IT WILL HELP



FROM THE NORTH CAROLINA JUSTICE CENTER

National health reform will provide security and stability to anxious families in North Carolina. After all of the provisions of reform are enacted by 2019 about 95 percent of non-elderly legal residents of North Carolina will have insurance coverage. For the estimated 1.8 million uninsured in our state, reform will mean the chance to purchase affordable coverage and obtain needed medical care. For the insured population it will mean new protections against insurance company abuses. It will also give individuals and families the security to know that even if they lose a job they will be able to obtain affordable coverage.

While most provisions are implemented in 2014, many benefits in the health care reform bill will provide immediate help to struggling individuals and families. Within the first year these include:

- **Insurers that offer dependent coverage** for policyholders must allow parents to enroll children up to age 26.
- **New insurance plans are barred from denying** coverage to children with pre-existing conditions.
- **Insurance companies are barred from placing caps** on the dollar value of lifetime benefits and will cover many preventive services at no charge to enrollees.
- **Insurance companies must spend at least 85 percent** of premium dollars in the large group market and 80 percent of premiums in the individual and small group markets on medical care.
- **Creates a temporary high-risk pool** for people unable to purchase insurance. People with pre-existing medical conditions who have been uninsured for at least six months will qualify for a new insurance plan with subsidized premiums. Total cost sharing in the new plan is capped at \$5,950 for an individual and \$11,900 for a family in 2010.
- **Provides a \$250 rebate to Medicare beneficiaries** who reach the Part D coverage gap in 2010.
- **Small businesses with fewer than 25 employees** and average annual wages of less than \$40,000 will receive a tax credit of up to 35 percent of the employer's contribution toward the employee's health insurance premium if the employer contributes at least 50 percent of the total premium cost.
- **Provides a 10 percent bonus payment in Medicare** for primary care physicians and general surgeons practicing in underserved areas.
- **Imposes new reporting requirements on tax-exempt hospitals.** Tax-exempt hospitals, which includes almost all hospitals in North Carolina, must develop a community needs assessment, write a financial assistance policy, limit charges to those eligible for financial assistance, and limit aggressive collections practices against patients eligible for financial assistance.
- **Extends assistance to businesses that provide health coverage to retirees** over age 55 who are not eligible for Medicare.
- **Increases access to care with \$11 billion in new funding** to community health centers, the National Health Service Corps, school-based health centers, and nurse-managed health clinics.

After 2014 many new protections are enacted. With some exceptions, everyone will be required to purchase health insurance. Medicaid will expand to cover all people with incomes less than 133 percent of the federal poverty level, or \$29,326 for a family of four, which will provide insurance to more than 50 percent of the uninsured in North Carolina. In the first three years the federal government will cover the entire cost of newly eligible Medicaid recipients. Individuals and families up to 400 percent of federal poverty level, or \$88,200 for a family of four, will receive generous subsidies to purchase private insurance in a new state-based exchange. Insurance companies will be barred from denying coverage or charging higher premiums to people with pre-existing conditions.

Health reform delivers short- and long-term benefits to North Carolina families. It provides new protections for the insured and uninsured alike. And for the first time it provides a solid safety net to catch families in economic free fall. Reform also begins to attack the long-term costs of health care and will, according to the non-partisan Congressional Budget Office, reduce the federal deficit by \$143 billion over the first ten years. These reforms represent a triumph for working families across the state.