



## KEY PROVISIONS AND TIMELINE FOR H.R. 3590

(For Discussion Purposes only; this is not a legal document)

Note: The House of Representatives passed HR 3590 (Patient Protection and Affordability Act) on Sunday March 21, 2010. President Barack Obama signed the Bill into law on Tuesday March 23, 2010. The "Reconciliation Bill" was passed and signed one week later. Some provisions take effect over the next 6 months. Most of the provisions will take effect by 2014.

### Here is an overview of some items you should be aware of now:

1. **EMPLOYER MANDATE ("Pay or Play").** Effective 2014 employers with more than 50 full-time employees must provide minimum level of coverage or pay a fine of \$2,000/year per employee (first 20 employees exempted).
2. **INDIVIDUAL MANDATE.** Effective 2014, all American citizens and legal residents must purchase a qualified health plan. Individuals not enrolled in a health plan will pay the greater of 1-2.5% excise tax of household income or flat dollar of \$325-695; penalties begin in 2015 and are gradually phased in.
3. **SMALL BUSINESS TAX CREDITS.** Retroactive to January 1, 2010. Tax credits of up to 35% of premium for small businesses with less than 25 employees and average wages of less than \$50,000/year. Begins in 2010 and phases in credits of up to 50% by 2014. Credits last for up to 2 years.
4. **NO PENALTY FOR PRE-EXISTING CONDITION FOR CHILDREN.** Takes effect in September 2010. Children up to age 18 cannot be denied payment of claims for pre-existing condition if insured. Coverage is guaranteed, but rates can still be increased by as much as 250% (HIPAA plans) based on health assessment.
5. **FREE PREVENTIVE CARE.** Effective September 2010 for private plans, January 1, 2011 for Medicare plans. Requires plans to cover preventive services with no co-payments or deductibles.
6. **DEPENDENT CHILDREN UP TO AGE 26 ABLE TO REMAIN ON OR BE ENROLLED ON PARENTS' PLAN.** Effective September 2010, parents can enroll children on their current plan regardless of full-time student status.
7. **CREATION OF HIGH-RISK POOL.** Effective June 2010. Removes pre-existing exclusion for the guaranteed HIPAA plans. HIPAA plans are guaranteed coverage at no more than 250% of Tier 1 rates for most popular plans.
8. **ENDS RESCISSIONS.** Effective September 2010. Health plans cannot drop coverage for people when they get sick. Can only rescind coverage if proof of fraud. This is already an existing law in most states (including CA).
9. **REMOVAL OF LIFETIME AND ANNUAL LIMITS TO CARE.** Effective September 2010. Prohibits health plans from placing lifetime caps on coverage. Prohibits health plans from putting annual limitations on needed care (example: Physical Therapy, Mental Health).
10. **BEGINS TO CLOSE MEDICARE PART D DONUT HOLE.** Provides \$250 rebate for seniors who hit donut hole in 2010. Beginning in 2011 provides 50% discount for seniors who hit donut hole. Eliminates donut hole by 2020.
11. **REGULATED "LOSSES" FOR INSURANCE COMPANIES.** Insurance companies must spend a minimum of 80% of premiums on medical claims for individual and small group plans. Must spend at least 85% for large group plans. The other 15-20% to be used for administrative costs and profit margin.
12. **INVESTMENTS FOR COMMUNITY HEALTH CENTERS AND PRIMARY CARE DOCTORS.** In an attempt to discourage a shortage of providers and "rationing", the federal government will provide funds to community centers and training programs geared toward providing primary care.
13. **EXCHANGES, VOUCHERS, AND RISK POOLS.** By 2014 each state must set up an "exchange" for individuals to purchase private plans – there will be no true "public option". Employees can opt out of employer's plan and use a voucher to purchase individual plans in the private market. Small groups could be 1-100 employees.