

## **One Year Later: The Benefits of the Affordable Care Act**

Thanks to the Affordable Care Act, passed by Congress and signed into law by President Obama on March 23, 2010, Americans have more freedom and control over their health care choices. All Americans now have the freedom from worrying about unfairly losing their insurance, or having it run out due to a lifetime limit when someone is in an accident or becomes sick. They no longer have to live in fear of double-digit premium increases from their insurance companies without recourse or accountability. The law has already made it illegal for insurance companies to deny care to children because of a pre-existing condition. It includes substantial new benefits and freedoms for all Americans. And since the President signed the Affordable Care Act into law last March, the economy has grown at an average annual rate of 2.7%, created nearly 1.4 million private sector jobs, and moving forward, will help create anywhere from 250,000 – 400,000 jobs each year.

Specifically, the Affordable Care Act is already helping millions of Americans by lowering health care costs, improving the quality of coverage for those who already have insurance, providing new coverage options for the uninsured, and giving states flexibility and resources to implement the law.

### **Lower Costs**

#### ***Free Preventive Care and Lower Prescription Drug Costs for Seniors and People with Disabilities on Medicare***

Nearly all 48 million seniors and people with disabilities on Medicare will receive free preventive services – like mammograms and colonoscopies – and a free annual wellness visit with their doctor. In 2010, nearly 4 million Americans who hit the Medicare prescription drug coverage gap known as the “donut hole” received \$250 tax-free rebates, and this year beneficiaries will receive a 50% discount on brand name prescription drugs if they hit the donut hole. By 2020, the law will close the donut hole completely. Taken together, the changes in the law could save seniors enrolled in traditional Medicare more than \$3,500 over the next 10 years.

#### ***Tax Credits for Small Businesses***

The law provides \$40 billion in tax credits to up to 4 million small businesses to help offset the costs of purchasing coverage for their employees and make premiums more affordable.

#### ***Increasing the Value of Health Insurance***

Under the law, insurance companies must provide consumers greater value by spending at least 80% of premium dollars on health care instead of overhead, executive salaries or marketing. If they don't, they must provide consumers a rebate or reduce premiums. Up to 75 million Americans with private insurance coverage will receive greater value for their premium dollars, and up to 9 million Americans are estimated to receive a rebate from their insurance companies.

#### ***Scrutinizing Unreasonable Premium Increases***

New rules in the law require insurers to publicly justify unreasonable premium increases, and strengthen States' abilities to crack down on premium hikes. The law has provided 45 states and the District of Columbia with \$46 million to help enforce these new rules. This will help protect up to 35 million Americans in the individual and small group markets from unreasonable premium increases.

#### ***Relief on Early Retiree Coverage Costs***

Millions of people retired before they were eligible for Medicare and have health coverage through their former employers. Unfortunately, the number of firms that provide health coverage to their retirees has decreased over time. Thanks to the Affordable Care Act's Early Retiree Reinsurance Program, more than 5,400 employers, including 245 Fortune 500 companies and 2500 state and local governments,

have been approved to receive support so they can lower their total health care costs and continue to provide health coverage to their early retirees. In 2010, employers received \$535 million in payments, lowering costs for at least 4.5 million Americans.

## **Better Quality Coverage for People with Insurance**

### ***Removing Lifetime Limits on Health Benefits***

The law bans insurance companies from imposing lifetime dollar limits on health benefits – freeing cancer patients and individuals suffering from other chronic diseases from having to worry about going without treatment because of their lifetime limits. The law also restricts the use of annual limits and bans them completely in 2014. This will protect over 100 million Americans with private insurance coverage who used to have these types of limits.

### ***Making it Illegal for an Insurance Company to Drop Coverage When You Get Sick***

The law bans insurance companies from dropping coverage when an individual gets sick because of simple mistake on an application. This will protect up to 15 million Americans who buy coverage on the individual market from losing their coverage when they need it the most.

### ***Covering Preventive Services***

Up to 88 million people in new insurance plans will receive preventive services like mammograms, colonoscopies, immunizations, pre-natal and new baby care without being charged a deductible, co-payment or co-insurance.

## **New Coverage Options**

### ***Coverage for Young Adults***

Most insurance companies are now required to allow parents to keep their children up to age 26 on their insurance plans. An estimated 1.2 million young adults will gain insurance coverage as a result of the law.

### ***Coverage for Children with Pre-Existing Conditions***

Insurance companies are now banned from denying coverage to children because of a pre-existing condition. An estimated 4 to 17 million children with a pre-existing condition will be protected because of this provision. In 2014, insurers are banned from discriminating against anyone with a pre-existing condition.

### ***New Coverage Options for Individuals with Pre-Existing Conditions***

Americans who have been locked out of the insurance marketplace because of a pre-existing condition are now eligible for coverage through a new Pre-Existing Condition Insurance Plan that was created under the law. To learn more about available plans, visit [www.pcip.gov](http://www.pcip.gov).

### ***Reducing the Health Care Workforce Shortage***

Nearly 12% of the U.S. population lives in a medically underserved area. The law includes new resources to boost the number of doctors, nurses and health care providers in communities where they are needed most. These resources include grants, scholarships, loan repayment programs, as well as increased support for educational institutions that provide training for a range of health care careers.

## **Flexibility and Resources for States**

### ***Greater Resources for States***

The law gives Governors millions of dollars in Federal support for their work to hold down insurance premiums, build competitive insurance marketplaces, provide insurance to early retirees, and strengthen their public health and prevention efforts. So far, all fifty States have received a combined \$2.8 billion from the Affordable Care Act.

### ***Waivers for States to pursue their own innovative approaches to health reform***

The Affordable Care Act gives states the flexibility to receive a State Innovation Waiver so they may pursue their own innovative strategies to ensure their residents have access to high quality, affordable health insurance. Under the law, State Innovation Waivers are available in 2017. President Obama supports bipartisan legislation that would make waivers available to states beginning in 2014.

***States will determine which insurers are permitted to offer products in the Exchanges*** Under the law, States will have wide latitude to run their own insurance marketplaces and determine which insurance companies may operate in the new State-based Exchanges. Utah and Massachusetts, for instance, already operate their own Exchanges. And while they've taken different approaches, with Utah allowing all insurers to participate and Massachusetts having stricter standards, both models could meet the goals of the law.

### ***States can choose benefit rules that meet the needs of their citizens***

The Affordable Care Act ensures health insurance plans offered in the Exchanges provide at least what a typical employer currently provides today. Accordingly, the benefits offered through the State-based Exchanges will reflect what is offered today in the private sector. States have flexibility to go beyond that minimum standard and determine what, if any, additional benefits insurance companies that sell policies in the Exchange must provide. States that choose to require more generous coverage must bear the cost of those benefits.

### ***States have discretion over Medicaid coverage***

Under the Affordable Care Act, States may structure their Medicaid programs to more closely resemble the private insurance coverage options available in the Exchanges. States can tailor the benefit packages based on private coverage options available in their States – such as the standard Blue Cross/Blue Shield plan, the State employee health plan, and the largest commercial HMO available in the State. States can go beyond these standards to provide additional benefits but are not required to do so.

### ***New funding to establish Exchanges and modernize eligibility systems is available***

The law provides full funding for States to conduct planning activities needed to develop an Exchange and funding through 2015 to establish an Exchange. States can also receive funding to update antiquated systems used to verify who is eligible to purchase insurance in the Exchanges and who is eligible for Medicaid benefits. Many States have not updated their Medicaid eligibility systems since the mid-1980s.