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Health Care Reform Alert

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Issue: # 3

March 22, 2010

On Sunday night, March 21, 2010 the Senate version of health care legislation reform known as the Patient Protection and Affordable Care Act was passed by the House of Representatives. President Obama is scheduled to sign the bill on Tuesday March 23rd. The House also passed a package of changes known as the Health Care and Education Reconciliation Act of 2010 that could be voted on by the Senate as early as this Saturday, March 27th. It should be noted that because the House passed the Senate version of the original bill, the Patient Protection and Affordable Care Act will become law as soon as the President signs it, regardless of whether or not the House's package of changes is approved by the Senate.

Highlights of the legislation include:

- Changes in insurance law with regard to pre-existing conditions, annual limits and lifetime caps on coverage, extending dependent coverage to age 26, prohibiting gender based rates, and denial of coverage. These changes will take place within the next year.
- A tax on high-cost insurance plans will go into effect in 2018.
- With few exceptions, every American will be required to have insurance by 2014 or pay a fine. Further expansion of coverage would continue until 2019.
- Subsidies will be available on a sliding salary scale for anyone earning up to four times the federal poverty level beginning in 2014.
- Employers with more than 200 employees must automatically enroll employees in coverage offered by the employer. Employees may elect to opt out of coverage.
- Beginning in 2014, employers with over 50 employees who do not offer any coverage and have at least one employee receiving a premium tax credit would be charged a \$2,000 per employee fee, minus an allowance for the first 30 employees. For employers with over 50 employees who offer

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coverage and have at least one employee receiving a premium tax credit, the fee would be the lesser of \$3,000 per worker receiving the government subsidy or \$2,000 for each employee.

- State-based health plan exchanges will be set up for small businesses, self-employed individuals, and the uninsured. The exchanges will be available in 2014.
- Gradual closure of the Medicare Part D prescription drug "doughnut hole" by providing a \$250 rebate in 2010 and continued increases in coverage until 2020 when seniors will be responsible for 25% of prescription drug costs until catastrophic coverage begins.
- A temporary reinsurance program will be established for employers providing health insurance coverage to retirees over age 55 who are not eligible for Medicare. The program will reimburse employers or insurers for 80% of retiree claims between \$15,000 and \$90,000 effective 90 days after enactment and extending until January 1, 2014.

Harbridge Consulting Group is committed to staying up-to-date on health care reform in an attempt to provide our clients with best possible solutions. Stay tuned for further updates and please contact your Harbridge consultant if you have any questions.

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