



## The Impact of the Federal Health Care Law on District of Columbia Residents

Since President Barack Obama signed the Patient Protection and Affordable Care Act (PPACA) or health care reform into law March 2010, many District of Columbia residents have seen changes. The law placed comprehensive health insurance reforms that will hold insurance companies more accountable, lower health care costs, guarantee more health care choices and enhance the quality of health care for all Americans. It was intended to provide greater access to quality affordable health care for all.



### **For all Washingtonians:**

Whether you currently have health care insurance or not, by 2014, additional benefits and added consumer protections will make all health insurance plans better. These provisions include:

- No more lifetime caps or unreasonable annual caps on the dollar value of benefits
- Guaranteed renewability of health insurance coverage regardless of health status, utilization of health services, or any other related factors
- Keeping dependent children on health plans until age 26
- Coverage can never be revoked when you are too sick. It can only be revoked in clear cases of fraud and misrepresentation.
- All health insurance plans, public and private, will be required to cover ALL PREVENTATIVE CARE—including immunizations—with no co-payment.

The bottom line is that the new law finally gives you the peace of mind that if you lose your job, move, or have a pre-existing condition, you are not going to lose your health insurance and be left out in the cold.

### **For those who currently have health insurance:**

For individuals and families who currently have health insurance coverage, your health insurance has already gotten better because:

- Insurance companies can no longer deny coverage to children with pre-existing conditions

- Insurance companies can no longer drop your coverage if you get too sick or need more intensive care.
- Insurance companies can no longer put a cap on the amount of health care you can receive throughout your life
- Parents can keep children on their health insurance plans up to their 26th birthday.
- If you like the health insurance that you and your family currently have, you can keep it. Nothing in the law forces you to give up or alter your existing coverage if you are satisfied. If you are looking for a new health care plan, you will be able to purchase it through the D.C. Health Care Exchange in 2014 (see section on “*D.C. Health Care Exchange*” for more information).

### **For those who are currently on Medicare:**

For seniors who currently have health care coverage through Medicare, your coverage has already gotten better because:

- All preventative care (including wellness visits and personalized prevention plan services) is now 100 percent covered by Medicare. That means no more co-pays for these services
- The new law reduces drug costs by closing the Medicare Part-D “donut-hole” that leaves many Medicare beneficiaries without assistance to purchase prescription drugs when they need it most. This year, a 50 percent rebate will be available on all name brand medication for those in the donut hole, gradually being phased out entirely by 2020

To be clear, the new law does not reduce Medicare benefits in any way, shape or form. The Medicare program loses billions of dollars a year because of waste, fraud and abuse. The new law targets this by:

- Reducing overbilling by providers
- Cutting down on duplicative paperwork and tests
- Cracking down on abuse from those who fraudulently bill Medicare
- Preventing dangerous hospital readmissions by providing follow up care that will help individuals safely transition home after a hospital stay

### **For those who currently have no health insurance:**

The vast majority of provisions in the new law are targeted to those who have been unable to afford, obtain, or hold onto health insurance.

If you have been denied health insurance recently because of a pre-existing condition, you may be eligible for the new Pre-Existing Condition Insurance Plan (PCIP) being offered by the U.S. Department of Health and Human Services (DHHS). For more information, please call (800) 220-7898 or log-on to [www.pciplan.com](http://www.pciplan.com) to learn more and fill out an enrollment application. In 2014, no insurance plan will be permitted to deny any individual health insurance because of a pre-existing condition. The PCIP is being offered as a temporary measure before the D.C. Health Care Exchange is initiated in 2014.

The centerpiece of the new law is the establishment of state-based health insurance exchanges that will enable those without health insurance to join together in a larger risk pool to purchase private health insurance at affordable prices. To assist those who need it, federal tax credits will be available for the cost of premiums and co-pays (see section on “D.C. Health Care Exchange” for more information).

### **If you are a small business owner:**

If you are the owner of a small business with 25 employees or less, you are currently eligible for tax credits of 35 percent toward the cost of premiums for providing your employees coverage. By 2014, those

credits will go up to 50 percent. There are several incentives for small business owners to provide coverage for their employees, but if you employ less than 50 people, you are exempt from all employer mandates contained in the new law.

Starting in 2014, small business owners will be able to purchase group health insurance plans through the D.C. Health Care Exchange. The Exchange will allow you to get much more competitive rates on group plans. Small business owners are currently charged an average of 18 percent more than big businesses for identical health plans (see section on “*D.C. Health Care Exchange*” for more information).

The new law explicitly exempts income actively earned by individuals running a small, closely-held business. This exemption is available because of a slight increase in taxes on the investments of individuals making over \$200,000 a year or more and couples making \$250,000 or more.

### **D.C. Health Care Exchange:**

Beginning 2014, Washington D.C. will have established the D.C. Health Care Exchange. This will be a one-stop shop for individuals and small business owners to purchase affordable (and in many cases), subsidized health insurance coverage. Currently individuals and small businesses that need to purchase coverage on their own are forced to pay exorbitant prices since they cannot exert the purchasing power of a large group or company. The D.C. Health Care Exchange will enable these individuals and small businesses to join together in a larger risk pool to purchase health insurance coverage at affordable prices.

Health insurance plans offered in the Exchange will be:

- Accredited for quality
- Present benefit options in a standardized manner for easy comparison
- Accessible through one simple enrollment form.

In this new marketplace, private insurance companies will compete for your business based on cost and quality and they will be held to the same standards as insurance offered through large employers.

Individuals and small businesses will also be eligible for tax credits to reduce the cost of coverage. These credits will be offered to individuals and families at or below 400 percent of the federal poverty level (approximately \$88,000 per year and below for a family of four) and small businesses.

### **For More Information**

*The District of Columbia Department of Insurance, Securities and Banking (DISB) is the District of Columbia’s regulator for the financial-services industry, and it has been working on the implementation of the new health care reform legislation. The agency also works for consumers to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information that helps consumers spot, stop, and avoid fraud. **To learn more about health care reform, file a complaint or to get free information on consumer issues, visit [www.disb.dc.gov](http://www.disb.dc.gov) or call (202) 727-8000.***

*For more information on the D.C. Health Care Exchange or anything else related to the 2010 health reform law, please visit [www.healthreform.dc.gov](http://www.healthreform.dc.gov)*