

Landmark Health Care Reform Legislation Becomes Law

The Community Health Care Association of New York State supports the health care reform legislation that President Obama has signed into law. Below are a series of links with additional information.

- Click [here](#) to view the message on health care reform from NACHC's CEO, Tom Van Coverden.
- Click [here](#) for CHCANYS' statement regarding the legislation.
- Click [here](#) to see media coverage on response to the legislation by New York community health centers.

When you combine the fixes and the original healthcare reform signed into law by the President, there is a lot of good news for health centers, including:

- \$11 billion in new funding for the health center program over the next five years: \$9.5 billion for expansion of the health center program and \$1.5 billion to help current FQHCs expand and improve existing facilities as well as construct new sites.
- An additional \$1.5 billion for the National Health Service Corps to place an additional 15,000 primary care providers in communities that need physicians.
- Expansion of eligibility for the Medicaid program in FY 2014 to include people making 133% of the Federal Poverty Level. This will insure more than 600,000 Pennsylvanians.
- A requirement that health centers receive no less than their Medicaid PPS rate from private insurers offering plans through the to-be-created health insurance exchanges.
- Addition of all preventive services to the FQHC Medicare payment rate.
- Elimination of the Medicare cap on FQHC payments.

Besides the provisions that directly impact community health centers, the legislation has many other provisions that will have an impact on the healthcare system. Of course, there are too many provisions to be listed, but here are some of the major provisions to give you a sense of the overall scope of the law:

- Starting in 2014, most Americans will be mandated to have insurance coverage or pay a fine for not having coverage. Exemptions can be granted for those with financial hardships.
- Businesses that have more than 50 employees will have to provide coverage for their employees or pay a \$750 fine to the federal government for every employee who would qualify for government subsidies to help cover the cost of these people buying their own health insurance plans. Companies with fewer than 50 employees are exempt. However, companies with fewer employees automatically become eligible for tax credits up to 35% of the cost the company assumes for insuring its workers. In 2014, this tax credit increases to 50% of the cost of the insurance.
- People making between 134 and 400 percent of the Federal Poverty Level will receive a credit from the government, based on a person's income, to help cover the costs of purchasing insurance.
- The government will regulate health insurance exchanges that will operate in every state and all insurance companies participating in these exchanges will have to meet federal guidelines. Some of the guidelines include not allowing illegal immigrants to buy insurance through the exchange, the plans must provide a minimum level of coverage, the insurance companies spend 80% of their premiums on actual healthcare, and plans cannot have a cap on the level of costs each plan will cover.

- Starting immediately, health insurers cannot deny insurance coverage to children because of preexisting conditions. In 2014, insurers cannot deny insurance coverage to adults because of preexisting conditions.
- In 2010, seniors who go into the Medicare "donut hole" with their prescriptions will receive a \$250 rebate from the federal government. They will also receive a 50% rebate on brand-name drugs that will increase to 75% in future years. The donut hole will be completely phased out by 2010.
- Children through age 26 can be carried on their parents' insurance plan.
- A temporary high risk insurance pool will be established immediately to cover adults with preexisting conditions. This is eliminated in 2014 and is replaced by the exchanges.
- There are a number of different taxes or fees that are imposed to help pay for the plan. Starting in 2018, taxes will be placed on so-called "Cadillac" insurance plans that cost more than \$10,200 per individual or \$27,500 per family. In 2013, Medicare payroll taxes will increase by 0.9% for individuals making more than \$200,000 and couples making more than \$250,000. Taxes will also be placed on pharmaceutical manufacturers, health insurers, medical device manufacturers, and indoor tanning facilities to help pay for the cost of the plan.
- The government will cut payments to Medicare Advantage plans as a way to try and increase cost savings.
- The Congressional Budget Office projects the bill will cost \$938 billion over the next ten years. However, if you factor in the taxes on the so-called "Cadillac" insurance plans and the penalty payments for individuals and employers who do not have or do not provide insurance, the cost drops to \$794 billion over ten years. It is expected that the enactment of healthcare reform will also reduce the deficit by \$138 billion over the next ten years and by more than \$1.2 trillion over the next twenty years.