

US health care reform bill: the facts

The US House of Representatives has approved a sweeping \$940 billion health care reform bill.

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The legislation aims to extend coverage to 32 million uninsured people.

Here is what to expect if the Senate passes the House's changes and President Barack Obama signs the entire package into law:

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Within the first year:

* Insurance companies will be barred from dropping people from coverage when they get sick. Lifetime coverage limits will be eliminated and annual limits are to be restricted.

* Insurers will be barred from excluding children for coverage because of pre-existing conditions.

* Young adults will be able to stay on their parents' health plans until the age of 26. Many health plans currently drop dependents from coverage when they turn 19 or finish college.

* Uninsured adults with pre-existing conditions will be able to obtain health coverage through a new program that will expire once new insurance exchanges begin operating in 2014.

* A temporary reinsurance program is created to help companies maintain health coverage for early retirees between the ages of 55 and 64. This also expires in 2014.

* Medicare drug beneficiaries who fall into the "doughnut hole" coverage gap will get a \$250 rebate. The bill eventually closes that gap which currently begins after \$2,700 is spent on drugs. Coverage starts again after \$6,154 is spent.

* A tax credit becomes available for some small businesses to help provide coverage for workers.

* A 10 per cent tax on indoor tanning services that use ultraviolet lamps goes into effect on July 1.

In 2011:

- * Medicare provides 10 per cent bonus payments to primary care physicians and general surgeons.
- * Medicare beneficiaries will be able to get a free annual wellness visit and personalized prevention plan service. New health plans will be required to cover preventive services with little or no cost to patients.
- * A new program under the Medicaid plan for the poor goes into effect in October that allows states to offer home and community based care for the disabled that might otherwise require institutional care.
- * Payments to insurers offering Medicare Advantage services are frozen at 2010 levels. These payments are to be gradually reduced to bring them more in line with traditional Medicare.
- * Employers are required to disclose the value of health benefits on employees' W-2 IRS forms.
- * An annual fee is imposed on pharmaceutical companies based on market share. The fee does not apply to companies with sales of \$5 million or less.

In 2012:

- * Physician payment reforms are implemented in Medicare to enhance primary care services and encourage doctors to form "accountable care organizations" to improve quality and efficiency of care.
- * An incentive program is established in Medicare for acute care hospitals to improve quality outcomes.
- * The Centers for Medicare and Medicaid Services, which oversees the government programs, begin tracking hospital readmission rates and puts in place financial incentives to reduce preventable readmissions.

In 2013:

- * A national pilot program is established for Medicare on payment bundling to encourage doctors, hospitals and other care providers to better coordinate patient care.
- * The threshold for claiming medical expenses on itemized tax returns is raised to 10 per cent from 7.5 per cent of income. The threshold remains at 7.5 per cent for the elderly through 2016.
- * The Medicare payroll tax is raised to 2.35 per cent from 1.45 per cent for individuals earning more than \$200,000 and married couples with incomes over \$250,000. The tax is imposed on some investment income at a rate of 3.8 per cent for that income group.
- * A 2.9 per cent excise tax is imposed on the sale of medical devices. Anything generally purchased at the retail level by the public is excluded from the tax.

In 2014:

- * State health insurance exchanges for small businesses and individuals open.
- * Most people will be required to obtain health insurance coverage or pay a fine if they don't. Healthcare tax credits become available to help people with incomes up to 400 per cent of poverty purchase coverage on the exchange.
- * Health plans no longer can exclude people from coverage due to pre-existing conditions.
- * Employers with 50 or more workers who do not offer coverage face a fine of \$2,000 for each employee if any

worker receives subsidized insurance on the exchange. The first 30 employees aren't counted for the fine.

* Health insurance companies begin paying a fee based on their market share.

In 2015:

* Medicare creates a physician payment program aimed at rewarding quality of care rather than volume of services.

In 2018:

* An excise tax on high cost employer-provided plans is imposed. The first \$27,500 of a family plan and \$10,200 for individual coverage is exempt from the tax. Higher levels are set for plans covering retirees and people in high risk professions.