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Frequently Asked Questions About Health Care Reform

Updated January 2011

Q: When will I get the benefits of the health care reform act?

A: *Many of the benefits have already taken effect. When you will get the benefits depends upon when your health care plan year begins. The benefits below are effective for plan years beginning on or after September 23, 2010. Most plans are "calendar year plans" which means that these changes became effective January 1, 2011, but some plans begin on different months which make the effective date earlier or later.*

- ***No Lifetime Limits**: Insurers can no longer limit the total dollar amount they will pay over a person's lifetime. Some plans have included a "lifetime maximum," after which the insurer would stop paying claims. This forced some policy holders with chronic, life-long diseases to pay the remaining costs out of pocket or to stop receiving care.*
- ***No Rescinding Insurance**: Insurers may no longer rescind the insurance of policy holders when they get sick. Some insurers had withdrawn coverage from people who developed costly or chronic illnesses, claiming that the sick person had defaulted by making some error – often a miniscule one like a typo -- when filling out insurance forms.*
- ***Coverage Extended for Young Adults**: Young adults may be covered by their parent's insurance until age 26 if the young adult's employer does not offer insurance. Typically, insurers had stopped covering children when they reached age 18 or when they reached 21 if they were full-time students.*
- ***No Refusing Coverage to Children**: Insurers may no longer refuse to cover children with pre-existing conditions. (Everyone receives this benefit beginning in 2014)*

- ***No More Limits for Essential Benefits****: Insurers may no longer set an annual limit for the amount they will pay for certain benefits considered essential. These "annual maximums," that leave the policyholder on the hook for costs after the maximum is exceeded, will be eliminated entirely in 2014. For now, essential benefits include:*
    - *Ambulatory patient services,*
    - *Emergency services,*
    - *Hospitalization,*
    - *Maternity and newborn care,*
    - *Mental health and substance use disorder services, including behavioral health treatment,*
    - *Prescription drugs,*
    - *Rehabilitative services and devices,*
    - *Laboratory services,*
    - *Preventive and wellness services and chronic disease management, and*
    - *Pediatric services, including oral and vision care.*

Q: I heard that I my preventative care services will be 100% covered – when will that happen?

A: *"Grandfathering" determines the effective date of some new benefits such as 100% coverage of preventative care, elimination of referrals, free choice of primary care doctors, and coverage of ER services without prior authorization. A plan is "grandfathered" if it existed on March 23, 2010. Grandfathered plans do not have to provide these benefits until they lose their grandfathered status. Grandfathered status can be lost in numerous ways including significant increases in co-insurance and co-payments. Many plans are expected to lose grandfathered status over approximately the next 5 years. Non-grandfathered plans are those that were created after March 23, 2010. If you do not know whether your plan is grandfathered, you should contact your insurance provider to ask.*

Q: My child is 24 years old, is not a full time student, and is married and does not live with me. Will she be eligible for coverage under my health care plan?

A: *The Act requires insurers to extend a parent's coverage to young adult children up to age 26 if no coverage is offered by the young adult's employer, even if the young adult no longer lives with his or her parents, is not a dependent on a parent's tax return, or is no longer a student (beginning in 2014, coverage will be extended to those with an offer of employer coverage). This benefit is effective for plan years beginning on or after September 23, 2010 (most plans are "calendar year plans" which means that this change became effective January 1, 2011).*

Q: Will these changes to my health insurance plan cause my health care costs to go up?

A: *It is difficult to predict how much the requirements of health care reform will affect the cost of any individual health care plan. Reliable employee benefits experts project that costs generally will increase initially by 4-6% above and beyond increases attributable to inflation. In the past, year after year, insurers have increased premiums at rates much higher than inflation while providing no new benefits. In fact, all too often, insurers hiked prices and reduced coverage. Under the health care reform law, however, insurers must provide many new and valuable benefits in exchange for a modest cost increase. For the policy holder, these benefits include coverage for children up to age 26, an end to lifetime maximums, and no limits on annual maximums for essential benefits.*

Q: I've heard that beginning next year my employer will be required to report my healthcare benefits as income on my W-2 form and I will be taxed on my health care benefits. Is that true?

A: *NO! It is true that your employer will be required to report the dollar value of your health care benefits on your 2012 W-2 form in anticipation of the excise tax that will begin to apply to some plans in 2018, but you will not be taxed on the dollar value of your benefits. Beginning in 2018, insurers will be taxed on the cost of plans above a certain level. Your union will continue to work to make sure that the insurers do not pass along the cost of the excise tax to you and your family. (The threshold level is $10,200 for individual coverage and $27,500 for family coverage. The thresholds will be higher for retired individuals age 55 and older who are not eligible for Medicare and for employees engaged in high-risk professions. And the thresholds will be adjusted for inflation beginning in 2020, and may also be adjusted upwards if health care costs increase more than expected prior to implementation of the excise tax in 2018.)*

Q: I'm a retiree. What impact will health care reform have on my benefits?

A: Unfortunately, "retiree only" plans are exempt from all of the health reform provisions listed under the first question, including the bans on lifetime and annual dollar limits. Whether your plan is a "retiree only" plan will be determined by your plan sponsor, so you should contact your plan for more information. Even so, the health care reform law provides some important benefits for retirees. It helps retirees younger than age 65 by creating a temporary reinsurance program to help VEBAs and employers offset the costs of providing healthcare benefits for retirees age 55-64. The reform also helps Medicare beneficiaries by providing full coverage for preventative screenings and reducing the "donut-hole" for prescriptions; $250 checks are being sent to senior citizens to begin closing the "donut hole" in their Medicare prescription coverage when they must pay out of pocket for their drugs.

Q: If I lose my job, will health care reform make it easier for me to get coverage?

A: *It should, but not immediately. Health care reform requires states to establish health insurance exchanges from which individuals may purchase insurance more easily and more cheaply than they can now. But these will not start until 2014, and these may vary from state to state.*

Q: Can my company just stop providing insurance?
A: *Employers with collective bargaining agreements calling for health insurance as a benefit can't violate the terms of the agreement and unilaterally terminate health insurance for active employees. Companies without collective bargaining agreements may stop providing insurance. But the new law provides a disincentive – a substantial tax penalty for large companies that drop coverage.*

For more information, please visit our online tool kit at www.usw.org/healthcare. You can also find information in USW@Work and in various USW memos. Contact your staff representative for details.