



Making Coverage Affordable

The *Patient Protection and Affordable Care Act* and the *Health Care and Education Reconciliation Act* will lower costs, improve choices and competition and offer assistance to ensure that Americans can afford health insurance.

Cap on Total Out-of-pocket Spending

✓ Out-of-Pocket Limit

- Places a cap on what insurance companies can require individuals to pay in out-of-pocket expenses, such as co-pays and deductibles. This will ensure that Americans are not forced to file bankruptcy due to high health care costs.
- Eliminates lifetime limits on how much insurance companies cover if you get sick and regulates plans' use of annual coverage limits until 2014, when they are prohibited.

Assistance with Health Care Costs

✓ Premium Assistance Tax Credits

- Effective 2014, premium assistance tax credits will limit the amount an individual spends on their health care premium for the essential benefits package from two percent at 100 percent of the Federal Poverty Level (FPL) to 9.5 percent of income at 300-400 percent of the FPL. The amount of the credit is tied to the premium of the second-lowest cost (silver) plan in each area.

✓ Cost-sharing Reductions

- Provides credits to reduce the amount of cost-sharing for lower-income individuals. Their annual out-of-pocket limits would be a fraction of the standard amount: one-third for those with income below 200 percent of the FPL, 50 percent for those with income from 200 to 300 percent of the FPL, and two-thirds for those with income from 300 to 400 percent of the FPL.

Keeping Premium Costs Down

✓ Lower Premiums

- State-based Exchanges will help eligible individuals and small employers compare and purchase health care coverage at competitive prices online.

✓ Notification and Justification of Premium Increases

- Insurers will be required to publicly disclose the amount of any premium increase prior to the increase taking effect, and to provide a justification for the increase. This will limit the industry's current practice of hiking up insurance rates in order to push less healthy individuals and small businesses off their rolls.
- A health insurer's participation in the Exchanges will depend on its performance. Insurers that jack up their premiums before the Exchanges begin will be excluded – a powerful incentive to keep premiums affordable.

✓ Information about Insurance Plan Expenditures, and a Rebate to Assure Value

- Each year, insurers will report the percentage of Americans' premiums they spend on items other than health care costs, such as bureaucracy, marketing, or executive compensation.

- Starting January 1, 2011, Americans will receive a rebate if their health insurer's non-medical costs exceed 15 percent of premium costs in the group market or 20 percent in the small group and individual market.

Access to Medicaid Benefits

✓ Expansion for Lowest-income Individuals

- To ensure that low-income individuals and families receive the benefits they need, effective 2014, individuals and families with income at or below 133 percent of poverty (\$14,403 for an individual in 2010) will be eligible for Medicaid, regardless of the state in which they live.
- Individuals and families who are eligible for Medicaid will not have to pay premiums to enroll and are subject to only nominal cost-sharing requirements.