

# Changes coming to health coverage in 2014

## FACT SHEET



### New improvements in health insurance

**The Patient Protection and Affordable Care Act is the federal law passed in 2010 to provide affordable health insurance to more Americans.**

The historic law will change the way health insurance companies provide coverage as well as the way consumers purchase coverage. This Fact Sheet highlights a few of the major changes happening in health insurance.

### Important changes and protection for consumers

#### Increased Access to Health Insurance.

The Affordable Care Act establishes state marketplaces, where individuals and small businesses can shop for health insurance online, in person or by phone. These marketplaces will help make health insurance much more affordable and easier to get. California's marketplace, Covered California™, will provide millions of Californians with access to a range of health insurance plans available for purchase.

**Affordable Coverage and Financial Support.** Covered California will help individuals and families with low to moderate incomes determine if they qualify for federal financial assistance that will reduce the cost of health insurance or if they qualify for Medi-Cal. Many small businesses also will be able to provide employee health insurance using federal tax credits to reduce premium costs.

**Consumer Protections.** All health insurance plans (except most sold before March 10, 2010) now must cover you and your family even if you

have a pre-existing health condition such as diabetes or asthma. Your insurance cannot be dropped if you get sick. You also cannot be denied coverage if you make an honest mistake during the application process.

**Expanded Coverage.** The Affordable Care Act strengthens Medicare, Medicaid (Medi-Cal in California) and other vital programs for millions. In addition, those who have not yet turned 26 and whose parents have health insurance can now be covered under their parents' plan.

**Penalties for No Coverage.** Starting in January 2014, most people over age 18 will be required to have public or private health insurance or pay a financial penalty. The penalty will be phased in over three years and becomes increasingly more costly. In 2014, the penalty will be 1 percent of annual income or \$95, whichever is greater.



By 2016, the penalty will be 2.5 percent of income or \$695, whichever is greater.

**Business Requirement.** Employers with 50 or more full-time equivalent employees that do not offer affordable insurance or offer coverage that does not meet minimum standards will be subject to penalties starting in 2014. Businesses with 50 or fewer full-time equivalent employees that do not provide health coverage do not face a penalty but are encouraged to consider affordable employee coverage options offered through Covered California.

These changes to health insurance are designed to encourage accountability, transparency and — above all else — make sure consumers get the care they need. Covered California can answer your questions about these new rules.



## Key changes for health plans

The Affordable Care Act requires that health plans or insurers change some of their practices. At the same time, it preserves the consumers' rights to keep the coverage they already had before the law was passed.

Under the Affordable Care Act, all newly sold health plans must meet certain standards.

- **Rate Increase Rules.** The insurers must justify premium increases. Insurance companies are required to spend 80 percent of premium dollars on quality health care, not administrative costs like salaries and marketing.
- **No Lifetime Limits.** Insurers are not allowed to set a maximum dollar amount they will pay for key health benefits during your lifetime.
- **Preventive Care.** All new health plans must cover preventive care and medical screenings like mammograms and colonoscopies, as well as women's services such as breast-feeding support, contraception and domestic violence screening. Insurers cannot charge copayments, coinsurance or deductibles for such services.

## Those individuals and small businesses who will be using Covered California to purchase health insurance will benefit from the additional requirements of all newly sold health plans.

• **Essential Health Benefits.** Newly sold health plans must cover services that fall into these 10 categories of Essential Health Benefits:

- o Ambulatory patient care
- o Emergency service
- o Hospitalization
- o Maternity and newborn care
- o Mental health and substance abuse disorder treatment
- o Prescription drugs
- o Rehabilitation and habilitation services and devices
- o Lab services
- o Preventive and wellness services and chronic disease support
- o Pediatric services, including dental and vision care

• **New Tools to Choose.** Covered California insurance plans will be grouped by cost and value, using standardized information so you can make apples-to-apples comparisons among plans, see your expected costs more easily and get the coverage you need.

There will be four basic levels of coverage: platinum, gold, silver and bronze. As the coverage goes up, so does the monthly premium payment but your cost when you receive medical care is usually lower. You can choose to pay a higher monthly cost so that when you need medical care, you pay less. Or you can choose to pay a lower monthly cost so that when you need medical care, you pay more. You have the choice.

These changes to health insurance are designed to give consumers protections and help them stay healthy.



[CoveredCA.com](http://CoveredCA.com)

Covered California is the new online "marketplace" that will make it simple and affordable to purchase high-quality health insurance and get financial assistance to help pay for insurance.