



### **About CHCF**

The California HealthCare Foundation (CHCF), an independent philanthropy founded in 1996 and based in Oakland, works to improve health care in California by promoting innovation in care and access to information so that people can get the care they need, when they need it, at a price they can afford. From its inception, CHCF's strategy has been one of engagement, collaboration, and partnership with key health care players in state and local government, employers, providers, consumer groups, patients, and other foundations. To help amplify its impact, the Foundation now focuses most of its grantmaking in four areas: Better Chronic Disease Care; Innovations for the Underserved; Market and Policy Monitor; and Health Reform and Public Programs Initiative.

A key objective of the Health Reform and Public Programs Initiative is to inform policymakers, the health care community, and the public about approaches to expanding public and private coverage. Through a combination of published reports, legislative briefings, and technical assistance to state health care decisionmakers, CHCF will provide timely data and analysis to help inform policymakers of actions needed to realize health reform implementation in California.

**Teri Boughton, M.H.A.**  
**Senior Program Officer**  
**Health Reform and Public Programs Initiative, CHCF**

Teri Boughton is a senior program officer for state health policy for the Foundation's Health Reform and Public Programs Initiative. Based in Sacramento, Boughton works as the Foundation's liaison to policymakers, sharing information on policy developments and market trends and supporting statewide efforts to expand access to affordable care and coverage.

Boughton was most recently senior program officer in the Foundation's Market and Policy Monitor program. She has more than 15 years of experience in the legislative and executive branches as well as at the local government level. Boughton has managed major health initiatives for the Governor's office and the Legislature. Prior to joining CHCF, she was the chief consultant to the state Assembly Health Committee and earlier served as the associate secretary for legislation and programs at the California Health and Human Services Agency. Boughton received a bachelor's degree in sociology from San Jose State University and a master's of health administration from the University of Southern California.

### **Links to Health Care Reform Resources:**

#### **The Affordable Care Act: What Californians Should Know**

<http://www.chcf.org/~media/Files/PDF/A/AffordableCareActWhatCASHouldKnow.pdf>

#### **Insurance Provisions of the Affordable Care Act: An Implementation Timeline for California**

<http://www.chcf.org/~media/Files/PDF/A/AffordableCareActTimelineForCA8x11.pdf>

#### **Implementing National Health Reform in California: Changes to Public and Private Insurance**

<http://www.chcf.org/~media/Files/PDF/I/ImplementingNationalHealthReformInCA.pdf>

# The Affordable Care Act: What Californians Should Know

May 2010

Signed into law in March 2010, the federal legislation known as the Affordable Care Act is designed to make it easier for millions of Americans to obtain, pay for, and keep the coverage they need. After the law is fully implemented in 2014, estimates are that 94 percent of Californians will be insured, either through their employer, a new exchange market, or expansions to public benefit programs. This guide is intended to orient California consumers to the coming changes in the coverage landscape, the key reforms the law contains, and what their options will be once all the pieces are in place.

## Highlights of the Law

### Bars insurers from:

- Denying coverage because of pre-existing medical conditions.
- Dropping the coverage of people who become sick.
- Charging higher premiums because of health issues.

### Requires large employers to:

- Provide health insurance, or be subject to potential penalties.

### Encourages small employers to:

- Provide coverage in exchange for tax credits.





### Requires individuals to:

- Obtain health insurance or pay a penalty, unless they qualify for certain exemptions.

### Allows parents to:

- Extend their health insurance to children up to the age of 26.

## Changes for Californians with No Insurance

Annual Income		Coverage Options	Cost
Individual 	Family of Four 		
Up to \$14,400	Up to \$29,327	<b>Eligible for Medi-Cal.</b> Low-income Californians who are U.S. citizens, as well as most legal immigrants, can enroll in Medi-Cal, the state's Medicaid program.	Copayments of \$1 to \$5 for selected services. A provider may not refuse care if a patient cannot pay for the cost of a visit.
Up to \$43,320	Up to \$88,200	<b>Eligible to buy subsidized private coverage through a new health insurance exchange market.</b> Participating insurers must offer a package of "essential" benefits that covers at least 60% of health care expenses.	Buyer's share of premium may not exceed 2% of annual income at the low end of the earning scale to 9.5% at the top. Yearly limits on out-of-pocket costs also apply.
\$43,321 and above	\$88,201 and above	<b>Required to buy private coverage.</b> Ineligible for subsidy.	Subject to market rates. Individuals who remain uninsured will be liable for penalties of up to 2.5% of their income unless they qualify for certain exemptions.

### What if I'm sick and need coverage before 2014, but no insurer will sell it to me?






Uninsured Californians with health problems may qualify for insurance through a temporary, state-run program at standard market rates, with no lifetime or annual payout limits. Contact the California Major Risk Medical Insurance Program, (800) 289-6574 or [www.mrmib.ca.gov](http://www.mrmib.ca.gov).



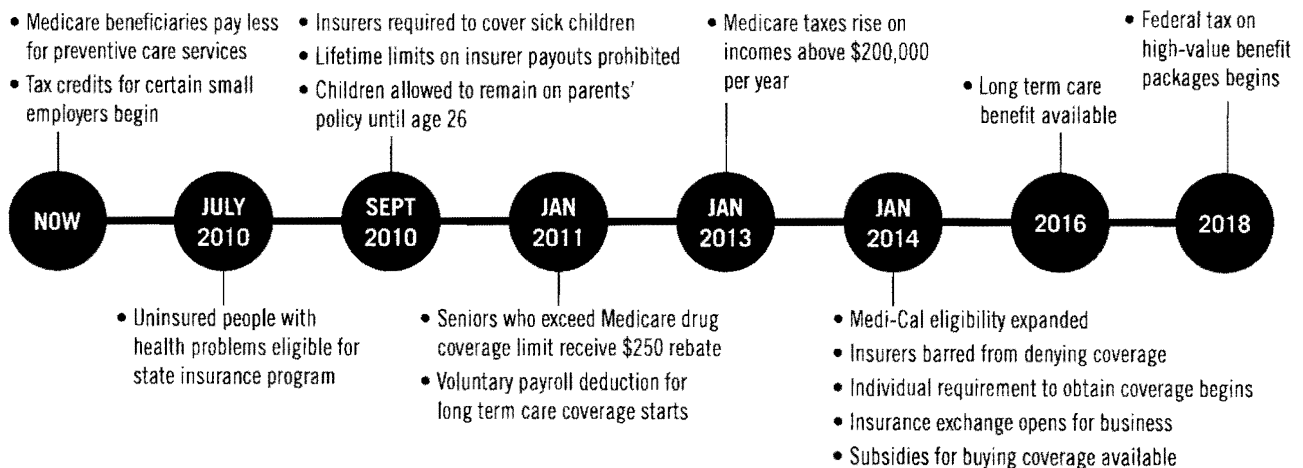
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## Changes for Californians with Insurance

Source of Coverage	Coverage Options 	New Costs and Benefits 
<p>Employer Plan</p> 	<ul style="list-style-type: none"> <li>• <b>Stay in employer plan.</b> If your employer continues to offer coverage, you can keep it.</li> <li>• <b>Shop for coverage through the insurance exchange.</b> Small businesses and people whose employer offers only minimal benefits, or who must pay more than 9.5% of their income in premiums, can look for better options in the exchange.</li> <li>• <b>Participate in long term care insurance.</b> A new payroll deduction will allow employees to qualify for long term care benefits after a five-year waiting period. The program is voluntary; those who do not opt out will be enrolled automatically.</li> </ul>	<p>Lifetime dollar limits on insurance payouts are eliminated.</p> <p>Medicare taxes will increase for individuals with annual incomes above \$200,000, or families earning more than \$250,000.</p> <p>Annual contributions to Flexible Spending Accounts will be capped at \$2,500, and can no longer be used for over-the-counter drugs.</p> <p>Employer-provided insurance valued at \$10,200 or higher (\$27,500 for families) will be subject to federal tax.</p>
<p>Individual Policy</p> 	<ul style="list-style-type: none"> <li>• <b>Keep current plan.</b> If your insurer continues to offer the same coverage, you can renew it. However, new policies must comply with federal minimum coverage standards; older plans that don't meet this test cannot enroll new customers.</li> <li>• <b>Shop for coverage through the insurance exchange.</b> Individuals with incomes below \$43,320 can qualify for federal tax credits to help offset premium costs.</li> </ul>	<p>Lifetime dollar limits on insurance payouts are eliminated. Caps on out-of-pocket costs apply.</p> <p>Medicare taxes will increase for individuals with annual incomes above \$200,000, or families earning more than \$250,000.</p>
<p>Medicare</p> 	<ul style="list-style-type: none"> <li>• <b>Basic benefits and eligibility.</b> No change. All Californians who qualify under today's rules will continue to do so.</li> <li>• <b>Medicare Advantage.</b> Federal subsidies for Medicare Advantage plans will be eliminated, which may cause the private insurers who sell them to cut benefits, reduce enrollment, or raise premiums.</li> <li>• <b>Access to services.</b> Physicians who treat Medicare patients in rural areas, inner cities, and other underserved areas will be paid a 10% bonus, which may make it easier for beneficiaries to obtain care.</li> </ul>	<p>Free annual check-ups and wellness programs, including screening tests.</p> <p>Gaps in drug coverage phased out, beginning with \$250 rebate.</p> <p>Monthly premium payments for drug coverage will increase for individuals with incomes above \$85,000 and households earning more than \$170,000.</p>

### Reform Timeline: When the Changes Happen



### Where to go for more information

Details on the health reform law are available at [healthreform.gov](http://healthreform.gov). General questions can be emailed to [healthreform@hhs.gov](mailto:healthreform@hhs.gov).

# Insurance Provisions of the Affordable Care Act: An Implementation Timeline for California

MOE requirements for adults lifted. State may begin modifying Medi-Cal eligibility levels, standards, and income levels for adults. (1/1/14)

MOE requirements for children lifted. State may begin modifying Medi-Cal eligibility levels, standards, and income levels for children. (1/1/19)

State may pursue Hospitalization Care Integration-Payment Bundling. (1/1/12)

Dual-eligible Special Needs Plans must contract with state. (1/1/13)

## Medi-Cal Expansion

- State must provide Medi-Cal coverage for all individuals under 133% FPL. (1/1/14)
- State must transition children ages 6-18 with family incomes between 100-133% FPL from Healthy Families to Medi-Cal. (1/1/14)

## Changes in Eligibility and Enrollment Rules

- State must apply modified adjusted gross income formula for Medi-Cal and Healthy Families. (1/1/14)

## Enrollment Simplification

- State must implement procedures to simplify Medi-Cal and Healthy Families enrollment. (1/1/14)

## Enhanced Federal Support for Children's Health

- State may transition Healthy Families-eligible children to Medi-Cal or comparable coverage in the exchange. HHS must certify pediatric coverage in the exchange is comparable. (4/1/15)
- Last year of new federal CHIP funding. (9/30/15)
- State will start drawing 88% federal matching funds rate for Healthy Families. (10/1/15)
- State may start enrolling Healthy Families—eligible children in the exchange. (10/1/15)

HHS must award loans and grants for CO-OPs. (7/1/13)

State must possess an operational exchange. (1/1/14)



### ● New Insurance Standards

- HHS must promulgate regulations for health plan quality-reporting requirements. (3/23/12)
- Health plans must provide benefits summary and coverage information to individuals, following a standardized format. (3/23/12)

### ● Temporary High-Risk Pool

- Program ends. (12/31/13)

### ● Temporary Reinsurance Programs

- State must adopt model regulations and establish transitional reinsurance program. (1/1/14)

#### Federal Risk Corridor

- Payment adjustments begin. (1/1/14)

#### Permanent Risk Adjustment

- State must establish permanent risk adjustment program. (1/1/14)

#### New Insurance Standards

Health plans:

- May not impose annual limits on essential benefits. (1/1/14)
- Must sell and continue insurance policies to interested individuals and employers. (1/1/14)
- May not withhold adult coverage due to pre-existing conditions. (1/1/14)
- May not apply waiting periods for coverage in excess of 90 days. (1/1/14)

### ● Federal Risk Corridor

- Federal risk corridor payments end. (1/1/17)

State may create a Basic Health Plan for targeted individuals. (1/1/14)



For more information, visit: [www.chcf.org/healthreform](http://www.chcf.org/healthreform)

**Medi-Cal Expansion**

- State may expand Medi-Cal coverage to a new eligibility group. (4/1/10)
- State must define “benchmark benefits,” including “wraparound” benefits for children.
- State must make changes to state law, amend the Medi-Cal State Plan, and modify application and enrollment systems.

**Changes in Eligibility and Enrollment Rules**

- State must monitor CMS guidance to determine how to implement the modified adjusted gross income (MAGI) formula and its effect upon eligibility for beneficiaries already in the program.

**Maintenance of Effort (MOE)**

- State must maintain Medi-Cal and Healthy Families eligibility levels, standards and procedures.

**Dual Eligible Coverage Coordination**

- State may pursue Home and Community Based Services option. (4/1/10)
- State may pursue new Money Follows the Person Demonstration Projects. (4/22/10)

**Enrollment Standards**

- HHS Secretary to develop interoperable and secure standards and protocols for enrollment in federal and state health and human services programs. (9/23/10)

**Dual-Eligible Coverage Coordination**

- State may pursue health homes for the chronically ill. (1/1/11)
- State may pursue Balancing Incentive Payments. (1/1/11)
- State may pursue Medicaid Community First Choice Option. (10/1/11)

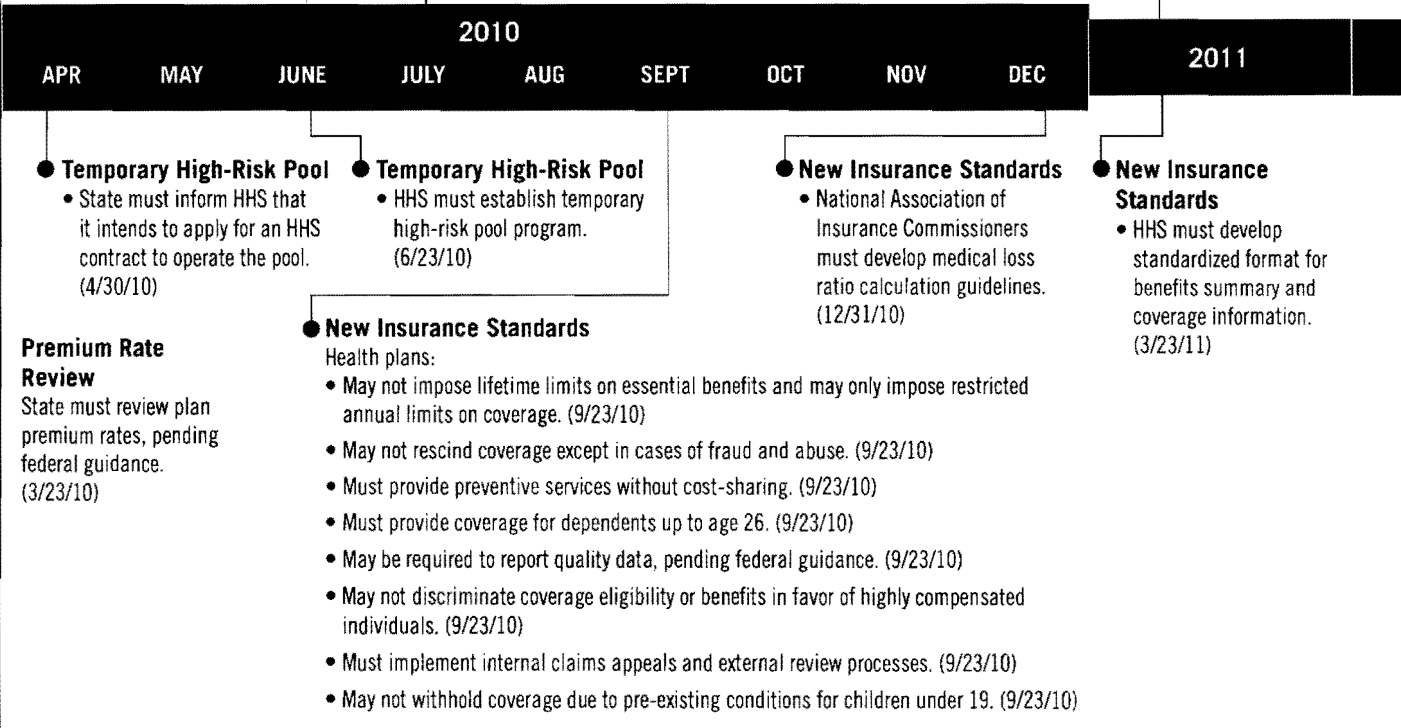
State may be able to get federal support for an existing consumer assistance office or establish a new one, pending federal guidance. (3/23/10)

Comptroller General must appoint CO-OP Advisory Board. (6/23/10)

HHS must establish an Internet portal for consumers to identify coverage options. (7/1/10)

HHS must make available exchange planning grants for the state. (3/21/11)

State must monitor federal guidance around the exchange. (Prior to 2014)



State must monitor federal guidance to determine whether the state will opt to create a Basic Health Plan. (Prior to 2014)