



National Conference of State Legislatures Office of State-Federal Relations
444 North Capitol Street, NW, Suite 515, Washington, D.C. 20001
202-624-5400

NCSL HEALTH REFORM FACT SHEET

KEY PROVISIONS THAT TAKE EFFECT IMMEDIATELY

UNDER SENATE BILL (HR 3590) AS AMENDED BY RECONCILIATION BILL (HR 4872)

INSURANCE REFORMS

PROHIBITS PLANS FROM IMPOSING PRE-EXISTING CONDITION EXCLUSIONS ON CHILDREN—Prohibits health insurers from denying coverage to children with pre-existing conditions. *Effective 6 months after enactment.* (Beginning in 2014, this prohibition would apply to all persons.)

PROHIBITS PLANS FROM IMPOSING LIFETIME LIMITS ON COVERAGE—Prohibits health insurance companies from placing lifetime caps on coverage. *Effective 6 months after enactment.*

PROHIBITS THE IMPOSITION OF RESTRICTIVE ANNUAL LIMITS ON COVERAGE—Tightly restricts new plans' use of annual limits to ensure access to needed care. These tight restrictions will be defined by HHS. *Effective 6 months after enactment.* (Beginning in 2014, the use of annual limits would be prohibited for all plans.)

ELIMINATES CO-PAYMENTS AND DEDUCTIBLES FOR PREVENTIVE CARE UNDER NEW PRIVATE PLANS—Requires new private plans to cover preventive services with no co-payments and with preventive services being exempt from deductibles. *Effective 6 months after enactment.* (Beginning in 2018, this requirement applies to all plans.)

ESTABLISHES A TEMPORARY REINSURANCE PROGRAM FOR EARLY RETIREES—Creates a temporary re-insurance program (until the Exchanges are available) to help offset the costs of expensive health claims for employers that provide health benefits for retirees age 55-64. *Effective 90 days after enactment*

ESTABLISHES A NEW, INDEPENDENT APPEALS PROCESS—Ensures that consumers in new plans have access to an effective internal and external appeals process to appeal decisions by their health insurance plan. *Effective 6 months after enactment.*

ENSURES VALUE FOR PREMIUM PAYMENTS (Medical Loss Ratio)—Requires plans in the individual and small group market to spend 80 percent of premium dollars on medical services, and plans in the large group market to spend 85 percent. Insurers that do not meet these thresholds must provide rebates to policyholders. *Effective January 1, 2011.*

ESTABLISHES AN INTERIM HIGH RISK POOL PROGRAM—Provides immediate access to insurance for Americans who are uninsured because of a pre-existing condition - through a temporary high-risk pool. This program will end when the Health Insurance Exchanges become effective in 2014. *Effective 90 days after enactment.*

EXTENDS COVERAGE FOR YOUNG PEOPLE UP TO 26TH YEAR THROUGH PARENTS' INSURANCE – Requires health plans to allow young people up to their 26th year to remain on their parents' insurance policy, at the parents' choice **regardless of marital status.** **Note:** Language in H.R. 4872 Reconciliation Act of 2010 amends provisions in H.R. 3590 by adding a provision to clarify dependent coverage as it relates to the income definition under the Internal Revenue Code of 1986. This language defines an adult dependent as any child of the taxpayer who as of the

end of the taxable year has not attained age 27. NCSL has requested clarification of the congressional intent due to the differences in the language of the two bills. *Effective 6 months after enactment.*

PROHIBITS DISCRIMINATION BASED ON SALARY—Prohibits new group health plans from establishing any eligibility rules for health care coverage that have the effect of discriminating in favor of higher wage employees. *Effective 6 months after enactment.*

ASSISTANCE TO STATES TO PROVIDE HEALTH INSURANCE CONSUMER INFORMATION—Provides aid to states in establishing offices of health insurance consumer assistance in order to help individuals with the filing of complaints and appeals. *Effective beginning in FY 2010.*

TAX CREDITS

SMALL BUSINESS TAX CREDITS—Offers tax credits to small businesses to make employee coverage more affordable. Tax credits of up to 35 percent of premiums will be immediately available to firms that choose to offer coverage. *Effective beginning calendar year 2010.* (Beginning in 2014, the small business tax credits will cover 50 percent of premiums.)

MEDICARE

BEGINS TO PHASE-OUT THE MEDICARE PART D DONUT HOLE—Provides a \$250 rebate to Medicare beneficiaries who hit the donut hole in 2010. *Effective calendar year 2010.* (Beginning in 2011, institutes a 50% discount on brand-name drugs in the donut hole; also completely closes the donut hole by 2020.)

ELIMINATES CO-PAYMENTS AND DEDUCTIBLES FOR PREVENTIVE CARE UNDER MEDICARE—Eliminates co-payments for preventive services and exempts preventive services from deductibles under the Medicare program. *Effective January 1, 2011.*

HEALTH CARE INFRASTRUCTURE AND WORKFORCE

COMMUNITY HEALTH CENTERS—Increases funding for Community Health Centers to allow for nearly a doubling of the number of patients seen by the centers over the next 5 years. *Effective beginning in fiscal year 2010.*

INCREASING NUMBER OF PRIMARY CARE DOCTORS—Provides new investment in training programs to increase the number of primary care doctors, nurses, and public health professionals. *Effective beginning in fiscal year 2010.*

LONG TERM CARE

CREATES NEW, VOLUNTARY, PUBLIC LONG-TERM CARE INSURANCE PROGRAM—Establishes a national voluntary insurance program for purchasing Community Living Assistance Services and Support (CLASS program), a long-term care insurance program to be financed by voluntary payroll deductions to provide benefits to adults who are actively employed and become functionally disabled. The program allows for an opt-out by employees, and a five year vesting period. *Effective on January 1, 2011.*

NCSL Staff Contacts:

Joy Johnson Wilson, Health Policy Director (Joy.Wilson@ncsl.org)

Rachel Morgan, Senior Policy Specialist (Rachel.Morgan@ncsl.org)