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Win, Lose or Draw: How the New Health Care Legislation Will Affect You

The Patient Protection and Affordable Care Act's sweeping reforms will alter the way every employer does business. The changes brought by this legislation, designed to expand health care coverage to 32 million Americans who are currently uninsured, will cost at least \$940 billion dollars over the next 10 years and bring massive changes to the health care insurance industry. The legislation has varying effective dates -- some provisions taking immediate effect, while others have effective dates between 2011 and 2018.

Below are summaries of some of the most significant provisions of the bill.

1. State Insurance Exchanges - Uninsured individuals, self-employed individuals and some employers may purchase insurance through state-based exchanges. These exchanges will be subsidized by the federal government and will essentially be a marketplace for insurance in each state. Individuals may also be eligible for a federal subsidy if that individual (or family) earns between 100 and 400 percent of the poverty level (currently \$22,050 for a family of four).
2. Changes Regarding Pre-Existing Conditions - Beginning six months after the bill's passage, insurance companies may no longer deny children coverage based on a pre-existing condition. Starting in 2014, insurance companies may not deny coverage to anyone based on a pre-existing condition.
3. Changes Regarding Covered Dependents - For plans that have a year beginning at least six months after the enactment of the Act, insurance companies must allow dependent children covered by their parents' insurance plans to remain covered until the age of 26.
4. Individual Insurance Mandate - By 2014, nearly every individual (with a few minor exceptions based on income) must purchase health insurance or face a fine of the greater of \$695 per person (max of \$2,085 per family), or 2.5 percent of the household income. The fine will first be enforced in 2014, will begin at \$95 per person (or 1 percent of the household income), and will increase to the \$695/2.5 percent level in 2016.
5. Employer Insurance "Mandate" - Beginning in 2014, most employers with 50 or more employees must provide them insurance coverage, or face a fine of \$2,000 for some employees. If an employee earns four times or less of the national poverty level (about \$40,000 or less), and the employer's plan costs more than 8 percent of their income level, the employee can opt out of their employer's plan, and the employer must provide the employee with a voucher paying them the equivalent of the amount the employer pays for coverage. Another employer insurance mandate requires that employers with 200 or more full time employees must automatically enroll new employees in one of their plans, giving the employee the option to opt out.
6. Small Employer Tax Credits - Small businesses may receive a tax credit of up to 35 percent of their paid premiums if they offer health care coverage to their employees. This provision will apply to companies with less than 25 employees whose average yearly wages are less than \$50,000. This tax credit will exist from 2010 through 2013.

7. Breastfeeding Time Covered by FLSA - The legislation amends the Fair Labor Standards Act by requiring that employers provide "reasonable" unpaid breaks for employees to express breast milk for the first year after the child's birth. Such "reasonable" breaks must be provided every time the employee needs to express milk. The Act also requires that employers provide female employees with a private location for these breaks, and this location may not be a bathroom. For employers with less than 50 employees, this provision will not apply if the employer can show that these requirements will cause an undue hardship (such as significant difficulty or expense to the company due to its size or financial resources).
8. Expansion of Medicaid - Beginning in 2014, states will expand Medicaid to most individuals who earn up to 133 percent (about \$29,000) of the federal poverty level. The federal government will provide 100 percent of the cost of covering the new individuals for the years 2014-2016. Illegal immigrants will not be eligible for Medicaid.
9. No Restrictive Annual Limits - Plans that begin six months after the date of the bill's enactment are prohibited from having a lifetime limit on coverage, or a restrictive annual limit, to be determined at a later time.
10. Higher Taxes for High Income Families and Individuals - Beginning in 2013, the Medicare Payroll Tax will expand from 2.9 to 3.8 percent. In addition, for families earning over \$250,000, and individuals earning over \$200,000 per year, the Act includes a 3.8 percent tax on investment income attributable to interest, capital gains, dividends, annuities and royalties.

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