Health Insurance Reform

IF YOU ALREADY HAVE OR PROVIDE COVERAGE

Q-1: What if I like the insurance I purchase for myself and/or my family in the individual market? Will I have to change?

A: If you are an individual who buys your own coverage and have a policy you like, you can keep it. Your coverage would be "grandfathered" and will be considered "qualified coverage" that satisfies the individual mandate. However, if you choose to drop your policy, you will be required to purchase a new plan through the new Exchange unless you are eligible for a financial hardship exception to the individual mandate. Adding a spouse or other new dependent to a policy will not jeopardize the grandfather status of your current plan.

Q-2: What will be the impact on those who are currently covered under a spouse's plan?

A: Obviously, the possible effects on any existing coverage will depend upon the spouse's employer's decisions regarding employee coverage, just as they do now. If the employer is a medium or large employer, they will continue to purchase state-regulated or ERISA-regulated coverage just as he does now. If the employer is a small employer who likes the coverage he currently offers, they can also continue to offer their existing plan. If the firm is small and eligible to participate in the Exchange, the employer will have the option to look for a new plan that might offer more affordable and/or better coverage.

Should an employer decide to stop offering coverage to its employees or their spouses, those affected will then be eligible to purchase insurance from the Exchange and perhaps qualify for the affordability credits.

One final possible impact may also depend on how generous the employer provided coverage is. The approved measure includes a tax on <u>insurers</u> who offer so-called "Cadillac" employer-provided health insurance plans beginning in 2018 as one of the "pay-fors" in the new legislation. As approved, the bill imposes a tax on insurers offering policies costing more than $10,200 and family plans in excess of $27,500. (These thresholds do not include premiums for vision and dental coverage and would be indexed for inflation.) While the tax will be imposed on insurers as a means of encouraging them to moderate costs and offer plans that do not encourage overconsumption of health services, it is reasonable to expect that the cost will be passed along to employers, and potentially to employees.

Q-3: Will I get to keep my doctor?

A: The reform proposals do not impact a physician's ability to pick and choose the insurance programs in which they will participate. If you choose to keep you existing plan or choose a new plan in which your physician participates, you can keep your doctor.

Q-4: If I'm self-employed, will I still be able to deduct the cost of my health insurance premiums?

A: Yes. The reform proposals do not alter the rules governing the deductibility of health insurance premiums by the self-employed.

Q-5: If I already offer my salaried workers health insurance, will I be impacted by the proposed changes?

A: Yes and No. If you are an employer who already offers health insurance to your salaried workers, you may continue to offer the plan you have. Your existing plan is "grandfathered" and you are deemed in compliance with the new employer mandate. You may continue to enroll new employees and terminate those employees who leave the firm without jeopardizing this grandfathered status.

If you are a moderate-sized or large firm with more than 50 employees, you still need to comply with the employer mandate. Hence you will need to offer a policy that meets the definition of what constitutes "qualified coverage" and pay a specified portion of employee premiums. If you drop your coverage or fail to contribute to the cost of employee premiums, you will be required to pay a penalty.

If you are a small employer with 50 or fewer employees, you are not required to offer health coverage. If you purchase your coverage through the SHOP and your business meets certain criteria the firm will be eligible to receive a tax credit for up to six years (four years between 2010-2013, plus two years for years 2014 and after).

Q-6: How might current legislative proposals affect those who are retired? How will these proposals affect Medicare?

A: Medicare is a federal government insurance program that is available to those over the age of 65. While there are changes designed to deal with rising Medicare costs and future shortfalls, NAR has maintained a focus on changes to the private insurance market, where the vast majority of REALTORS® seek insurance coverage. For more information on possible changes to Medicare and effects on retirees, it may prove helpful to look to organizations with more experience and expertise on these matters, such as the American Association of Retired Persons (www.aarp.org).