

*About the National Academy of Elder Law Attorneys (NAELA)*

NAELA, founded in 1987, is a national association of Elder and Special Needs Law attorneys devoted to the education and training of attorneys who can meet the needs of seniors and people with disabilities, and who advocate for the needs of such individuals.

While NAELA Elder and Special Needs Law attorneys work one-on-one with clients in their local areas, NAELA also examines and advocates on national public policy issues facing seniors and people with disabilities in America including long-term health care; planning for retirement; estate planning and probate; guardianship and conservatorship; health care decision making; and elder abuse and neglect.

This informational brochure is provided as a public service and is not intended as legal advice. Such advice should be obtained from a qualified Elder and Special Needs Law attorney.

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# Health Care Reform Law Overview of Major Provisions



National Academy of  
Elder Law Attorneys, Inc.  
*Leading the Way in  
Special Needs and Elder Law™*

Health Care Reform Series

The Patient Protection and Affordable Care Act, a historic national health care reform law was enacted on March 23, 2010 with the goal of expanding and improving the health care of all Americans. The following is an overview of major provisions affecting older adults and people with special needs, which will gradually take effect between now and January 1, 2014.

For more detailed information, see additional NAELA brochures on the law's provisions for Medicaid, Long-Term Care, Medicare, Special Needs, the CLASS Act, and Nursing Home Transparency and Elder Justice.

The health care reform law:

### Insurance Reforms

- Provides immediate assistance to individuals with pre-existing conditions through temporary high-risk pools.
- Allows young adults to continue to receive coverage through their parents' insurance plans until age 26.
- Prohibits insurers from placing lifetime dollar limits on coverage.
- Prohibits insurers from dropping coverage when a beneficiary becomes ill — a practice called rescission.
- Starting in 2014:
  - Sets up insurance “exchanges” in each state to allow individuals and small businesses to compare and purchase insurance plans.
  - Requires insurers to offer coverage and renewal of insurance to individuals regardless of health status and limits premium variation.

- Sets limits on annual out-of-pocket health costs for those with incomes up to 400 percent of the federal poverty level.
- Provides subsidies to eligible individuals and families with incomes between 133–400 percent of the federal poverty level to purchase insurance.
- Expands Medicaid to cover individuals 64 years of age and under with incomes up to 133 percent of the federal poverty level.

### Medicare

- Preserves all of Medicare's guaranteed benefits.
- Provides Medicare beneficiaries who enter the Part D prescription drug “donut hole” coverage gap in 2010 with a one-time \$250 rebate check. Checks will be mailed throughout the year as beneficiaries enter the coverage gap. Individuals will not need to request or apply for the payment.
- In 2011, provides Medicare beneficiaries who reach the “donut hole” with a 50 percent discount when buying Part D-covered brand-name prescription drugs and a seven percent discount when buying generic prescription drugs.
- Gradually closes the Medicare Part D “donut hole” over the next 10 years.
- Starting in 2011, covers free annual physicals and eliminates co-payments and deductibles for preventive care like colonoscopies and mammograms.
- Starting in 2012, lowers payments to Medicare Advantage (MA) plans (i.e., managed care plans) in some parts of the country. As a result, some MA plans may cut optional benefits such as vision and dental, but guaranteed benefits cannot be reduced.

- Provides bonus payments to Medicare Advantage plans that provide high quality services. Plans are required to use some of the bonus to offer additional benefits to beneficiaries.
- Starting in 2014, requires Medicare Advantage plans to spend at least 85 percent of every dollar they receive on health care. (The average in 2008 was 80 percent, down from 95 percent in 1993, and for many insurers can be 70 percent or lower.)

### Long-Term Care

- Establishes the Community Living Assistance Services and Supports (CLASS) program, a national, voluntary long-term care insurance program that will provide a cash benefit to enrollees for the purchase of long-term care services.
- Provides federal funds for states to create programs that allow more older adults and people with special needs to receive long-term care at home instead of in a nursing home.
- Requires federal action to combat elder abuse and neglect.
- Authorizes grants to improve long-term care staffing and training.

### Tax Changes

- Increases the threshold for the itemized deduction for unreimbursed medical expenses from 7.5 percent of adjusted gross income to 10 percent of adjusted gross income for regular tax purposes. This change is a reduction in a tax break that benefits many older adults; however, the law waives the increase for individuals age 65 and older for tax years 2013 through 2016.