

# Health Reform: Seven Things You Need to Know Now



## UNDERSTAND THE NEW HEALTH LAW



Consumer Reports has developed this brief guide to help you understand how the changes brought about by health reform, the Affordable Care Act (ACA) of 2010, will affect you and your

family, now and in the future. Providing easy-to-understand comparative information to help consumers make the best decisions in the marketplace has been the mission of Consumer Reports since our founding 76 years ago.

The ACA keeps in place many parts of the existing private insurance system, but it makes other major changes as well. The Supreme Court has ruled on the constitutionality of the law, upholding all but one important part of the legislation.

It is not surprising that many consumers are confused and are now trying to understand what health reform does, and how it may affect their families. It's crucial for all of us to understand how the law affects our family situations, and also how it changes options for ourselves and our loved ones as circumstances change due to illness, job changes, or aging.

We hope you find this guide helpful, and that you will share it with others. Copies are available for download on our website, at [ConsumerReportsHealth.org/freeguides](http://ConsumerReportsHealth.org/freeguides), and in Spanish at [espanol.ConsumerReports.org/salud](http://espanol.ConsumerReports.org/salud).

As always, we welcome your feedback, your partnership, and your collaboration as we work together to address the concerns of America's health-care consumers.

Jim Guest,  
President  
Consumer Reports

# Health Reform:

**N**ow that the U.S. Supreme Court has ruled to uphold the constitutionality of the Patient Protection and Affordable Care Act, many Americans are wondering how health reform will affect them once it is fully implemented in January 2014.

Typical questions include: If I get my health insurance through my employer or through Medicare,

what, if anything, will change? If I don't have health insurance—or lose mine—how will I be able to find a policy I can afford? And, who is affected by the requirement (known as the “mandate”) that everyone sign up for health insurance?

Health reform will affect every American because the new health law establishes new consumer protections and responsibilities.

*“If we had to pay for our daughter's health-care costs, we would be on the street.”*

— Jamie Thompson, of Harleysville, Penn., who no longer has to worry about approaching a lifetime limit for treating his daughter's cystic fibrosis.



# Seven Things You Need to Know Now

The law is designed to keep in place today's job-based private insurance system and the Medicare system for those over 65 years of age or permanently disabled. Importantly, it provides new ways to obtain insurance for people who today are locked out of the market because of pre-existing conditions or inability to afford insurance.

Even if you have good insurance today it is quite possible these re-

forms will make a difference for you or your loved ones at some point in your lives.

This CONSUMER REPORTS publication is your guide to understanding the law. We can't cover every possible situation or detail, but we highlight the major changes that consumers need to know about to take advantage of the full benefits of health reform come January 1, 2014.



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PHOTO: WILL FIGG



# 1. Available today: New protections & benefits

Whether your health insurance is purchased by you or your employer, the health law has outlawed practices that have left people without health insurance when they need it most. These protections include:

**Curbs on canceling policies.** Insurers can no longer cancel your policy if you get sick, a practice known as “rescission.” They cannot cancel your coverage if you make an honest mistake on your application.

**Rapid appeals.** Consumers can appeal insurance company decisions to an independent reviewer and receive a response in 72 hours for urgent medical situations.

**Ban on lifetime limits.** Major or long-term illness can rack up serious medical bills. Health insurance policies used to set lifetime limits on how much they would pay for an individual’s medical bills. These are now illegal, meaning people with insurance won’t have to get into debt because their coverage runs out.

**Annual dollar limits on their way out.** Insurance companies can still set limits on how much they pay for an individual’s medical expenses each year, but as of September 23, 2012, the law says this limit must be no less than \$2 million. In January 2014, limits will be completely eliminated. **Exceptions:** Insurers can still impose other types of benefit limits like doctor visit limits, prescription limits, or limits on days in the hospital.

## Better Benefits

**Free preventive care and annual checkups.** The law focuses on prevention and primary care to help people stay healthy and to manage chronic medical conditions before they become more complex and costly to treat. New private health plans must cover and eliminate cost-sharing (co-payment, co-insurance, or deductible) for proven preventive measures such as immunizations and cancer screenings. Additional preventive measures



PHOTO: ERIC KAYNE

*“I was excited about seeing a benefit from the Affordable Care Act. I like that the law limits administrative costs. It holds insurance companies accountable for running a successful business that is geared toward the policy holders.”*

— Gilbert Garza, 59, a custom clothier from Houston, Texas, received an \$827 rebate check from his insurer because it hadn’t spent enough money on health care, as required by law.

### DID YOU KNOW?

Because of the new health law, 12.8 million individuals and businesses got back more than \$1.1 billion in rebates in 2012 from insurance companies who underspent on medical care.

for women kicked in August 2012, including free well-woman visits, screening for gestational diabetes, domestic violence screening, breast-feeding supplies, and contraception, all with no cost-sharing. **Exceptions:** Workplaces run by religious organizations that object to birth control do not have to pay for contraception, but insurers must pick up the cost. Existing plans that haven't changed significantly since passage of the law can continue to charge for preventive care until 2014.

#### **Premium rebates if insurers underspend on care.**

The health law says that most insurers must spend at least 80 percent (85 percent for insurers covering large employers) of the premiums you pay on medical care and quality improvements. If insurers spend too much on overhead, such as salaries, bonuses, or administrative costs, as opposed to health care, they must issue premium rebates to consumers each summer.

**Standard disclosure forms.** Starting September 23, 2012, all health plans must use a standardized form to summarize benefits and coverage, including information on co-payments, deductibles, and out-of-pocket limits. Insurers must note any excluded services all in one place. Insurers must also calculate and disclose your typical out-of-pocket costs for two medical scenarios: having a baby and treating type 2 diabetes. Future years will include more coverage examples.

#### **Expanding coverage**

The law makes it easier for some uninsured Americans to find more affordable health insurance right now:

## CHANGES TO MEDICARE

Available now, there are several reforms that will affect seniors, including increased access to preventive care and discounts on the cost of prescription drugs.

**Cheaper drugs.** Older adults who have Part D drug coverage and reach the "donut hole"—the point at which they must start paying the full prescription drug expenses themselves—in 2012 get a 50 percent discount when buying brand name drugs and a 14 percent discount on generic drugs covered by Medicare Part D. The prescription drug coverage gap continues shrinking until disappearing completely in 2020, when only the usual drug co-pays will apply.



#### **Free preventive**

**care.** Seniors no longer need to put off preventive care or yearly check-ups because of cost. Since 2011, they have been eligible for free cancer screenings, wellness visits, personalized prevention plans, vaccines, flu shots, and more.

**Changes to Medicare Advantage.** The law reduces federal payments to Medicare Advantage plans run by private insurers as an alternative to traditional Medicare. In the past, Medicare paid these private insurance companies over \$1,000 more per person on average than spent in traditional Medicare. These overpayments are slowly being reduced, and instead insurers are awarded bonuses for quality. The law also slows the rate of growth in payments to some providers.

For more information about Medicare, visit [Medicare.gov](http://Medicare.gov).

### **Young adults can stay on a parent's plan until age 26.**

Health plans must let young adults remain as dependents on their parent's policy until they turn 26, regardless of whether they live at home, attend school, or are married. **Exception:** Some health plans are not required to extend benefits to young adults if they can get coverage at work; this exception goes away in January 2014.

### **Chipping away at pre-existing condition exclusions.**

In 2014 insurers will no longer be able to deny coverage to people with pre-existing conditions or charge them more for premiums. Meanwhile, the health law offers some temporary help:

- **Adults with pre-existing conditions** who have been without coverage for at least six months may be eligible for subsidized coverage through the temporary Pre-Existing Condition Insurance Plan in their state. (Visit [PCIP.gov](http://PCIP.gov) for information.)

- **Children under 19 with pre-existing conditions** cannot now be denied coverage by most insurers. Until 2014, however, insurers can charge more for premiums than they charge for someone without such conditions. **Exception:** Some individual plans can still refuse to cover a child. This exception goes away in January, 2014.

## 2. Coming in 2014: Overview

Some of the biggest changes resulting from the health law take effect January 1, 2014, with the goal of making affordable health care available for all Americans, regardless of their medical history or ability to pay.

**Most Americans will be required to have health insurance.** As of January 1, 2014, Americans who can afford coverage will be required to purchase health insurance or pay a tax penalty. (See page 8.)

**No more pre-existing conditions denials.** Starting in January 2014, insurers cannot deny coverage to anyone, regardless of pre-existing conditions. And they cannot charge you more because of your gender or more than they charge a healthy person your age. That means you can buy health insurance even if you are seriously ill.

**Online insurance marketplaces.** Beginning January 1, 2014, individuals, families, and small business owners



*"I am excited about the health-care reform act. But I have to get through 2013 first."*

– Tammy Nordstrom, 56, of Crescent, Iowa, who uses almost half of her monthly unemployment benefits to pay for her COBRA health plan.

will be able to shop for health insurance in online marketplaces, similar to travel websites. These marketplaces, also called “exchanges,” will make it possible to easily compare and buy private insurance and determine if you qualify for financial help. The marketplaces will be open for business October 1, 2013, selling coverage that begins January 1, 2014. You may qualify for discounts to help pay for premiums if your income is from \$15,302 to \$46,021 for an individual and \$31,155 to \$93,700 for a family of four. You can also find out if you qualify for extra subsidies to help with out-of-pocket costs or for government programs such as Medicare, Medicaid and the Children’s Health Insurance Plan. (See page 10.)

**More primary care doctors, coordinated care.** With millions more insured Americans on the way, the current national shortage of primary care physicians presents an ongoing challenge to access in the health-care system. The health law has begun to fund training for more primary care physicians and increased resources for community health centers. It also promotes better-coordinated care and increased payment rates for primary care doctors who accept Medicaid or work in rural areas.

**Essential benefits offer minimum level of coverage.** A minimum level of coverage known as essential benefits must be part of plans, effective January 1, 2014. Individual health plans and those sold to small businesses—whether sold in or out of the health insurance exchanges—must offer a comprehensive package of essential benefits. (See page 9.)

**Medicaid expansion assists low income Americans.** Up to 17 million Americans could be eligible for Medicaid. As of January 1, 2014, states that choose to can expand their Medicaid programs to legal residents under age 65 earning less than \$15,302 for an individual and \$31,155 for a family of four. States that opt in will get federal funding to cover 100 percent of the costs for the first three years, then 90 percent thereafter. **Exception:** Medicaid expansion was the one part of the law that changed significantly with the U.S. Supreme Court ruling on June 28, 2012. The Justices said states can refuse to expand Medicaid to all low-income adults without losing all federal funding for existing Medicaid programs. If a state opts out, it may leave some of its poorest residents without coverage. (See page 14.)

## ASK NANCY



### Does the health law cover people who are not legal U.S. residents?

No. The law specifically states that it does not allow federal payments, credits, or cost-sharing for “individuals who are not lawfully present in the United States.”

### Is it true, as a woman in my book club says, that because of health reform if you sell your house you’ll have to pay a federal tax of 3.8 percent of the total sales price?

This idea, which has been circulating in a chain e-mail for a couple of years, is incorrect. Yes, there is a new 3.8 percent tax on unearned income such as dividends, interest, and capital gains beginning with tax year 2013. But:

- 1) The tax applies only to people with high incomes—those with adjusted gross income above \$200,000 for an individual or \$250,000 for a couple.
- 2) For those affected, only a portion of the profit from a home sale, not the total sales price, is subject to the tax. As has been the case for years, the first \$250,000 of profit (\$500,000 for a married couple) is excluded from tax.

According to one analysis, the tax will hit only the top-earning 2 percent of families. So unless you’re in that group, you won’t be affected.

For more details see: [factcheck.org/2010/04/a-38-percent-sales-tax-on-your-home/](http://factcheck.org/2010/04/a-38-percent-sales-tax-on-your-home/)

Read more questions answered by Consumer Report’s health-insurance expert, Nancy Metcalf, at [news.ConsumerReports.org/health/ask\\_nancy/](http://news.ConsumerReports.org/health/ask_nancy/)

Or send your question to Nancy at [asknancy@cro.consumer.org](mailto:asknancy@cro.consumer.org).



# 3. How the “mandate” will affect you

The Supreme Court decision upheld one of the most controversial portions of the health-care law—the “individual mandate,” which requires most Americans to purchase health insurance starting January 1, 2014 or pay a tax if they do not comply.

Notwithstanding the hoopla surrounding the mandate, the mandate will probably concern only about 7.3 million Americans, or 2 percent of the population. That’s because most Americans either already have insurance, are exempt under the law, would qualify for Medicaid, or would use tax credits to buy policies in the exchanges, according to an analysis by the Urban Institute, a Washington think tank.

Why the need for a mandate? Think of it this way: You can’t buy homeowners insurance when your house is on fire, or car insurance that covers damage that has already happened. Requiring health insurers to accept

anyone who wants insurance regardless of pre-existing conditions without requiring everyone to buy insurance would drive the cost of coverage to even less affordable levels.

## **You are exempt from the mandate tax if:**

- You have insurance through your employer or purchase individual insurance on your own.
- You have insurance through Medicare, Medicaid, Children’s Health Insurance Program (CHIP), Veteran’s Administration and/or Tricare for active duty and retired military, Indian Health Services, or a health-care sharing ministry.
- You would have to spend more than 8 percent of your household income on the cheapest qualifying health insurance plan, even after tax credits and subsidies.

## **WILL NEW TAX RULES OF 2013 APPLY TO YOU?**

### **Do you itemize taxes?**

The rules are changing for those who itemize deductions on their federal income tax return. Beginning 2013, you can claim deductions for medical expenses not covered by insurance when they reach 10 percent of your adjusted gross income, up from the current 7.5 percent.

### **Do you earn over \$200,000?**

Two new taxes in 2013 will help fund the Medicare program that covers people over 65. These taxes apply only to income above \$200,000 for individuals and above \$250,000 for couples who file jointly.

- Extra payroll tax: Employees will pay an extra 0.9 percent Medicare payroll tax on wages over \$200,000 (individual) or \$250,000 (family).
- New unearned income tax: A new 3.8 percent tax on unearned income, including investments, interest,

dividends, annuities, rent, royalties, certain capital gains, and inactive businesses. Exemptions include income from tax-exempt bonds, veteran’s benefits, and qualified plan distributions such as those from an IRA or 401(k). The new tax does not apply to the sale of a principal residence, except in rare cases. (See Ask Nancy, page 7.)

### **Do you use a flexible spending account?**

The rules on flexible spending accounts (FSA), which permit you to set aside tax-free dollars for unreimbursed medical expenses, changed in 2011 when you could no longer use FSA accounts to pay for over-the-counter drugs unless you had a prescription from your doctor. Starting in 2013, there is a new cap, \$2,500, on how much you can set aside tax-free in an FSA. In subsequent years, the \$2,500 cap will increase by the annual inflation rate.



- Your income falls below the threshold for filing federal income tax.
- You live outside of the U.S.

### How much is the penalty for not having insurance?

In 2014, people who can afford to but do not purchase health insurance will pay a tax penalty. For an individual, the tax starts at \$95 a year or up to 1 percent of income, whichever is greater, and by 2016 rises to \$695 per individual or 2.5 percent of income. For a family, the tax is capped at \$285 in 2014 and rises to \$2,085 or 2.5 percent of income in 2016.

The Internal Revenue Service will collect the penalty via tax returns. In 2014, federal returns will include a new form to list your source of health insurance.

## ESSENTIAL BENEFITS, DEFINED

Effective January 1, 2014, all individual health plans and those sold to small businesses must offer a comprehensive package of benefits that includes:

- Emergency services
- Hospitalizations
- Laboratory services
- Maternity care
- Mental health and substance abuse treatment
- Outpatient, or ambulatory, care
- Pediatric care
- Prescription drugs
- Preventive care
- Rehabilitative and habilitative (helping maintain daily functioning) services
- Vision and dental care for children

*“I probably will pay the tax penalty rather than buy insurance. I have never had insurance. It’s too expensive.”*

Susan Cook, 60, of Driftwood, Texas, who owns a landscaping business and has no plans, as of now, to purchase health insurance in 2014.



PHOTO: DARREN CARROLL

# 4. New ways to buy and afford insurance

For coverage beginning January 1, 2014, a new way to buy insurance will be available in October of 2013. You will still be able to purchase insurance on your own directly from an insurance company or through a broker. But you will also be able to use the new, state-based health insurance marketplaces, which are also called exchanges. There are two big advantages to using the online marketplace. One, you can make side-by-side, “apples-to-apples” comparisons of all the available plans, and use an online calculator to find the best buy. Two, you may qualify for an up-front discount in the form of a tax credit to help pay for your premiums, and you might also get help with your out-of-pocket costs.

Anyone without insurance through work can purchase private health insurance from the insurers participating in your state marketplace. And, you can also use it if your coverage at work costs you more than 9.5 percent of your income, or if your employer’s plan does not meet the law’s minimum standards.

The online marketplaces will be open for business starting October 1, 2013, offering coverage that starts January 1, 2014. States must decide whether to build their own or partner with the federal government. Some

states will end up choosing to let the federal government run their online marketplaces.

## How the online marketplace works

- You’ll be able to easily compare and purchase health plans offered by private insurers, and in some states, co-ops of doctors and nonprofit organizations that meet state insurance regulations. You will be able to choose among plans with higher or lower deductibles and co-pays, and higher or lower premiums.
- A streamlined “one stop” process will let you fill out one application to find out if you qualify for premium discounts, subsidies for out-of-pocket expenses, or coverage under programs such as Medicare or Medicaid.
- In many cases, in a single session you’ll be able to receive an eligibility determination and enroll in a health insurance plan that’s right for you or your family.
- You will also be able to update any changes that might affect your eligibility (including marriage, divorce or a job change) and to keep your coverage from year to year through the exchange.

## WHO WILL QUALIFY FOR HELP WITH INSURANCE COSTS?

These projected estimates for 2014 give you an idea of what insurance financing options will be available to families at different income levels. Amounts will vary by family size. You may be eligible for more than one option.

Health insurance financing	Single person annual income	Family of four annual income
Medicaid health coverage, if your state decides to offer it	Up to \$15,302	Up to \$31,155
Help to pay your premium, if you buy in your state’s online marketplace	Between \$11,505–\$46,021	Between \$23,425–\$93,700
Subsidies for out-of-pocket costs, if you buy in your state’s online marketplace	Up to \$28,763	Up to \$58,562

Source: Kaiser Family Foundation Subsidy Calculator at [healthreform.kff.org/Subsidy-Calculator.aspx](http://healthreform.kff.org/Subsidy-Calculator.aspx)

# 5. Help paying for health insurance

Probably the biggest concern for Americans is: When I'm required to buy health insurance, will I be able to afford it? From discounts and subsidies to specially designed plans for young adults, the health-care law provides measures to help make insurance more affordable for people with low and moderate incomes.

**Discounts.** If you earn between \$11,505 to \$46,021 for an individual or \$23,425 to \$93,700 for a family of four, and you don't have coverage from your employer, you can qualify for an upfront discount, in the form of a tax credit, on health insurance in the online marketplaces.

You will provide relevant information to the exchange and it will determine how much, if any, discount you

can get. The amount of the discount is tied to your family income, family size, and the cost of a standard plan in the exchange. The discount will go directly to the insurer you choose to help pay the full premium up front.

## DID YOU KNOW?

You can get an estimate of the discount you might have coming to you. Use the online calculator at the Kaiser Family Foundation at [healthreform.kff.org/subsidycalculator](http://healthreform.kff.org/subsidycalculator)

**Subsidies for out-of-pocket expenses.** If you earn less than \$34,516 for an individual or \$70,275 for a family of four and purchase your policy on the exchange, you also can

get subsidies to lower out-of-pocket costs, such as deductibles and co-payments.

**Medicaid for those with limited incomes.** If you earn less than \$15,302 for an individual and \$31,155 for a family of four, you will qualify for Medicaid in 2014, but only in



*"I got stuck with a \$120,000 medical bill that I'm still struggling to pay off. I'm using money that could be going toward my education to pay these bills. I'm doing my best. But it's tough."*

— Edith Gonzalez, 26, of San Francisco, Calif., who was denied coverage for gall bladder surgery because her insurance company determined she had a pre-existing medical condition. The hospital eventually forgave about \$82,000 and she is now paying off the rest.

those states that decide to go along with the federal expansion of the program. In states that don't expand Medicaid, households with incomes above the poverty level (\$11,505 for individuals, \$23,425 for a family of four) will be able to purchase insurance on the online marketplace and receive tax credits, but there may not be a coverage option for adults earning less than poverty level.

**Several options for young adults.** You can now join or remain on your parents' health insurance plans until age 26, regardless of whether you live at home, have a job, are married, or attend school.

Beginning in 2014, you'll have additional options. You can buy subsidized private insurance in the state-based

online marketplaces if your individual income is between \$11,505 to \$46,021. If you earn less than \$15,302 as an individual, you may qualify for Medicaid if your state expands Medicaid.

Adults under age 30 can buy a catastrophic health plan that covers essential health benefits and three primary care visits per year. These plans are likely to have lower premiums but higher cost-sharing expenses than other plans in the exchanges. Preventive services and three primary care visits per year are excluded from cost sharing. People over age 30 who cannot find a plan with a premium that is 8 percent or less of their income would be able to purchase the catastrophic plan, too.

**DID YOU KNOW?**

**If you lose your health insurance because of job loss, divorce, or another reason, you will be able to buy insurance on the online marketplace.**

## 6. Changes for large and small employers

The federal law builds on the current employer-based private insurance system, which provides coverage to about 160 million Americans. And reforms help small business better afford to offer good health insurance to their employees.

Most employers, large and small, say they do not intend to drop health benefits, recognizing their value in attracting and keeping good employees, according to the Congressional Budget Office. But businesses can change the price and terms of employer-based plans, as many have in recent years, shifting more of the premium and other costs to employees.

### **New employer responsibilities**

The law does not require employers to offer health insurance to employees. But businesses with 50 or more employees that do not offer coverage, or that offer in-

surance that is too expensive or does not meet minimum standards, may have to pay penalties.

Only a small percentage of businesses face these potential fines. More than 96 percent of the nation's firms with 50 or more employees already offer health insurance to their workers.

### **What about small businesses?**

Companies with fewer than 50 employees won't face any penalties for not offering coverage to employees. These small employers represent about 75 percent of the firms in the United States and employ nearly 34 million people. If a company doesn't offer insurance, its employees can buy insurance on the online marketplace.

**There are tax breaks for small businesses.** A tax credit is now in place to make it more affordable for



small businesses and nonprofits to offer health insurance to their employees.

For-profit businesses with 25 or fewer employees can apply today for tax credits to cover up to 35 percent of the cost of premiums for their employees. To qualify, businesses must pay for at least 50 percent of employees' premiums, and the workers' annual salaries can average no more than \$50,000. You can use the calculator at [smallbusinessmajority.org/tax-credit-calculator/](http://smallbusinessmajority.org/tax-credit-calculator/) to find out what your small business tax credit might be.

In 2014, the tax credit increases to 50 percent for the next two years for small employers who purchase plans in the state-based health insurance online marketplaces. Nonprofit organizations can now apply for tax credits of up to 25 percent to help pay for employee premiums, increasing to 35 percent in 2014.

**Small businesses can also use the exchange.** Small employers with up to 100 employees (50 or fewer in some states) will be able to compare and buy health insurance plans for their employees.

*“In my experience, the Affordable Care Act is really a job creator. The law has been very important to us.”*

– Mark Hodesh, owner of Downtown Home and Garden in Ann Arbor, Mich., who received \$17,628 in tax credits for providing health insurance to his employees and used the money to help hire an additional worker.



PHOTO: LON HORWEDEL

# 7. More people will be eligible for Medicaid

Medicaid is a joint federal- and state-funded program. Currently it provides health care for 60 million low-income Americans, mostly children, pregnant women, individuals with disabilities, and elderly people who need help at home or live in nursing homes. While state eligibility rules differ quite a lot, most low-income adults under 65 cannot receive Medicaid.

The health law passed in 2010 required states to cover all very low-income people with their Medicaid programs, including adults without dependent children, with 90 to 100 percent of the new costs covered with federal funds. If a state refused to expand coverage, it would lose all its federal Medicaid funds. This was expected to motivate all states to agree.

The U.S. Supreme Court overturned that requirement, saying that each state can decide whether or not to expand its Medicaid program, without losing its current federal Medicaid funding.

Up to 17 million Americans were expected to gain Medicaid coverage under the new health law, but now that may fall short. States that opt out of the expansion may leave many of their poorest citizens without any way to get insurance come 2014.

## Who's eligible under Medicaid expansion?

Whether you qualify for Medicaid will depend on your income and where you live. Beginning January 1, 2014, all legal residents who earn less than \$15,302 for an individual and \$31,155 for a family of four can receive Medicaid. New federal eligibility standards include previously ineligible people, such as:

- Low-income adults, with or without dependent children
- Low-income children who lose their Medicaid bene-

fits when they are reclassified as adults at 19 years old

- Low-income adults with disabilities who are not eligible for Social Security Supplemental Disability Insurance (SSDI) or Supplemental Security Income (SSI)

## Why it matters

The health law intended that about half of the newly insured Americans would gain coverage through Medicaid. If a state decides against doing the expansion, then its very-low-income residents will have no other option to get insurance under the new law. As the law stands today, if their household income is less than poverty level they can not get a discount to buy in the online marketplaces.

If states don't provide coverage for their poorest residents, hospitals and other health-care providers will have to provide more uncompensated care than anticipated and may continue to shift costs to those who have coverage. Or, other ways will need to be found to cover these costs, such as increasing local property taxes.

## What's next?

States are in the process of deciding whether to expand Medicaid. In the meantime, the federal government is boosting funding to community health centers and increasing rates paid to primary care physicians who accept Medicaid in preparation for the growing number of newly insured people who will be seeking care. To learn more about the Medicaid program in your state, visit [Medicaid.gov](http://Medicaid.gov).

### DID YOU KNOW?

Members of Congress must also get their insurance in the online marketplace.

## THE ROAD AHEAD

**What we don't know yet.** In next year or two, regulators, insurers, and the states will work out many unknowns. Chief among them: how much will plans offered on the online marketplaces actually cost? Will the level playing field of the online marketplace encourage insurers to lower prices? Which states will opt into the expanded Medicaid program, and what will the others do to insure their poorest citizens? For updates, go to the insurance page at [ConsumerReports.org/](http://ConsumerReports.org/)

**Closing the gaps.** Because of the new health law, many more people of all ages will be able to have good health insurance, no matter what happens to their job, health status, or family circumstance. However, there are likely to be people who fall between the cracks. This may be because their state does not implement Medicaid expansion, or because what the system deems "affordable" health insurance is not actually affordable for them. In some areas of the country, the shortage of family physicians or specialists may make it hard to access care. No doubt, the health law will need some adjustments and fine-tuning in the future to help it fulfill its mission.

**Lowering health costs.** Much more must be done to bring the cost of health care under better control, as it continues to grow at an unsustainable rate. And patient safety and quality of care are areas where continuous improvement is necessary. Consumer Reports has long been committed to working in all of these areas to ensure a fair and just health-care marketplace for all consumers.

## Still have questions?

### Healthcare.gov

This site provides useful information about insurance options available to you and changes created by health-care reform.

### Kaiser Family Foundation, [healthreform.kff.org/](http://healthreform.kff.org/)

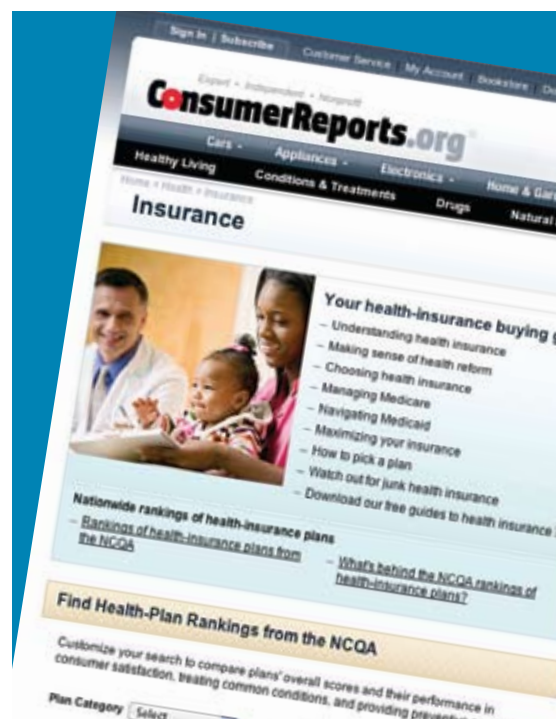
This site has in-depth information on key health policy issues, plus interactive tools to determine how health-care reform will impact you. It also provides information about the exchange in your state, at <http://healthreform.kff.org/State-Exchange-Profiles-Page.aspx>

### CONSUMER REPORTS, [ConsumerReports.org](http://ConsumerReports.org)

This site offers a range of resources from understanding health insurance and reform to help navigating Medicaid and Medicare to advice on maximizing your insurance options.

### Consumers Union, [ConsumersUnion.org/health](http://ConsumersUnion.org/health)

Learn about health-care policy issues and advocacy efforts at this site run by the publishers of CONSUMER REPORTS.



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**What we do** We buy all the products we rate.

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**How to reach us** Write to us at Consumer Reports, 101 Truman Ave., Yonkers, NY 10703-1057, attn: Customer Service.