

## **How does the National Health Care Reform bill affect you?**

The Health Care Reform legislation that was passed in 2010 has been a hot topic. There are many moving parts and provisions that are not easy to understand. The question that we all need to ask ourselves is: how will the new law affect me? What are the long term affects of the legislation?

Starting on October 1, 2010 the law prohibits the following: lifetime benefit limits, cost-sharing for preventative services, and pre-existing conditions for children to name a few. Dependent coverage up to age 26 is mandated.

The removal of the lifetime benefit limits is a good thing. This means that you can have claims as high as \$30 million without the worry of bills not being paid after your responsibilities of the deductible and co-insurance are satisfied. For a person that has individual coverage this law does provide a sense of comfort as your coverage is no longer capped at \$2 or \$5 million. As long as you pay your premium on an individual plan, your coverage continues.

For those that have group coverage, keeping your coverage is still a function of your continued employment. If your employment is terminated, the COBRA laws or State Continuation laws mandate that your coverage can be continued for up to 18 months if COBRA applies or 9 months in the State of Illinois under their continuation laws.

The removal of the cost sharing for preventative services is another good thing. For those plans that didn't provide preventative coverage prior to the law, now you can see the Dr and the insurance company will have to pay the claims up to the insurance policy limits. This means you probably won't have to pay anything for your annual physical.

Pre-existing conditions are eliminated for children under the age of 19. If you purchased an individual policy, the insurance company had a right to not pay for claims because of an illness or injury that happened in the prior year. The insurance companies also had a right to exclude certain conditions from coverage as well. Going forward, these conditions will have to be covered.

If your were on a group plan, the only way the insurance company would not pay for a pre-existing illness or injury was if there wasn't any Creditable Coverage for 1 year prior to the claim.

In Illinois, our infamous former governor passed a law that insurance companies must provide coverage for dependents up to age 26. This was accepted nationally and placed into law with the health care bill.

The increase in the age for dependent coverage is a good thing for all those dependents that have pre-existing health conditions. These dependents will be allowed to stay on the insurance plan. For kids that are healthy it wouldn't matter either way as they could obtain coverage on their own at a lower cost.

While you can see that these new laws are generally positive from a benefit perspective, what will the insurance companies have to do to cover these increased benefits? If the insurance have to spend more, do they have to increase premiums? Yes.

From a consumers point of view, an increase in premiums will mean less money available for your daily living expenses and will decrease the amount of money that people can save. It also will cause those with health insurance coverage to increase their deductibles to keep the premiums manageable.

From an employer's point of view, more businesses will have to start passing down the increased premiums for health insurance coverage to their employee's. Many employers will contemplate dropping the plan altogether.

If the employer were to drop their health insurance plan, those employees would have to purchase an individual plan which is fine if you don't have any pre-existing conditions. If you have pre-existing conditions, this may cause you to consider changing employment, take less in salary or even go without health insurance until 2014 when coverage is guaranteed.

Think about this on a national level, if the cost of health insurance premiums continues to climb higher and your company continues to provide a plan, will they pay for that increase out of their own pockets or will they pass it on to their customers? So if everyone is passing on the increased cost to their customers, what do you think is coming? Many financial professionals believe that this is going to contribute rapid inflation over the next several years.

While many of us will benefit from the law changes, everyone will be feeling the effects of increased costs, lower disposable income, possibly loss of jobs which would contribute to higher unemployment numbers.

These changes are causing both the individual and employers to review their insurance benefits. As you can see, the long term affect will be increased costs.