

Health Reform for Early Retirees

The Affordable Care Act Gives Early Retirees Greater Control Over Their Own Health Care.

Lower Costs for Early Retirees

✓ Supports Early Retiree Health Coverage

- Provides \$5 billion in financial assistance to employer health plans that cover early retirees. This temporary program will make it easier for employers to provide early retirees coverage and will provide premium relief of up to \$1,200 for every family with insurance through those employers. This provision will work to improve the percentage of large firms providing workers with retiree coverage, which dropped from 66 percent in 1988 to 31 percent in 2008.

✓ Insurance Industry Reforms that Save Americans Money

- This year, eliminates all lifetime limits on how much insurance companies cover if beneficiaries get sick and bans insurance companies from dropping people from coverage when they get sick. The Act also restricts the use of annual limits in all new plans and existing employer plans this year, until 2014 when all annual limits for these plans are prohibited.
- Going forward, plans in the new Health Insurance Exchanges and all new plans will have a cap on what insurance companies can require beneficiaries to pay in out-of-pocket expenses, such as co-pays and deductibles.

✓ Financial Relief for Early Retirees

- Supports States starting in plan year 2011 in requiring health insurance companies to submit justification for requested premium increases, and insurance companies with excessive or unjustified premium exchanges may not be able to participate in the new Exchanges.
- Cracks down on excessive insurance overhead starting in 2011 by applying standards to how much insurance companies can spend on non-medical costs, such as bureaucracy, executive salaries, and marketing, and provides consumers a rebate if non-medical costs are too high.
- Provides tax credits starting in 2014 for Americans who cannot afford quality health insurance.

Greater Choices for Early Retirees

✓ Eliminates Discrimination for Pre-Existing Conditions, Health Status, and Age

- Prohibits insurance companies from denying coverage or charging more based on a person's medical history and limits the amount an insurance company can increase an individual's premium simply based on their age. Early retirees are more likely to have chronic conditions such as heart disease and diabetes, which insurers in most states now use to deny coverage.
- This year, provides access to affordable insurance for uninsured Americans with pre-existing conditions through a temporary subsidized high-risk pool, which will help protect them from medical bankruptcy. This high risk pool is a stop-gap measure that will serve as a bridge to a reformed health insurance marketplace.

✓ More Affordable Choices and Competition

- Creates state-based health insurance Exchanges to provide the same private insurance choices that the President and Members of Congress will have, including multi-state plans to foster competition and increase consumer choice. Employer-based retiree coverage rarely offers any choice of plans.

- ✓ **One-Stop Shopping – Putting Early Retirees in Charge**
 - Provides standardized, easy-to-understand information on different health insurance plans available through the Exchanges and offered in a geographic region so Americans can easily compare prices, benefits, and performance of health plans to decide which quality, affordable option that is right for them.
- ✓ **Insurance Security**
 - Ensures that early retirees will always have guaranteed choices of quality, affordable health insurance, even if they retire early or lose access to employer-sponsored insurance. Exchanges are of particular benefit to Americans aged 55 to 64, fewer than half of whom work full-time.
- ✓ **Independent Appeals Process**
 - This year, ensures consumers in new plans have access to a straightforward and independent appeals process to appeal decisions by their health insurance plan.

Quality, Affordable Health Care for Early Retirees

- ✓ **Preventive Care for Better Health**
 - This year, requires new plans to cover prevention and wellness benefits and exempts these benefits from deductibles and other cost-sharing requirements.
 - Invests in prevention and public health to encourage innovations in health care that prevent illness and disease before they require more costly treatment. More than 80 percent of U.S. health costs result from chronic diseases, many of which afflict early retirees, and most of which can be prevented or better managed.
- ✓ **Increases the Number of Primary Care Practitioners**
 - Provides new investments to increase the number of primary care practitioners, including doctors, nurses, nurse practitioners, and physician assistants.