

The Artists' Guide to Health Reform

A **FRACTURED ATLAS** POCKET GUIDE



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What Healthcare Reform Means

There's been a lot of confusion about the recent healthcare reform legislation. We'd like to clear some things up for the benefit of the arts community.

What is healthcare reform all about when you get right down to it? Increased accountability. The fundamental basis of reform is simply to put a stop to the very worst practices currently carried out in the insurance industry.

When the law goes into full effect in 2014, insurance companies won't be allowed to:

- Set an annual or lifetime limit on benefits
- Deny you coverage because of a pre-existing condition.
- Cancel your coverage when you get sick and need it the most.
- Discriminate or charge you a higher rate based on your gender or health status.

Most employer-sponsored plans already provided these protections, but over time, America's workforce has evolved tremendously. Independent workers, such as artists, now make up 30% of the total workforce and individuals have been left to fend for themselves.

Independent workers stand to gain the most under the new healthcare law. Reform addresses the biggest obstacles that have previously kept independent workers from getting insured, like affordability and pre-existing conditions.

❶ *Isn't buying insurance a personal choice?*

Turn to page 2: Accountability Goes Both Ways

❷ *What do I get out of this?*

Turn to page 3: What's In It for You?



Accountability Goes Both Ways

If we're going to hold insurance companies accountable, then we must also ensure a stable risk pool with full participation by everyone in the United States workforce. We are all players in the system, and our actions impact its economic balance.

That's why the law includes an individual mandate which requires that all Americans have health insurance or face tax penalties. The only way to prevent a spiral of ever-increasing premiums is to ensure that we've all got some skin in this game.

We have all witnessed what happens when the scale is heavily tipped to one side. It all goes terribly wrong:

- Soaring premiums and astronomical rate hikes in the face of an economic crisis.
- Extreme surges in profits for insurance companies.
- Coverage is dropped or barred from people when they need it the most.

Our current system is cruel, costly, and unfair. It has failed too many of us for too long. With this new healthcare reform law, we have finally been given the right foundation to start again.

The Fat Lady Hasn't Sung Yet

The passing of the healthcare reform bill is a big win and represents real progress. However, it's not a magic solution. While there are still inequities in the system, it's important to remember that change takes time. We have to be patient and see how it all shakes out once all the pieces of the new healthcare law come into effect. While it may take longer than we'd like, reform has set the right foundation in place to see real positive change (some of which has already come to fruition) with more to come in the future.

The changes in the healthcare reform law will be phased in gradually over a four-year period (2010-2014.)

Some of the most popular provisions, those that will truly transform the current system, will not come into effect until 2014.

- *How does health reform help me?*
Turn to page 3: What's In It for You?



What's In It for You?

In the long journey towards reform, we've seen the rampant spread of confusion, misinformation, and fear. Over the past year and a half, a lot of energy was spent to deter the progress of change within the healthcare system. There has been plenty of drama and hysteria about how the law would mean the death of American freedoms and the destruction of our economy. This tactic is not new.

This is something we've all heard before. In the 1960's, Reagan and his supporters claimed that the creation of Medicare amounted to socialized medicine, and would inevitably lead to the death of freedom as we know it. Fast forward a few decades, and this is hardly the case. In fact, Medicare has helped millions of Americans access vital health care when they've needed it most.

Does it limit our freedom to insist that we all participate in the health insurance system? A little bit, perhaps. But in exchange, we gain other freedoms.

- Freedom to access preventive healthcare.
- Freedom to enjoy an improved quality of life.
- Freedom to get life saving treatment.
- Freedom from the fear of devastating medical debt and potential bankruptcy.
- Freedom from having to choose between paying the rent or skyrocketing insurance premiums.
- Freedom from having to take a day job, just to have health insurance benefits.

Healthcare is really not so different from fire departments, public libraries, or schools. It doesn't limit your freedom to pay your fair share for highway maintenance or food safety. These are public goods, and part of living in a civilized society is chipping in for things that benefit us all.

1 *I am insured.*

Turn to page 5: I Have Health Insurance

2 *I am uninsured.*

Turn to page 4: I Need Health Insurance

3 *I run my own business or organization.*

Turn to page 6: I Provide Insurance for Employees



I Need Health Insurance

Congratulations! You've taken the first step towards safeguarding yourself. Life can be full of surprises. Health insurance protects you from crippling medical debt that can push you to bankruptcy. Paying for health insurance is an added expense, but having none costs a lot more.

I'm an uninsured young adult under the age of 26

Now you can get coverage under your parent's plan until your 26th birthday, unless you get a job with coverage before then. The plan can not drop your coverage if you get sick. No lifetime caps can be imposed with annual maximums phased out over time.

In 2014, if your income is below \$43,320, the government will help pay your premiums in the form of a subsidy, from a **state run health insurance exchange**. The exchange will offer a menu of plans with a minimum set of standardized benefits for easy, transparent comparison shopping.

If you are offered coverage through an employer, you can still buy insurance through the exchange if the employer's plan costs too much. Your employer may also give you a voucher to buy insurance through the exchange.

I'm an uninsured individual, with a pre-existing condition

Now you can get subsidized coverage through a new national high risk insurance program until 2014. Premiums will be based on the standard population and not on health status. No lifetime caps can be imposed with annual maximums phased out over time.

In 2014, if your income is below \$43,320, the government will help pay your premiums in the form of a subsidy, from a state run health insurance exchange.

I'm an uninsured healthy individual

You can already qualify for health insurance! What are you waiting for?

In 2014, if your income is below \$43,320, the government will help pay your premiums in the form of a subsidy, from a state run health insurance exchange.

➤ *Okay, I'll start shopping for a plan. How else will reform impact me?*

Turn to page 7: Better Protections Now



I Have Health Insurance

Sweet! Job well done. You've taken the right steps towards protecting your health and continued long-term financial security. Life is unpredictable, but that doesn't mean that it can knock you off your feet. You're geared up and ready for anything.

Insured privately

As of now, there are no longer any lifetime limits on coverage. Previously, most health insurance plans included a lifetime limit (the most an insurance company would pay during your life) that once surpassed left you holding all the bills.

You can also now access free preventive care (like seeing a doctor for an annual physical!) All plans renewed after September 2010 will have preventative care included.

Most importantly, insurance companies now can't drop your coverage if you get sick (or if you made a mistake on your enrollment application.) This is a major new consumer protection that was basically nonexistent until this point and immensely needed. Now you can rest assured that your health insurance plan will work the way it's supposed to. It's sort of like a warranty.

Insured through Medicare

In 2010, you will receive a rebate of \$250 for prescription drugs if you've hit the coverage gap known as the donut hole. No annual or lifetime caps can be imposed.

In 2011, you will pay nothing for recommended, preventive medical care. The government will begin phasing in discounts for generic and brand name prescriptions purchased in the gap (the donut hole.)

i *I'm glad the lifetime limits are gone! Will my coverage change in the future?*

Turn to page 7: Better Protections Now



I Provide Insurance for Employees

Kudos on being the world's greatest boss! Offering a good benefits package (including health insurance) is a key strategy in keeping your prized employees from seeking greener pastures. This prevents the negative effects that accompany the departure of valued staff members. Happy employees = continued smooth operation of your organization.

It's also a smart way of recruiting new talent, making your organization a top pick among gifted individuals!

I run a small organization or business

The government provides a tax credit as a serious incentive to offer healthcare for your employees. To be eligible for these credits, you must contribute at least 50% of the total health premium. If you employ less than 25 employees, with average annual wages of \$50,000 or less, you qualify for a 35% tax credit effective immediately.

On Jan. 1, 2014, the tax credit increases to 50%.

If you employ 10 or fewer employees with average annual wages of \$25,000 or less, you would still qualify for the full tax credit of 35% effective immediately or 50% in 2014.

If you are a nonprofit organization, a tax credit of 25% is effective immediately and 35% in 2014.

If you employ less than 50 employees, you will not be required to provide health insurance. You are exempt from the mandate to contribute or pay a fine.

🔗 *It's true, I am an amazing boss! How else will reform affect me?*

Turn to page 7: [Better Protections Now](#)



Better Protections Now

Other features of the new healthcare reform law are effective instantly, and offer more protections. Improvements include (but are not limited to):

- There are no longer any lifetime limits on benefits.
- Young adults up to age 26 can stay on their parents' coverage.
- Insurance companies can't retroactively cancel coverage if you get sick.
- Health insurance companies can't discriminate against children with pre-existing conditions.
- Free preventive care. Insurers are now required to provide coverage in full for recommended preventive benefits, e.g., an annual physical.
- In 2011, Medicare beneficiaries who reach the "donut hole" (a gap in coverage for prescriptions) will be eligible to get brand name drugs at a 50% discount. In 2014, the discount is increased to 75%.
- In 2011, insurance companies must provide a valid reason for any premium increase, prior to it taking effect. Insurers that jack up prices without legitimate justification will be banned from participating in the new state exchanges in 2014.
- Transparency: starting in 2011, insurance companies must report the percent spent on items other than healthcare costs (like marketing, bureaucracy in administration, and executive compensation.)
- The law stipulates that no more than 20% can be allocated to those expenses. Anything greater than 20% and policyholders will receive rebates. This means that 80-85% of every dollar paid in premiums must go exclusively towards medical costs.

➤ *What happens in the future?*

Turn to page 8: More Changes in 2014



More Changes in 2014

Some of the best benefits of legislation are still coming up. But as we all know, the political currents are always shifting. Keep up with changes to health reform in the news, online, or by contacting your elected officials.

Additional benefits planned for 2014 include:

- Pre-existing conditions must be covered from day one.
- Insurance companies can't refuse to sell or renew coverage due to a pre-existing condition.
- No calendar year limits on plan benefits.
- Insurance companies can't discriminate and charge premiums based on health status or gender. Rates may only differ due to age (no more than 3:1), geographic area, family size, and whether or not you're a smoker.
- It is expected that everyone will get insured. The government will provide support in the form of subsidies and tax credits for qualifying individuals, families, and small businesses to help pay for premiums.
- The government will set up shop and establish state-run health insurance exchanges for individuals and small businesses. The exchange will provide access to quality, low cost, standardized plans for easy comparison. It will also assist in screening individuals and small businesses that are eligible for subsidies and facilitate enrollments.

What will this look like? Think Orbitz (where instead of searching for the best deals for airlines, you'll be able to search for the best deals on health insurance.)

Insurers must provide clear, easy to understand summaries outlining coverage without the fine print. Transparency is being baked right into the insurance industry under the new healthcare reform law.



Notes

Fractured Atlas is a national non-profit arts service organization with a multi-disciplinary membership of over 15,000 independent artists and arts organizations. Our core service areas include health insurance, fiscal sponsorship, professional development, and advocacy as well as the nation's only arts liability insurance program.

We are not an insurance company. We try to provide our members with access to affordable, appropriate insurance options. We can't guarantee the availability, suitability, or sufficiency of any type of coverage for anyone. The information in this brochure is an attempt to summarize our experience.

Visit us at fracturedatlas.org

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