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As most of you know, health care legislation was passed by the House of Representatives last Sunday evening and signed into law by President Barack Obama earlier today. This action has been referred to as one of the largest shifts in US domestic policy since the 1960's.

What most of us are anxious to understand is how does it impact me and my business?

The health legislation creates a slew of winners and losers, as well as immediate effects and changes that will arrive slowly.

Poor adults will get Medicaid. Low-income families will get federal subsidies to buy insurance. Small businesses will get tax credits. Children will be able to stay on parents' policies until they turn 26. Seniors will gain additional prescription-drug coverage. ... On the other hand, the wealthy will pay higher taxes to help finance the 10-year, roughly \$940 billion cost. Businesses with 50 or more workers will have to insure them or pay a penalty. Individuals, too, will have to pay a fine if they don't buy insurance

Changes that would occur this year include:

- **Dependent children** could remain on their parents' health insurance plans until age 26.
- **Some senior citizens** would get more help paying for drugs in Medicare.
- **People with health problems** that left them uninsurable could qualify for coverage through a federal program that is to be established within 90 days.
- **Businesses with fewer than 25 employees and average wages of less than \$50,000** could qualify for a tax credit of up to 35 percent of the cost of their premiums.
- **All existing insurance plans** will be barred from imposing lifetime caps on coverage. Restrictions will also be placed on annual limits on coverage. Insurers can no longer cancel insurance retroactively for things other than outright fraud.
- **Insurers** must report how much they spend on medical care versus administrative costs, a step that later will be followed by tighter government review of premium increases.

These are among the more than a dozen features of the new health care overhaul law that would take effect in 2010 under the measure passed Sunday. (There is already a companion measure sought by House Democrats to make a series of changes to the main bill. It goes to the Senate, where debate has already begun.)

The big changes in the law – the ones that could affect tens of millions of people – don't kick in until at least 2014. Those include insurance marketplaces called "exchanges"; rules requiring insurers to accept all applicants, even those with health problems, and an expansion of state Medicaid programs.

We are all looking forward to the benefit this legislation will have for each of us and rest assured that Hatfield and Associates will help guide you in making the best decisions for you and your business.

Please look for updates we will post as the legislation is placed into effect.

Liz Hatfield, RHU

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