

## **HEALTH REFORM AT A GLANCE: MAKING COVERAGE AFFORDABLE**

The draft proposal makes insurance premiums more affordable and reduces cost sharing for individuals and families otherwise unable to confront the high cost of health care.

It provides sliding-scale affordability credits for individuals and families with incomes above the Medicaid thresholds but below 400% of poverty. The proposal also protects individuals and families from catastrophic costs with a cap on total out-of-pocket spending. In addition, it broadens Medicaid coverage to include individuals and families with incomes below 133% of poverty.

### **Affordability Provisions in the Discussion Draft**

#### **Affordability Credits**

- Effective 2013, sliding scale affordability credits are provided to individuals and families between 133% to 400% of poverty. That means the credits phase out completely for an individual with \$43,320 in income and a family of four with \$88,200 in income (2009).
- Premiums: The sliding scale credits limit individual family spending on premiums for the essential benefit package to no more than 1% of income for those with the lowest income and phasing up to no more than 10% of income for those at 400% of poverty.
- Cost sharing: The affordability credits also subsidize cost sharing on a sliding scale basis, phasing out at 400% of poverty, ensuring that covered benefits are accessible.
- The Health Insurance Exchange administers the affordability credits in relationship with other federal and state entities, such as local Social Security offices and Medicaid agencies.

#### **Cap on Total Out-of-Pocket Spending**

- The essential benefit package, and all other benefit options, limit exposure to catastrophic costs with a cap on total out of pocket spending for covered benefits.

#### **Medicaid** (see separate Medicaid fact sheet for details)

- Effective 2013, individuals with family income at or below 133% of poverty (\$14,400 for an individual in 2009) are eligible for Medicaid.
- State Medicaid programs would continue to cover those individuals with incomes above 133% of poverty, using the eligibility rules states now have in place.