

What Does Health Care Reform Mean for Fire Fighters?

On Tuesday, March 23, 2010 after decades of debate and months of back-and-forth in Congress, President Obama signed historic health insurance reform into law. What does health care reform mean for fire fighters? At its core, this law is about two things: covering 32 million uninsured Americans and preserving the insurance you already have and fight hard to protect. Here is what the new law will mean for you and your family:

1. What does the law do to the health care coverage I have now?

- Nothing in the health care law changes the health care benefits that you currently enjoy. You can keep the same health care provider, same benefits, and same choice of doctors.

2. Does the new law tax my health care benefits?

- The new law will not impose an “excise tax” on health care benefits until 2018, and even then it will apply only to the most expensive plans. The IAFF fought hard to eliminate the tax, and ended up reducing its size by 85 percent, compared to the original Senate bill.
- The minimum threshold for triggering the tax in 2018 will be \$27,500 for family plans and \$10,200 for individual plans. Separate dental and vision plans are not counted toward the thresholds.
- Adjustments for plans that cover high-risk workers like fire fighters and other high-risk occupations raise the thresholds to \$30,950 for families and \$11,850 for individuals. The law creates other adjustments for unusually high premium rate increases and plans in high-cost states. The IAFF will work to ensure that fire fighters can take advantage of these added adjustments.
- These amounts are indexed at the Consumer Price Index (CPI) +1 percentage point from 2018 to 2019 and at CPI beginning in 2020.
- Any excise tax imposed on an insurance plan that exceeds the threshold will be paid by the insurance company. There is no direct tax on individuals.

3. How does health care reform benefit me and my family?

- Insurance companies are banned from dropping you when you get sick.
- Insurance companies must cover the full cost of preventive care, including annual physicals and children's immunizations.
- Your son or daughter can stay on your health plan until their 26th birthday.
- Insurance companies cannot deny coverage to children based on preexisting conditions. By 2014, no one can be denied insurance coverage based on a pre-existing condition.
- Insurance companies cannot set lifetime limits on benefits and the new law regulates any annual limits that insurance companies may set.

4. Will it bring down my premiums and give us some relief when we negotiate health care at the bargaining table?

- Bringing down costs is one of the principal purposes of this new law. According to the non-partisan Congressional Budget Office (CBO), premiums should at least stabilize in the next few years.
- Premiums should come down over the long-term through reducing insurance company administrative costs, increasing competition and insuring 94 percent of all Americans.
- You have seen your premiums double over the last 10 years, increasing 3 times faster than wages. You have made the hard choices to protect your health care benefits. The status quo is unsustainable for you and your employer.

5. How does reform benefit retired fire fighters?

- Through the end of 2013 the law creates a \$5 billion temporary reinsurance program to reimburse employer health plans for 80 percent of early retiree (ages 55-64) health claims that cost more than \$15,000 but less than \$90,000.
- If you're on Medicare and fall into the "doughnut hole" in prescription drug coverage, this year you will receive a \$250 check to help cover your medical expenses. Next year, you will get a 50 percent discount on brand-name drugs and in 2020 the coverage gap will close for good.

- If you're uninsured and can't get coverage because of a pre-existing condition, this year you can buy insurance from the government until 2014 at a cost of less than \$5,950 for individuals and \$11,000 for families. In 2014 you may be eligible for coverage through a state-run exchange.

- Medicare will deliver health care to senior citizens more efficiently. The law cuts wasteful spending and insurance company subsidies in the Medicare program to extend its solvency by nine years.

6. What about emergency care and ambulance reimbursements?

- Hospitals and emergency rooms are overburdened meeting the basic health care needs of the uninsured. Covering 94 percent of all Americans will give much-needed relief to fire departments and emergency rooms, but the bill will not put reimbursements to fire departments in jeopardy.

7. Does this new law increase the federal debt and deficit?

- The new law is fully paid for, according to non-partisan budget estimates. These reforms are projected to shrink the deficit, not grow it.

- The new revenues come from increasing the Medicare tax on high-wage earners (\$200,000, individuals; \$250,000, families), squeezing savings from wasteful spending in Medicare, and slapping new fees on health insurance companies, drug companies and employers that refuse to offer coverage to their employees.

Health Care Reform Misconceptions

There are a number of myths surrounding health care reform legislation. Here are the facts:

There is no government takeover of health care. The vast majority of Americans will continue to receive their health care from private insurance companies. Even most of those who are currently not covered will purchase their insurance from a private company. The people who are added to government-run insurance will be enrolled in the state Medicaid programs. There is no new federal government health insurance program.

There is no tax increase on the middle-class. Only singles and families earning over \$200,000 and \$250,000 will pay more in taxes. If you make that much, starting in 2013, you will pay more in Medicare payroll taxes (2.35 percent, not the current 1.45 percent). You'll also pay an additional 3.8 percent tax on income from stock dividends.

There is no tax on your retirement plans. No income tax will be applied to individual retirement accounts, 457s or DROP plans.

The new law does not cover illegal immigrants. The law will not extend benefits to illegal immigrants. The law directs the Department of Health and Human Services to verify that uninsured Americans seeking coverage are citizens or otherwise in the United States lawfully.

There are no cuts to Medicare. The law stops overpayments in the Medicare program. These reductions cannot reduce guaranteed Medicare benefits.

The law will not bankrupt States. The federal government will pay the full freight for expanding the Medicaid program for the first three years, 2014-2016. States will have to kick in 5 percent in 2017, 6 percent in 2018, and 7 percent in 2019.