Health Care Reform FAQs

On March 23, 2010, President Obama signed into law the *Patient Protection and Affordable Care Act (PPACA)*. The following questions and answers are designed to address the impact of the law's immediate changes.

Coverage

1. **What's going to change with GW's health care coverage and when?**
   The new law contains the following requirements, to be implemented over the next couple of years. Additional provisions will be rolled out through 2018; however, things will continue to evolve over time, so we're focusing only on the immediate, short-term changes right now.

   As of January 1, 2011
   - Dependent coverage up to a child's 26th birthday, for children who don't have access to other employer coverage other than their parent's coverage
   - No pre-existing condition exclusions for children under age 19; this expands to everyone in 2014
   - No tax-free reimbursements for non-prescribed drugs or medicines, such as over-the-counter medications, through Health Flexible Spending Accounts (FSAs)

2. **Coverage for my dependent child, who is under age 26, ended when:**
   - **He/she reached age 19 *or***
   - **He/she stopped being a full-time student *or***
   - **He/she was no longer my tax-dependent for my federal income taxes *or***
   - **He/she stopped living with me**

   Can I now add my child to my health care plan?
   You may add your qualifying dependent(s) to your health care plan at the next open enrollment period (October 2010), as long as he/she is still under age 26, and does not have coverage available through his/her employer other than their parent's coverage. (Please note: Coverage elected during open enrollment will be effective January 1, 2011.)

3. **Will I have to keep verifying that my child is a full-time student to keep him/her covered under my health care plan until he/she turns 26?**
   No, the new law allows you to cover your child even if he/she is not a full-time student, as long as he/she does not have coverage available through another employer other than their parent's coverage

4. **I know the new law has an 'individual coverage mandate' that says everyone has to have health care coverage or pay a penalty. When does that take effect and what is the penalty for not having coverage?**
   The individual coverage mandate requires that most Americans have health care coverage starting in 2014. Most individuals who fail to maintain coverage will pay a penalty, generally calculated as the lesser of these amounts:
   - National average premium for the year, or
   - Greater of:

- A percentage of income (up to 2.5% of household income above the income tax filing threshold in 2015), or
- $95 in 2014, $325 in 2015, $695 in 2016 and indexed thereafter

5. **I heard there are changes in what I can use my Health Flexible Spending Account (FSA) to buy. What are the changes?**
   The law changes the rules for what you can purchase with tax-free dollars, and takes effect in 2011. Specifically, you will no longer be allowed to purchase non-prescribed drugs, except for insulin. Over-the-counter medicines, such as aspirin, ibuprofen, allergy medications, etc., will not be reimbursable in Health Flexible Spending Accounts (FSAs) unless they are prescribed by a health care provider.

6. **I read that my contributions to a Health Flexible Spending Account (FSA) will be limited to $2,500. Is that true?**
   It's true that Health FSA contributions will be limited to $2,500 starting in 2013. So, you can continue to contribute up to the maximum amount of $5,000 until then.

Costs

7. **Are there any tax changes that might affect me?**
   There are some tax changes that could affect certain employees, including:
   - **2010**
     - New 10% excise tax on indoor tanning services
   - **2011**
     - Health FSA funds can no longer be used tax-free for medicines that are not prescribed, such as over-the-counter drugs
   - **2013**
     - Medicare payroll tax on wages for employees with annual earnings over $200,000/individual and $250,000/couple increases from 1.45% to 2.35%
     - New 3.8% Medicare tax on net investment income for taxpayers with adjusted gross incomes over $200,000/individual and $250,000/couple