

HEALTH CARE CHANGES IN AMERICA

But the historic vote hardly means an end to the debate.

Provided by Timothy C. Hucks, CEP, President, Rising Tide, Inc.

The House approves the Senate bill. Not a single Republican voted for it, but 219 Democrats did – and by a vote of 219-212, the House of Representatives sent the Senate’s version of landmark healthcare legislation toward President Obama’s desk. The President could sign the bill into law as early as March 23.¹

But the fight is not over. The House of Representatives also passed a collection of amendments to the Senate bill by a 220-211 margin, but the Senate must also approve this reconciliation bill – exactly as it is worded. If that doesn’t happen, then guess what ... there will be another vote on the Senate version of the bill in the House.^{1,2}

“If those people think they’re only going to vote on this once, they’re nuts,” Sen. Orrin Hatch (R-UT) said on Bloomberg Television March 20. Hatch claims that Senate Republicans have the votes to force a modification of the bill passed on March 21 and boot it back to the House for a second vote.³

Will the reforms be overturned? Twelve state attorney generals have indicated that they will contest the bill on these grounds the moment President Obama signs it.⁴ What are the odds the Supreme Court will throw the reforms out? Probably pretty slim. Look at the precedents of Medicare and Medicaid. When both those federal programs were enacted, the Court twice upheld a broad federal role in health care.

The big reforms will take effect in 2014. If you are looking forward to health insurance reform, you will have to wait a while before many of the big changes occur.

- Starting in 2014, individuals will be required to have health insurance coverage or pay an annual penalty which could climb to \$750 or 2% of their income (alternately \$695 or 2.5% of income), whichever is larger. Inmates, Native Americans, and those with religious objections would be exempted.^{5,6}
- In 2014, if you aren’t enrolled in an employer-sponsored health care plan, you will have to buy coverage yourself. You could shop for it through a state insurance exchange. The federal government will offer \$500 billion worth of assistance to help insurance shoppers buy coverage through these state exchanges. Undocumented immigrants would not be able to buy coverage.^{5,7}
- After 2014, businesses with more than 50 employees could be fined as much as \$2,000 per worker for failing to provide the option of coverage.⁵
- In 2014, insurers will be required to provide coverage to all Americans regardless of their health status.⁷
- Medicare spending will be cut by about \$500 billion over the next decade, mostly in reduced government payments to Medicare Advantage plans. Democrats have claimed this will not shortchange Medicare recipients.⁵
- Federal money coming from the bill could not be used for abortions, with exceptions made in cases of rape, incest, or danger to a woman’s life.⁸

What changes are about to happen in 2010? These new rules would go into effect presently thanks to the new law.

- Insurers will be barred from revoking existing health insurance coverage on an individual, unless fraud or misrepresentation can be shown.⁶
- Insurers will not be able to limit the amount of money that can eventually be paid out on a health care policy, and it will be harder to limit the amount of money that can be paid out annually.⁶
- Seniors will get \$250 payments to help them out if they face a coverage gap in the middle of the Medicare Part D prescription drug coverage plan.⁶
- Children will be able to stay on their parents' health care policies until age 26, and they won't be denied coverage because of pre-existing health conditions.⁶
- Adults with pre-existing health conditions will get a chance to enroll in a national high-risk insurance plan - albeit a temporary one.⁶
- Small businesses that sponsor health care plans for their workers could qualify for tax credits of up to 50% of the cost of the premiums they pay.⁶

New taxes? Yes - starting in 2013. Approval of these reforms will also bring a new 3.8% tax on investment income for individuals earning more than \$200,000 and households earning more than \$250,000, so the effective capital gains rate will be 23.8% for these taxpayers in 2013. Also, these taxpayers will be able to keep 8.8% less of the income resulting from taxable stock investments. The Medicare tax rate on households with income over \$250,000 will also rise in 2013, from 1.45% to 2.35%.^{5,6,9}

A huge savings? Maybe. The non-partisan Congressional Budget Office estimates that the health care reforms will reduce the federal deficit by between \$65-118 billion over the next decade and by more than \$1 trillion in the decade after that.⁵

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Citations.

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² blogs.ajc.com/kyle-wingfield/2010/03/22/obamacare-now-for-the-hard-part/?cxntfid=blogs_kyle_wingfield [3/22/10]

³ bloomberg.com/apps/news?pid=20601087&sid=aghrqNBEBtlc [3/20/10]

⁴ csmonitor.com/USA/Justice/2010/0322/Attorneys-general-in-12-states-poised-to-challenge-healthcare-bill [3/22/10]

⁵ cnn.com/2010/POLITICS/03/21/health.care.main/?hpt=Sbin [3/21/10]

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⁷ latimes.com/features/health/la-na-healthcare-passage22-2010mar22,0,2788293.story?page=2 [3/22/10]

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⁹ investmentnews.com/article/20100322/FREE/100329992 [3/22/10]