To: Citizens and Pennsylvanians  
From: Raïssa S. Sorgho  
Re. Citizens (Pennsylvanians) and the Affordable Care Act

On March 23rd 2010 President Barrack Obama signed The Affordable Care Act into law. Since the signature, The Affordable Care Act also known as ACA and Obamacare has been the centre of political debates and media frenzies. This has led to much misinformation, which will be clarified bellow. The Affordable Care Act has five main components and areas of change, which will positively affect the health, and the care coverage of Pennsylvanians. The act will have an effect on Insurance Reforms, Medicare, Medicaid, Small Businesses and the Health Insurance Marketplace. All five of these areas elicit changes, which informed Pennsylvanians can utilise.

1. **ACA is reforming the American insurance system**

   **Mandated changes on the insurance-patient side include:**
   - Insurers are no longer allowed to deny applicants based on pre-existing conditions
   - Gender and age discriminations have been made illegal.
   - There will not longer be financial annual or lifetime limits on the cost of care of an insured patient.
   - It’s now illegal for insurance companies to refuse coverage when a person is sick
   - In cases the insurance does not cover a medical expense and the patient wants to appeal this decision, insurers are now required to have easier appeal processes.
   - Extends the age children can remain on parental insurance plans to age 26.

2. **ACA is reforming insurance-hospital relations**

   **Under the act the following services have been expanded:**
   - Access to the Emergency Room has been expanded,
   - OBGYN visits must be included in insurance plans
   - Preventive care must be free
   - Premium rate increases must be justified by the insurance company

3. **The ACA reform aims to close the coverage gaps (Medicare and Medicaid)**
The first financial gap to be close in Medicare will occur through an increase discounts on both brand name and generic drugs. In Pennsylvania brand name medication will be reduced by a little over 50% and the price of generic medication will be discounted by approximately 20%.

In 2012 over 200,000 Pennsylvanians saved over $160 million dollars on medication by benefiting from the cost reductions. The ACA also calls for stricter supervision of wasteful spending, systematic abuse and fraudulent payments.

The federal government will rank Medicare providers on a 1 to 5 star scale. This star system will be based on the performance of the provider. The star rating is a way to encourage high performance organisations via remunerations and bonus payments. Low ranking systems are pressured to increase and ameliorate their performance or risk loosing patients, as patients are free to leave one system for another at any time.

4. **The ACA gives states the option to expand their Medicaid programs.**

State can cover more people with financial assistance and subsidies from the federal government. For the first three years of the expanded programs (2014 to 2016) the federal government covers 100% of the extra costs incurred by states. Every year after 2016 the federal government reduces its financial support down to 90%. The state of Pennsylvania has not opted for the Medicaid expansion program.

5. **The ACA encourages and facilitates small business provision of employer insurance**

In the private sector, businesses, especially those small in size are highly impacted by the ACA. Small businesses currently employ approximately 3.2 million workers in the state of Pennsylvania. Only 48% of these workers can afford to offer insurance to there employees. The small businesses that do cover employees pay approximately 18% more then large firms for insurance coverage because they do not wield much bargaining power. The ACA aims to change this. Before the ACA small businesses with 50 or fewer full-time employees were not mandated to provide health coverage. The ACA incorporates a Tax credit for small businesses with fewer then 25 employees that offer coverage. The tax credit can be between 35% and 50% of the premium cost available to employer. Non-profit organisations can also benefit from a 25% tax credit for offering
coverage. These firms will be able to give their employees a range of coverage to choose from and will send them to the Insurance Marketplace to pick out their preferred health insurance.

The Health Insurance Marketplace is one of the most important structural changes the ACA brings to purchasing and selecting insurance. The insurance marketplace is a forum to compare, evaluate and examine affordable insurance, companies and the coverage plans they offer. The Marketplace is for:

- small business owners
- uninsured persons
- people paying more than 9.5% of their income in insurance premiums
- To qualify for the above all must be non-incarcerated US Citizens or legal residents.

**Overall Aims of Affordable Care Act**

The plans offered on the market are certified to meet a base of qualifications and standards, which includes a list of 10 essential health benefits that all packages must include. The benefits range from hospitalisation to paediatric services. In addition, reduced payment is available based on income and its proximity to the national poverty line. The marketplace also aims to eliminate confusion and uncertainty during the purchasing process of insurance by providing clear information on the benefits and prices of different insurance plans.

Since its signature into law 4 years ago, the Affordable Care Act was tried, tested and challenged. In 2012 the Act was upheld by the Supreme Court and is now in 2014 it’s being implemented around the country. The law is neither perfect nor flawless but aims to increase and improve health and care coverage in America. Lack of support for the Affordable Care Act in a district or misinformation should not stop those eligible from benefiting. The state of Pennsylvania was late in accepting and commencing the implementation of the law, but its citizens should not delay in partaking in the rights accorded to them by the Affordable Care Act.
For more information see:


Kaiser family foundation “Health Reforms: Summary of the Affordable Care Act” www.kff.org

Consumer Reports Magazine “Affordable Care Act” www.HealthLawhelper.org

Geisinger Health Systems “Facts about the Affordable Care Act (ACA)” http://www.thehealthplan.com/Reform/Affordable.aspx