

# CENTER for RURAL AFFAIRS



## Immediate Benefits of Health Reform for Rural Montanans

Health care reform was signed into law on March 23, 2010. The new law tackles health insurance regulation, disease prevention, responsibilities of individuals and their employers regarding health insurance, affordability, ensuring an adequate health care work force, and more. Some parts of the new law will take a few years to implement, while others have already gone into effect. **Below is a brief breakdown of how the new law benefits rural Montanans and which provisions go into effect in 2010 and 2011.**

### Already have insurance?

The new law immediately benefits Montanans who already have insurance:

- Bans lifetime caps on insurance coverage and heavily regulates annual limits until 2014 when they will be prohibited.

#### **Insurance Rules: Who benefits?**

Health insurance companies will have to follow new rules that help people like **Linda Wetzel of Billings, Montana**, who had the best insurance for 33 years until she needed it most when diagnosed with Stage IV Non-Hodgkin lymphoma with metastasis to the bone marrow. She fought for COBRA, but when it expired was hit with pre-existing conditions.

- Prohibits health insurance plans from denying coverage to children with pre-existing conditions.
- Requires new plans to cover preventative services at no cost to consumers.
- Bans insurance companies from dropping people's coverage when they get sick (also known as rescission).

Beginning in 2011, insurance companies will have to spend 80 percent of premiums on medical services for the individual and small group market, and 85 percent of premiums on medical services for the large group market. Insurers who don't meet these standards must provide rebates to policyholders.

### Are you a Montana small business owner?

Montana small business owners can apply for a tax credit starting in 2010 for up to 35 percent of the cost of their health insurance premiums if they have fewer than 25 full-time employees and their average wage is less than \$50,000. For more information, visit [www.sao.mt.gov/](http://www.sao.mt.gov/).

#### **Small Business Credit: Who benefits?**

Small business owners **Margaret and Mike Novak of Chester, Montana** (Mike's Thriftway Travel Center) find it increasingly difficult to provide health insurance for their employees. The small business provisions in the new health care law will help the Novaks with the growing costs of employee insurance through tax rebates.

### **Are you a senior on Medicare?**

For seniors on Medicare, the new law eliminates co-payments for preventative services starting in 2011. It also begins to close the Medicare Part D “donut hole,” a problem that can cost seniors with substantial prescription drug needs thousands of dollars each year. In 2010, seniors who fall into the donut hole will receive a \$250 rebate and starting in 2011, drugs for seniors in the donut hole will be eligible for a 50 percent discount. The donut hole will disappear completely by 2020.

### **Are you uninsured with a pre-existing condition?**

#### **High-Risk Pool: Who Benefits?**

Have you been without health insurance for at least six months and been denied coverage due to a pre-existing condition? If so, then you qualify for one of two high-risk health insurance pools in Montana. For more information, visit [www.sao.mt.gov/](http://www.sao.mt.gov/).

Montana has established a new high-risk pool to provide immediate access to insurance for people who are uninsured because of a pre-existing condition. This high-risk pool will continue until 2014, when discrimination against people with pre-existing conditions will be banned.

#### **Are you on your parents’ insurance plan?**

Young adults can stay on their parents’ health insurance plan until their 26<sup>th</sup> birthday.

### **Do you live in a rural community?**

Rural communities will benefit from the \$11 billion (over five years) in increased funding for Community Health Centers (Montana has more than 80). This funding will likely double the number of patients in that time. There is also new funding this year for training programs to increase the number of primary care doctors, nurses and public health professionals in underserved areas.

#### **Benefits of New Health Care Law for Montanans by the Numbers**

- ✓ Extends coverage to more than **100,000** uninsured Montana residents.
- ✓ Guarantees that **22,000** with pre-existing conditions can obtain coverage.
- ✓ Allows **76,000** young adults to obtain coverage on their parents’ insurance plans.
- ✓ Protects **900** families from bankruptcy due to unaffordable health care costs.
- ✓ Provides **millions of dollars** in new funding for community medical centers.
- ✓ Improves Medicare for **160,000** beneficiaries.
- ✓ Improves coverage for **564,000** residents who already have insurance.

Source: U.S. House of Representatives, Committee on Energy and Commerce, “The Benefits of Health Care Reform In Montana” (March 2010).

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