

Patient Protection and Affordable Care Act (PPACA) Timeline as of 6/27/12

2010

- **TEMPORARY SMALL BUSINESS HEALTH INSURANCE TAX CREDIT:** Certain businesses are eligible for a tax credit that lasts at most six years. The credit is stated as a percentage of the business's contribution to employee health insurance premiums. Before 2014, the maximum percentage is 35%. After 2014, the maximum is 50%, but only on policies purchased in the new SHOP exchanges. The percentage phases out as the number of employees and full-time equivalents rises from 10 to 25 and as the average wage rises from \$25,000 to \$50,000. More limitations are outlined on this [CribSheet #11-2](#). (retroactive to 1/1/10)
- **TEMPORARY HIGH-RISK POOLS:** A temporary national high-risk pool becomes available for certain individuals with pre-existing medical conditions who have been uninsured for six months. (begins 7/1/10; ends 1/1/14)
- **TANNING TAX:** Indoor tanning services carry a 10% excise tax. Increases taxes \$2.7 billion during 2010-2019. (begins 7/1/10)
- **AGE-26 REQUIREMENT:** Dependents can remain on parents' insurance until age 26. (for plan years beginning 9/23/10 or after)
- **PREVENTIVE SERVICES:** Certain preventive services must be covered with no out-of-pocket charges. (9/23/10)
- **COVERAGE-LIMIT PHASE-OUT:** By 2014, insurance policies cannot include annual or lifetime coverage limits. (phase-out begins 9/23/10; no limits after 1/1/14)

2011

- **DRUG TAX:** Manufacturers and importers of brand-name drugs will begin paying a tax that will be passed along to consumers. Increases taxes \$27.0 billion during 2010-2019. (begins 1/1/11)
- **OVER-THE-COUNTER DRUGS TAXED:** Over-the-counter medications can no longer be paid tax-free through Health Savings Accounts and Flexible Spending Accounts. The penalty for using HSAs/FSAs for non-qualified purchases doubles to 20%. Increases taxes \$6.4 billion during 2010-2019. (begins 1/1/11)
- **MEDICAL LOSS RATIO:** Insurers must spend at least 85% of premiums on healthcare providers in large groups and 80% in small groups; otherwise, they must return the difference to consumers as rebates. (begins 1/1/11)
- ~~**CLASS ACT:** Employers may voluntarily participate in federally subsidized long term care programs. Participating firms' employees will be automatically enrolled and subject to payroll deductions unless they opt out.~~ (HHS announced they would not be implementing the CLASS ACT as it is not viable at this time.)

2012

~~• **1099s:** Businesses will have to send IRS Form 1099s for every vendor, corporate or unincorporated from whom they purchase \$600 or more in goods or services in a year. (NFIB led a coalition that succeeded in persuading Congress to repeal the expanded 1099 reporting provision.)~~

2013

- **MEDICAL DEVICE TAX:** A 2.3% excise tax on medical devices begins and will be passed along to consumers. Increases taxes \$20.0 billion during 2010-2019. (begins 1/1/13)
- **REDUCED DEDUCTIBILITY OF MEDICAL EXPENSES:** The threshold, at which medical expenses are deductible, increases from 7.5% of income to 10%. Increases taxes \$15.2 billion during 2010-2019. (begins 1/1/13)
- **“MEDICARE” WAGE TAX:** Owners of unincorporated pass-through businesses will face a new 0.9% “Medicare” surtax on wage/salary income above \$200,000 for individuals or \$250,000 for joint filers. This surtax is paid on top of the long-existing 1.45% Medicare payroll tax. Despite the name, the proceeds will not go to Medicare. (begins 1/1/13)
- **“MEDICARE” INVESTMENT TAX:** Pass-through business owners with modified adjusted gross income over \$200,000 for individuals or \$250,000 for joint filers face a new 3.8% tax on investment income (rents, dividends, interest, royalties, capital gains on property sales other than primary residence, etc.) above the threshold. Once again, revenues do not go to Medicare. Combined with “Medicare” wage tax, increases taxes \$210.2 billion during 2010-2019. (begins 1/1/13)
- **FLEX-PLAN LIMITS:** Flexible Spending Account contributions will be limited to a maximum of \$2,500 per year. Increases taxes \$13.0 billion during 2010-2019. (begins 1/1/13)
- **CO-OPs:** Creates the Consumer Operated and Oriented Plan (CO-OP) to foster the creation of non-profit, member-run health insurance companies. (begins 1/1/13)

2014

- **INDIVIDUAL MANDATE:** The individual mandate begins, requiring almost all individuals to purchase health insurance or to pay a penalty in lieu of coverage. (See [CribSheet #12-2](#) for details.) (begins 1/1/14) ***(NFIB is seeking to overturn this provision, and along with it the entire law, as a litigant before the U.S. Supreme Court.)***
- **EMPLOYER MANDATE:** Businesses with 50 or more full-time employees or full-time equivalents may face employer mandate penalties. One employee qualifying for subsidies can trigger annual employer penalties of \$2,000 or \$3,000. This affects both offering and non-offering businesses. (See [CribSheet #11-1](#) for details.) (begins 1/1/14) ***(NFIB is leading a coalition in support of repealing this mandate.)***

- **HEALTH INSURANCE TAX:** A tax will fall on health insurance plans purchased in the fully-insured market (mostly small businesses and individuals). Employers with self-insured plans (mostly big businesses, labor unions, and governments) will not have to pay this tax. (See [CribSheet #11-2](#) for more details.) Increases taxes \$60.1 billion during 2010-2019. The total rises to \$87.9 billion when 2020 is included. During the second decade, the total tax increase will be \$200-300 billion. (begins 1/1/14) ***(NFIB is leading a coalition in support of repealing this tax.)***
- **ESSENTIAL HEALTH BENEFITS:** Small-business and individual insurance policies must cover a list of “essential health benefits.” The law specifies that the Secretary of HHS shall determine the list of benefits. However, a regulation written subsequent to the law’s passage shifted that role at least temporarily to the states. (begins 1/1/14) ***(NFIB submitted comments to HHS regarding the concern of affordability of the essential health benefit standard.)***
- **INDIVIDUAL HEALTH INSURANCE PREMIUM TAX CREDITS:** Individuals can qualify for premium credits by the following criteria: (1) Household income must be less than 400% of the federal poverty level (2) Employee share of employer-sponsored health insurance premium exceeds 9.5% of total household income and (3) Employer-sponsored coverage does not meet actuarial value requirements.(begins 1/1/14)
- **HEALTH INSURANCE EXCHANGES:** American Health Benefits Exchanges open for individuals. Small Business Health Options Plan (SHOP) Exchanges open for small businesses. (begins 1/1/14)
- **INSURANCE MARKET REFORMS:** Insurance reforms take effect, and insurers cannot impose coverage restrictions based on pre-existing conditions. Modified community rating standards go into effect for individual or family coverage based on geography, age and smoking status. Insurers must offer coverage to anyone. The law also limits out-of-pocket cost-sharing. (begins 1/1/14)
- **DEDUCTIBLES CAPPED:** Deductibles for health plans in the small-group market are capped at \$2,000 for individuals and \$4,000 for families, except under certain circumstances. (begins 1/1/14)

2016

- **INTERSTATE COMPACTS:** Permits states to form healthcare choice compacts and allows insurers to sell policies in any state participating in the compact. (begins 1/1/16)

2018

- **CADILLAC TAX:** Imposes an excise tax on insurers of employer-sponsored health plans with aggregate expenses that exceed \$10,200 for individual coverage and \$27,500 for family coverage. Increases taxes \$32.0 billion during 2010-2019. (begins 1/1/18)