



What Does Health Care Reform Mean for Fire Fighters?

On Tuesday, March 23, after decades of debate and months of back-and-forth in Congress, President Obama signed historic health insurance reform legislation into law. So, the big question is: What does health care reform mean for fire fighters? At its core, this law is about two things: covering 32 million uninsured Americans and preserving the insurance you already have and fight hard to protect. Here is what the new law will mean for you and your family:

1. Does the new law tax my health care benefits?

- The new law will not impose an “excise tax” on health care benefits until 2018, and even then it will apply only to the most expensive plans. The IAFF fought hard to eliminate the tax, and ended up reducing its size by 85 percent, compared to the original Senate bill.
- The minimum threshold for triggering the tax in 2018 will be \$ 27,500 for family plans and \$ 10,200 for individual plans. Separate dental and vision plans are not counted toward the thresholds.
- Adjustments for plans that cover high-risk workers like fire fighters and other high-risk occupations raise the thresholds to \$ 30,950 for families and \$ 11,850 for individuals. The law creates other adjustments for unusually high premium rate increases and plans in high-cost states. The IAFF will work to ensure that fire fighters can take advantage of these added adjustments.
- These amounts are indexed at the Consumer Price Index (CPI) +1 percentage point from 2018 to 2019 and at CPI beginning in 2020.
- We have conducted extensive surveys of affiliates across the country and among our largest affiliates and have not identified a single affiliate that will be hit by the tax. But to be clear, the tax is assessed on insurance companies on the cost of the health plan that exceeds the threshold. There is no direct tax on the individual.

2. What does the law do to the health care coverage I have now?



- You will not lose the benefits that you have protected through real sacrifices in wages and other benefits over the years. Nothing in the reform law forces any changes to the benefits you have now.
- You keep the doctor you have. Reform will not interfere with your choice of a doctor.

3. Will it bring down my premiums and give us some relief when we negotiate health care at the bargaining table?

- Bringing down costs is one of the principal drivers of this new law. According to the non-partisan Congressional Budget Office (CBO), premiums should at least stabilize in the next few years.
- Premiums should come down over the long-term through reducing insurance company administrative costs, increasing competition and insuring 94 percent of all Americans.
- You have seen your premiums double over the last 10 years, increasing 3-times faster than wages. You have made the hard choices to protect your health care benefits. The status quo is unsustainable for you and your employer.

4. How does health care reform affect my family now?

- Your son or daughter can stay on your health plan until their 26th birthday.
- Insurance companies are banned from dropping you when you get sick.
- Insurance companies must cover the full cost of preventive care, including annual physicals and children's immunizations.
- Insurance companies cannot deny coverage to children based on pre-existing conditions. By 2014, no one can be denied insurance coverage based on a pre-existing condition.
- Insurance companies cannot set lifetime limits on benefits and the new law regulates any annual limits that insurance companies may set.

5. What about emergency care and ambulance reimbursements?



- Hospitals and emergency rooms are overburdened meeting the basic health care needs of the uninsured. Covering 94 percent of all Americans will give much-needed relief to fire departments and emergency rooms, but the bill will not put reimbursements to fire departments in jeopardy.

6. Does the bill do anything to promote wellness programs?

- Promoting and subsidizing preventive care and wellness is a centerpiece of the new law. The IAFF continues to review the law to determine which grant programs will support wellness programs in the public sector. The IAFF's Wellness Fitness Initiative far exceeds new criteria for qualified wellness programs under the new law.

7. Does this new law increase the federal debt and deficit?

- The new law is fully paid for, according to non-partisan budget estimates. These reforms are projected to shrink the deficit, not grow it.
- The new revenues come from increasing the Medicare tax on high-wage earners (\$ 200,000, individuals; \$ 250,000, families), squeezing savings from wasteful spending in Medicare, and slapping new fees on health insurance companies, drug companies and employers that refuse to offer coverage to their employees.

8. How does reform help retired fire fighters?

- Through the end of 2013 the law creates a \$ 5 billion temporary reinsurance program to reimburse employer health plans for 80 percent of early retiree (ages 55-64) health claims that cost more than \$ 15,000 but less than \$ 90,000.
- If you're on Medicare and fall into the "doughnut hole" in prescription drug coverage, this year you will receive a \$ 250 check to help cover your medical expenses. Next year, you will get a 50 percent discount on brand-name drugs and in 2020 the coverage gap will close for good.
- If you're uninsured and can't get coverage because of a pre-existing condition, this year you can buy insurance from the government until 2014 at a cost of less than \$ 5,950 for individuals and \$ 11,000 for families. In 2014 you may be eligible for coverage through a state-run exchange.



- Medicare will deliver health care to senior citizens more efficiently. The law cuts wasteful spending and insurance company subsidies in the Medicare program to extend its solvency by nine years.

The IAFF continues to review the law and will provide tools to our affiliates in the coming months to help our members utilize what it has to offer.



After a long legislative battle, historic health care reform is the law of the land. But, it does not end the IAFF's commitment to protect and defend our members' health care benefits. As the new law is implemented over the next few years, the IAFF will do everything in its power to make certain that this new law works for fire fighters.

Health Care Reform Misconceptions

Here are a few clarifications to some misinformation on health care reform. You have heard that health care reform will...

Increase middle-class taxes. Only singles and families earning over \$ 200,000 and \$ 250,000 will pay more in taxes. If you make that much, starting in 2013, you will pay more in Medicare payroll taxes (2.35 percent, not the current 1.45 percent). You'll also pay an additional 3.8 percent tax on income from stock dividends.

Impact your IRAs and DROP plans. No income tax will be applied to individual retirement accounts, 457s or DROP plans.

Cover illegal immigrants. The law will not extend benefits to illegal immigrants. The law directs the Department of Health and Human Services to verify that uninsured Americans seeking coverage are citizens or otherwise in the United States lawfully.

Be a government takeover. Of the Americans that will get covered, 24 million will be covered through private insurance and 16 million will get coverage through Medicaid. The law builds on the three pillars of the U.S. health care system: employer-provided private insurance, Medicare for the elderly and Medicaid for the poor.

Cut Medicare. The law stops overpayments in the Medicare program. These reductions cannot reduce guaranteed Medicare benefits.

Bankrupt the States. The federal government will pay the full freight for expanding the Medicaid program for the first three years, 2014-2016. States will have to kick in 5 percent in 2017, 6 percent in 2018, and 7 percent in 2019.