

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Room 352-G
200 Independence Avenue, SW
Washington, DC 20201

FOR IMMEDIATE RELEASE
June 21, 2012

Contact: CMS Media Relations
(202) 690-6145

Health care law saves consumers over \$1 billion
Health care law provides rebates to 12.8 million consumers

Today, Health and Human Services (HHS) Secretary Kathleen Sebelius announced that 12.8 million Americans will benefit from \$1.1 billion in rebates from insurance companies this summer, because of the Affordable Care Act's 80/20 rule. These rebates will be an average of \$151 for each family covered by a policy.

The health care law generally requires insurance companies to spend at least 80 percent of consumers' premium dollars on medical care and quality improvement. Insurers can spend the remaining 20 percent on administrative costs, such as salaries, sales, and advertising. Beginning this year, insurers must notify customers how much of their premiums have been actually spent on medical care and quality improvement.

Insurance companies that do not meet the 80/20 standard must provide their policyholders a rebate for the difference no later than August 1, 2012. The 80/20 rule is also known as the Medical Loss Ratio (MLR) standard.

"The 80/20 rule helps ensure consumers get fair value for their health care dollar," Secretary Sebelius said.

Consumers owed a rebate will see their value reflected in one of the following ways:

- a rebate check in the mail;
- a lump-sum reimbursement to the same account that they used to pay the premium if by credit card or debit card;
- a reduction in their future premiums; or
- their employer providing one of the above, or applying the rebate in a manner that benefits its employees.

Insurance companies that do not meet the 80/20 standard will send their policyholders a rebate for the difference no later than August 1, 2012. Consumers in every State will also receive a notice from their insurance company informing them of the 80/20 rule, whether their company met the standard, and, if not, how much of difference between what the insurer did or did not spend on medical care and quality improvement will be returned to them.

For the first time, all of this information will be publicly posted on HealthCare.gov this summer, allowing consumers to learn what value they are getting for their premium dollars in their health plan.

For many consumers, the 80/20 rule motivated their plans to lower prices or improve their coverage to meet the standard. This is one of the ways the 80/20 rule is bringing value to consumers for their health care dollars.

For a detailed breakdown of these rebates by State and by market, please visit:

<http://www.healthcare.gov/law/resources/reports/mlr-rebates06212012a.html>

For the text of these proposed notifications, please visit: <http://cciio.cms.gov/resources/other/index.html#mlr>

For more information on the MLR provision in the Affordable Care Act:

<http://www.healthcare.gov/news/factsheets/2010/11/medical-loss-ratio.html>

For more information on how the Affordable Care Act is creating a transparent market for health insurance, visit:

<http://www.healthcare.gov/news/factsheets/2010/12/increasing-transparency.html>

###

KHN

KAISER HEALTH NEWS

Justices Uphold Individual Mandate, Set Limits On Medicaid Expansion

TOPICS: [SUPREME COURT](#), [HEALTH REFORM](#), [INSURANCE](#), [POLITICS](#), [MEDICAID](#), [STATES](#)

By [JORDAN RAU](#) and [JULIE APPLEBY](#)

KHN Staff Writers

JUN 28, 2012

Updated: 6:40 p.m.

The U.S. Supreme Court Thursday upheld nearly all of the landmark federal health law, affirming its requirement that most everyone carry insurance, but complicating the government's plan to extend coverage to the poorest Americans.

Chief Justice John Roberts Jr. joined the court's four liberals in upholding the mandate, the best-known and least popular part of the law. The court also upheld hundreds of other rules embedded in the law designed to help millions more Americans obtain insurance and to refashion the health care industry.

But a majority of the justices voted that the government could not compel states to expand Medicaid, the federal and state program for the poor, by threatening to withhold federal money to existing Medicaid programs.

That change creates unexpected challenges for the Obama administration's plan to extend insurance to 30 million more Americans. More than half of those—mostly childless adults in poverty or slightly above it -- were to be covered by expanding Medicaid, but now states can opt out.

The ruling creates a new arena for political battles in the 26 states —primarily Republican—that sued to overturn the law. Passing up the Medicaid expansion is a mixed bag, saving the states some money in the long term, but bringing no relief to millions of uninsured or the doctors and hospitals that care for them. Within hours of the decision, Republican officials in several states, including Missouri, Idaho, Nebraska and Mississippi, said they were likely to oppose expanding the program.

The court's decision also may have heightened the role of health care in the upcoming presidential and congressional elections. Republicans have vowed to kill the law if they win control of the presidency and both chambers of Congress.

President Barack Obama welcomed the ruling, saying, "We will continue to implement this law. And we'll work together to improve on it where we can. But what we won't do—what the country can't afford to do — is refight the political battles of two years ago, or go back to the way things were."

However, Mitt Romney, the presumptive GOP presidential nominee, pledged to repeal the law if he is elected: "What the court did not do on its last day in session, I will do on my first day if elected president of the United States."

House Speaker John Boehner, R-Ohio, said: "Today's ruling underscores the urgency of repealing this harmful law in its entirety."

Mandate Upheld

Creating an unusual majority coalition, Roberts joined the four liberals on the court in upholding the mandate, which had been viewed as the most legally tenuous part of the law. Roberts concluded the penalty for not carrying insurance fell within Congress' taxing power, even though the court's liberal wing had justified the mandate as a reasonable regulation of interstate commerce.

Under the mandate, people who refuse to buy insurance will face a tax penalty. By the year 2016, that will amount to either \$695 a year or 2.5 percent of income, whichever is greater. Roberts wrote that while the penalties were "plainly designed to expand health insurance coverage... taxes that seek to influence conduct are nothing new."

The decision leaves intact other major parts of the law that require insurers to accept all customers regardless of their health status and provide tax credits to those who need help to buy coverage. Those provisions go into effect in 2014.

The ruling eliminates one of the main justifications states have used to delay setting up new, online insurance markets called exchanges, where small businesses and individuals can shop for coverage.

While 14 states and the District of Columbia have authorized creation of these exchanges, another 33 have taken only initial steps or none at all, and three states have declared they won't do it at all. The law requires the federal government to run the exchanges if state officials are unwilling or unable to do so.

"I'm disappointed and shocked that Justice Roberts led the charge to uphold the constitutionality of the mandate and called it a tax," said Bill McCollum, who filed the first state lawsuit against the act when he was Florida's attorney general. "I certainly don't think it's a tax. It's a sad day for the American people."

Medicaid Expansion Curtailed

The court's ruling on Medicaid took away one of the federal government's primary inducements to get states to participate in its expanded health coverage for the very poor. The law would have allowed the government to withhold all Medicaid money to

states that didn't go along with its expansion to cover people who earned up to 133 percent of the federal poverty level, or about \$31,000 for a family of four.

Today, about 60 million people are enrolled in the program, mostly children, pregnant women and the elderly, and the expansion would have added another 17 million. Roberts said that Congress had not revised an existing program, but essentially created a whole new one, and therefore was not entitled to yank longstanding funding for states that wouldn't go along with the changes.

"The financial 'inducement' Congress has chosen is much more than 'relatively mild encouragement'—it is a gun to the head," Roberts wrote. "The threatened loss of over 10 percent of a State's overall budget ... is economic dragooning that leaves the States with no real option but to acquiesce in the Medicaid expansion."

The law calls for the federal government to pick up all the costs of the Medicaid expansion from 2014 to 2016. After that, states would gradually start having to pay a portion, but the federal government's share would not fall below 90 percent.

Within several hours of the decision, Republican officials in several states had said they were inclined to turn down new federal money because they could not afford to pick up their eventual share.

Missouri House Budget Committee Chairman Ryan Silvey said Missouri won't take federal money to expand Medicaid since the state would have to add in more than \$100 million a year starting in 2017.. "I don't see any chance of that happening," he said. "It's just not a sustainable option."

Nebraska Gov. Dave Heineman said in a statement that he would forego the money.

"If this unfunded Medicaid expansion is implemented, state aid to education and funding for the University of Nebraska will be cut or taxes will be increased," he said. "If some state senators want to increase taxes or cut education funding, I will oppose them."

Maxine Bell, Republican chairwoman of Idaho's House Appropriations Committee, said her state will likely skip the expansion.

"I assume we can't pursue it [the expansion] because we can barely afford what we're doing now," she said. "I can't imagine where we'll find the revenue."

Tate Reeves, Mississippi's lieutenant governor, said his state's share of the expansion would add almost 400,000 new enrollees and cost the state an estimated \$1.7 billion over the next 10 years. "Mississippi taxpayers simply cannot afford that cost, so our state is not inclined to drastically expand Medicaid," said Reeves, a Republican.

But health policy experts say that state officials who decline the money will likely face the wrath of providers and advocates for the poor.

"They [states] could delay for a year or two, but the pressure from hospitals and the politics would be 'why are we doing this?' It economically makes no sense," said John Holahan, director of the Urban Institute's Health Policy Center. Holahan noted that several states waited until the 1970s to start Medicaid after Congress authorized the program in 1965.

Gail Wilensky, who ran Medicare and Medicaid under President George H.W. Bush, said the government retains other levers to pressure states to participate, including special permissions the government gives states to craft their own rules in other areas. "Does [the administration] have some coaxing power? They have a lot," she said.

Politics Continue

The court ruling is unlikely to be the last word on the law. In fact, Republicans quickly seized on Roberts' declaration that the mandate was a tax to argue that the Democratic architects of the law had misrepresented it.

"The election is two or three times the importance of court decision," said Robert Laszewski, a consultant to the insurance industry.

Signed into law March 23, 2010, after being passed without a single Republican vote, the health care legislation was promptly challenged, with 26 states filing or joining lawsuits challenging its constitutionality.

From the start, Republicans argued the law was an overreach of federal authority and that its new taxes and fees would hurt the economy. Democrats said that slowing health care spending with provisions such as a powerful advisory board to curb Medicare costs and the so-called "Cadillac tax" on high-cost insurance benefits, would boost the economy. At the same time, they said, the law would provide relief to millions who could not afford or qualify for insurance coverage.

Implementing the law is estimated to cost about \$1 trillion over nine years, much of that for the insurance subsidies and expansion of Medicaid, according to the Congressional Budget Office. That is slated to be paid for through savings wrung from Medicare, along with new taxes on industry, high income earners and employer-provided insurance.

Gearing Up For Deadlines

The high court's decision comes a year and a half before January 2014, when some of the most significant changes called for in the law take effect. Those include the launch of new state-based marketplaces where consumers will shop for coverage, the fining of employers with 50 or more workers who fail to provide affordable coverage and the Medicaid expansion.

Whether the federal government and the states will be able to meet the deadlines is far from certain. States that waited for the court decision may find they have run out of time since they must submit a blueprint for the marketplaces by Nov 16.

"We could have 20 or 25 states not ready," said Laszewski.

In addition, many must resolve a host of technical challenges, including revamping aging computer systems, to prepare for increased Medicaid enrollment – and to link with federal agencies, such as the IRS, to help determine applicants' eligibility for Medicaid or tax subsidies.

Today's decision "doesn't resolve any of the technical aspects the states are facing," said Joseph Antos, a health policy scholar at the conservative American Enterprise Institute.

Still, the court's ruling gives much of the health care industry more confidence to move forward.

"Clarity benefits the country. The last thing you need is uncertainty," said David Cordani, CEO of insurer Cigna.

Sarah Barr, Mary Agnes Carey, Kristen Carriker, Matthew Fleming, Phil Galewitz, Jenny Gold, Jay Hancock, Shefali Kulkarni, David Schultz, Marilyn Werber Serafini, Stuart Taylor, Christian Torres and Andrew Villegas contributed.



Newsvine

President Obama speaks about Supreme Court's Affordable Care Act ruling and what it means for Americans (Video)

Thu Jun 28, 2012 2:29 PM EDT

Transcript of remarks by the President on Supreme Court Ruling on the Affordable Care Act

The East Room

THE PRESIDENT: Good afternoon. Earlier today, the Supreme Court upheld the constitutionality of the Affordable Care Act -- the name of the health care reform we passed two years ago. In doing so, they've reaffirmed a fundamental principle that here in America -- in the wealthiest nation on Earth -- no illness or accident should lead to any family's financial ruin.

I know there will be a lot of discussion today about the politics of all this, about who won and who lost. That's how these things tend to be viewed here in Washington. But that discussion completely misses the point. Whatever the politics, today's decision was a victory for people all over this country whose lives will be more secure because of this law and the Supreme Court's decision to uphold it.

And because this law has a direct impact on so many Americans, I want to take this opportunity to talk about exactly what it means for you.

First, if you're one of the more than 250 million Americans who already have health insurance, you will keep your health insurance -- this law will only make it more secure and more affordable. Insurance companies can no longer impose lifetime limits on the amount of care you receive. They can no longer discriminate against children with preexisting conditions. They can no longer drop your coverage if you get sick. They can no longer jack up your premiums without reason. They are required to provide free preventive care like check-ups and mammograms -- a provision that's already helped 54 million Americans with private insurance. And by this August, nearly 13 million of you will receive a rebate from your insurance company because it spent too much on things like administrative costs and CEO bonuses, and not enough on your health care.

There's more. Because of the Affordable Care Act, young adults under the age of 26 are able to stay on their parent's health care plans -- a provision that's already helped 6 million young Americans. And because of the Affordable Care Act, seniors receive a discount on their prescription drugs -- a discount that's already saved more than 5 million seniors on Medicare about \$600 each.

All of this is happening because of the Affordable Care Act. These provisions provide common-sense protections for middle class families, and they enjoy broad popular support. And thanks to today's decision, all of these benefits and protections will continue for Americans who already have health insurance.

Now, if you're one of the 30 million Americans who don't yet have health insurance, starting in 2014 this law will offer you an array of quality, affordable, private health insurance plans to choose from. Each state will take the lead in designing their own menu of options, and if states can come up with even better ways of covering more people at the same quality and cost, this law allows them to do that, too. And I've asked Congress to help speed up that process, and give states this flexibility in year one.

Once states set up these health insurance marketplaces, known as exchanges, insurance companies will no longer be able to discriminate against any American with a preexisting health condition. They won't be able to charge you more just because you're a woman. They won't be able to bill you into bankruptcy. If you're sick, you'll finally have the same chance to get quality, affordable health care as everyone else. And if you can't afford the premiums, you'll receive a credit that helps pay for it.

Today, the Supreme Court also upheld the principle that people who can afford health insurance should take the responsibility to buy health insurance. This is important for two reasons.

First, when uninsured people who can afford coverage get sick, and show up at the emergency room for care, the rest of us end up paying for their care in the form of higher premiums.

And second, if you ask insurance companies to cover people with preexisting conditions, but don't require people who can afford it to buy their own insurance, some folks might wait until they're sick to buy the care they need -- which would also drive up everybody else's premiums.

That's why, even though I knew it wouldn't be politically popular, and resisted the idea when I ran for this office, we ultimately included a provision in the Affordable Care Act that people who can afford to buy health insurance should take the responsibility to do so. In fact, this idea has enjoyed support from members of both parties, including the current Republican nominee for President.

Still, I know the debate over this law has been divisive. I respect the very real concerns that millions of Americans have shared. And I know a lot of coverage through this health care debate has focused on what it means politically.

Well, it should be pretty clear by now that I didn't do this because it was good politics. I did it because I believed it was good for the country. I did it because I believed it was good for the American people.

There's a framed letter that hangs in my office right now. It was sent to me during the health care debate by a woman named Natoma Canfield. For years and years, Natoma did everything right. She bought health insurance. She paid her premiums on time. But 18 years ago, Natoma was diagnosed with cancer. And even though she'd been cancer-free for more than a decade, her insurance company kept jacking up her rates, year after year. And despite her desire to keep her coverage -- despite her fears that she would get sick again -- she had to surrender her health insurance, and was forced to hang her fortunes on chance.

I carried Natoma's story with me every day of the fight to pass this law. It reminded me of all the Americans, all across the country, who have had to worry not only about getting sick, but about the cost of getting well.

Natoma is well today. And because of this law, there are other Americans -- other sons and daughters, brothers and sisters, fathers and mothers -- who will not have to hang their fortunes on chance. These are the Americans for whom we passed this law.

The highest Court in the land has now spoken. We will continue to implement this law. And we'll work together to improve on it where we can. But what we won't do -- what the country can't afford to do -- is refight the political battles of two years ago, or go back to the way things were.

With today's announcement, it's time for us to move forward -- to implement and, where necessary, improve on this law. And now is the time to keep our focus on the most urgent challenge of our time: putting people back to work, paying down our debt, and building an economy where people can have confidence that if they work hard, they can get ahead.

But today, I'm as confident as ever that when we look back five years from now, or 10 years from now, or 20 years from now, we'll be better off because we had the courage to pass this law and keep moving forward.

Thank you. God bless you, and God bless America.

First, when uninsured people who can afford coverage get sick, and show up at the emergency room for care, the rest of us end up paying for their care in the form of higher premiums.

And second, if you ask insurance companies to cover people with preexisting conditions, but don't require people who can afford it to buy their own insurance, some folks might wait until they're sick to buy the care they need -- which would also drive up everybody else's premiums.

That's why, even though I knew it wouldn't be politically popular, and resisted the idea when I ran for this office, we ultimately included a provision in the Affordable Care Act that people who can afford to buy health insurance should take the responsibility to do so. In fact, this idea has enjoyed support from members of both parties, including the current Republican nominee for President.

Still, I know the debate over this law has been divisive. I respect the very real concerns that millions of Americans have shared. And I know a lot of coverage through this health care debate has focused on what it means politically.

Well, it should be pretty clear by now that I didn't do this because it was good politics. I did it because I believed it was good for the country. I did it because I believed it was good for the American people.

There's a framed letter that hangs in my office right now. It was sent to me during the health care debate by a woman named Natoma Canfield. For years and years, Natoma did everything right. She bought health insurance. She paid her premiums on time. But 18 years ago, Natoma was diagnosed with cancer. And even though she'd been cancer-free for more than a decade, her insurance company kept jacking up her rates, year after year. And despite her desire to keep her coverage -- despite her fears that she would get sick again -- she had to surrender her health insurance, and was forced to hang her fortunes on chance.

I carried Natoma's story with me every day of the fight to pass this law. It reminded me of all the Americans, all across the country, who have had to worry not only about getting sick, but about the cost of getting well.

Natoma is well today. And because of this law, there are other Americans -- other sons and daughters, brothers and sisters, fathers and mothers -- who will not have to hang their fortunes on chance. These are the Americans for whom we passed this law.

The highest Court in the land has now spoken. We will continue to implement this law. And we'll work together to improve on it where we can. But what we won't do -- what the country can't afford to do -- is refight the political battles of two years ago, or go back to the way things were.

With today's announcement, it's time for us to move forward -- to implement and, where necessary, improve on this law. And now is the time to keep our focus on the most urgent challenge of our time: putting people back to work, paying down our debt, and building an economy where people can have confidence that if they work hard, they can get ahead.

But today, I'm as confident as ever that when we look back five years from now, or 10 years from now, or 20 years from now, we'll be better off because we had the courage to pass this law and keep moving forward.

Thank you. God bless you, and God bless America.



Find Insurance Options

Get Help Using Insurance

The Health Care Law & You

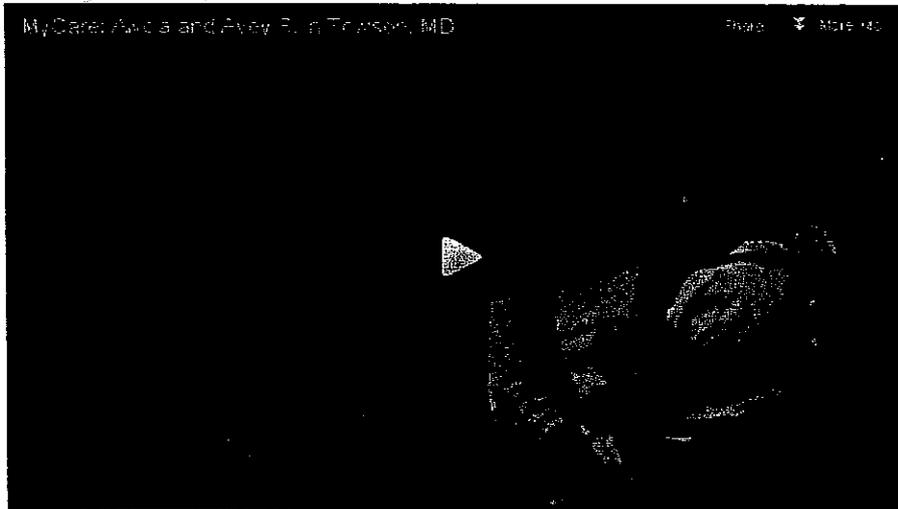
Comparing Care Providers

Prevention & Wellness

Home > MyCare: Share Your Health Care Stories



MyCare: Share Your Health Care Stories



When the Affordable Care Act was signed into law two years ago on March 23, 2010, Americans began to take their health care into their own hands. MyCare is an initiative to educate Americans about new programs, benefits, and rights under the health care law. Read Alycia's story and see how the law helped Avey.

[See all MyCare stories →](#)



Justin's Story



Ashley's Story



Louisa's Story



Judy's Story

[See all MyCare videos →](#)

How to Share Your Story

Has the health care law, the Affordable Care Act, helped you? Use social media to share your story as we celebrate the second anniversary of the health care law. You can use Twitter or Facebook to share your stories with us. Here's how:

Twitter: Sign in and send us a Tweet! Use the hashtag #MyCare or this Tweet button:



Facebook: You can leave a comment on one of the postings on our Facebook page.

Or you can send us a private message and attach your photos and videos:



Include this basic information in your private message: Your first name, the city and state in which you live, what you do, and how the law has helped you.

Please keep it simple and be sure to read our comment and privacy policy before participating. We may feature your story on HealthCare.gov or on our public Facebook page.

Share Your Story With Us
[Twitter](#) [Facebook](#)
#MyCare



HealthCare Blog

Alycia-Care: Peace of Mind in Knowing Sick Child Won't be Denied Health Coverage

Posted June 21, 2012

When a child is seriously ill, a parent shouldn't have to worry that an insurer would deny coverage due to the child's pre-existing condition....

[Continue Reading →](#)

Carol-Care and Justin-Care: Extending Coverage on a Parent's Health Plan

Posted June 21, 2012

Because of the Affordable Care Act, young adults like Justin can remain on their parents' health





Find Insurance Options

Get Help Using Insurance

The Health Care Law & You

Comparing Care Providers

Prevention & Wellness

Home > The Health Care Law & You > Key Features of the Law

Read the Law



Key Features of the Law

Key Features of the Law

The health care law offers clear choices for consumers and provides new ways to hold insurance companies accountable. The most important parts of the law are broken into groups below. We'll highlight new features of the law here as they roll out between now and 2014.



Rights & Protections

Rights and Protections

If you have insurance, these consumer protections can help you get the most out of your plan.

Insurance Choices

Insurance Choices

If you need insurance coverage or have been rejected due to a health condition or disability, you may be eligible for coverage through one of these programs.

Insurance Costs

Insurance Costs

How does your health insurance policy affect your wallet? Find out how the law helps you get the most value for your premium dollar.

65 or Older

65 or Older

The health care law strengthens Medicare and provides access to preventive services and prescription drug discounts for seniors.

Employers

Employers

Tax credits and new programs are available to small businesses to help make care more affordable for employers, employees, and early retirees.

Timeline: What's Changing & When

If you need help dealing with your insurance, finding insurance, or getting answers to questions about how the health care system works, visit the Get Help Using Insurance section. Use our interactive FAQ tool at answers.healthcare.gov to find answers to your questions about health care and insurance.

Information for You

Implementation Resources



Accessibility

Privacy Policy

Plain Writing

Disclaimers

Viewers & Players

WhiteHouse.gov

USA.gov

GobiernoUSA.gov

Take Action

Find Insurance Options

Your Insurance Company &

Rate Increases

Prevention & Wellness

Compare Care Providers

Get Help Using Insurance

Managing Your Insurance

Understanding Insurance

Free or Low-Cost Care

Medicare & Long-Term Care

Employers & Self-Employed

The Health Care Law and You

Read the Law

Key Features of the Law

Timeline: What's

Changing & When

Implementation Resources

Stay Connected

Email Updates

twitter

facebook

YouTube

View all Widgets and Badges

HealthCare Blog RSS