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HEALTH CARE OVERHAUL: WHEN AND HOW IT WILL AFFECT YOU

On March 23rd, President Barack Obama signed into law the nation's most sweeping social legislation in decades. After over a year of grueling debate in Congress, American consumers can now try and figure out how they will be affected by the Patient Protection and Affordable Care Act ("the Act"). The uninsured are clearly the biggest beneficiaries of the legislation, which will extend the healthcare safety net for the lowest income Americans. For those who are already covered by a large employer, representing most Americans, the effect won't be as significant. According to the Congressional Budget Office, the estimated cost of the overhaul is \$938 billion over 10 years. The legislation is meant to provide coverage for as many as 32 million uninsured Americans. Major coverage expansion will begin in 2014.

The following is from a timeline of implementation dates produced by the Henry J. Kaiser Family Foundation for when some of the key provisions of the Act will take effect. Next week's *Oast & Hook News* will cover the timeline for 2014 and 2015:

2010

Insurance Reforms:

- Provide dependent coverage for adult children up to age 26 years for all individual and group insurance policies.
- Prohibit individual and group health plans from placing lifetime limits on the dollar value of coverage.
- Provide tax credits to small employers with no more than 25 employees and average annual wages of less than \$50,000 that provide health insurance for employees.

Medicare:

- Provide a \$250 rebate to Medicare beneficiaries who reach the Part D coverage gap in 2010 and gradually eliminate the Medicare Part D coverage gap by 2020.

2011Long-term Care:

- Establish a national, voluntary insurance program for purchasing community living assistance services and supports (CLASS).

Prevention/Wellness:

- Require chain restaurants and food sold from vending machines to disclose the nutritional content of each item.

Medicare:

- Require pharmaceutical manufacturers to provide a 50% discount on brand-name prescriptions filled in the Medicare Part D coverage gap beginning in 2011 and begin phasing-in federal subsidies for generic prescriptions filled in the Medicare Part D coverage gap.

Tax Changes:

- Increase the tax on distributions from a health savings account or an Archer MSA that are not used for qualified medical expenses to 20% of the disbursed amount.

2013Medicare:

- Begin phasing-in federal subsidies for brand-name prescriptions filled in the Medicare Part D coverage gap (to 25% in 2020, in addition to the 50% manufacturer brand-name discount).

Medicaid:

- Increase Medicaid payments for primary care services provided by primary care doctors for 2013 and 2014 with 100% federal funding.

Tax Changes:

- Increase the threshold for the itemized deduction for unreimbursed medical expenses from 7.5% of adjusted gross income to 10% of adjusted gross income for regular tax purposes; waive the increase for individuals age 65 years and older for tax years 2013 through 2016.
- Increase the Medicare Part A (hospital insurance) tax rate on wages by 0.9% (from 1.45% to 2.35%) on earnings over \$200,000 for individual taxpayers and \$250,000 for married couples filing jointly and impose a 3.8% assessment on unearned income for higher-income taxpayers.
- Limit the amount of contributions to a flexible spending account for medical expenses to \$2,500 per year increased annually by the cost of living adjustment.

The attorneys at Oast & Hook, P.C., are currently studying the Act in order to better incorporate its provisions into estate and long-term care planning for clients to ensure clients don't run out of money during retirement. For more information on the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, visit the following websites:

Oast & Hook, P.C.: www.oasthook.com

Henry J. Kaiser Family Foundation: www.kff.org/healthreform/8060.cfm

U.S. Department of Health and Human Services: www.healthreform.gov

Ask Allie

O&H: Allie, we've heard that there is a special program for service members who need temporary homes for their pets. Please tell us about it.

Allie: Sure! A recent Air Force Times article discusses Guardian Angels for Soldiers' Pets, a volunteer group that helps service members who are either going on deployment or on an overseas tour. The group is one of several pet foster programs that offer free help to military personnel. The volunteers say that it is a chance to give back to the troops who sacrifice so much for us. The foster families send photographs and messages about the pets to their owners, so the military members can maintain their connections with their pets. Foster families do not receive payment for their services, but the pet owners typically pay for food, veterinary care, and other day-to-day expenses. For the military members, knowing that their pets are being cared for in a private home gives them peace of mind during their deployments. For more information, please visit www.guardianangelsforsoldierspet.org or www.netpets.org. I hope all of our readers have a happy holiday!!

Announcement

Oast & Hook is proud to announce that it has partnered with TowneBank to offer a series of seminars for seniors and their families. Each seminar will cover issues facing our seniors such as planning for retirement, elder law, Medicare, and long-term care planning. Oast & Hook and TowneBank will present six seminars, and each seminar will begin at 10:00 a.m. and will end at noon. Below is the list of dates and locations. Seating is limited. If you have any questions or would like to register for any of these seminars, then please phone Carol Hernandez at 757-638-6797.

April 6, 2010

TowneBank, First Colonial Banking Center
984 First Colonial Road
Virginia Beach, Virginia 23454

April 14, 2010

TowneBank, Member Service Center
6001 Harbour View Boulevard
Suffolk, Virginia 23435

April 15, 2010

Harbor's Edge
1 Colley Avenue
Norfolk, Virginia 23510

April 20, 2010

TowneBank, Oyster Point Banking Center
1 Old Oyster Point Road
Newport News, Virginia 23602

April 27, 2010

TowneBank, Great Bridge Community Hall
137 Mount Pleasant Road
Chesapeake, Virginia 23322

April 28, 2010

TowneBank, New Town Banking Center
5216 Monticello Avenue
Williamsburg, Virginia 23188

Distribution of This Newsletter

Oast & Hook encourages you to share this newsletter with anyone who is interested in issues pertaining to the elderly, the disabled and their advocates. The information in this newsletter may be copied and distributed, without charge and without permission, but with appropriate citation to Oast & Hook, P.C. If you are interested in a free subscription to the *Oast & Hook News*, then please e-mail us at mail@oasthook.com, telephone us at 757-399-7506, or fax us at 757-397-1267.