



Health Care Reform ~ Hot Topic

Issued: 10/1/2013

Individual Benefit Options

On March 23, 2010, President Obama signed comprehensive health reform, the Patient Protection and Affordable Care Act (ACA), into law. The law and subsequent legislation, focuses on provisions to expand coverage, control health care costs, and improve health care delivery system.

2013 is a transitional year with many changes in healthcare that go into effect January 1st, 2014. Our job at Sterling Benefits, LLC is to make sure:

1. you understand how the law affects you and your family,
2. assist you in making informed decisions regarding your benefits, and
3. to assist you with compliance with the new regulations.

As an individual, if you don't get coverage you may have to pay a penalty. The minimum penalty will be \$95 in 2014, but could reach thousands of dollars depending on your income. Some people won't have to pay the penalty even if they don't have coverage (i.e. those uninsured for less than three months, people who do not have to file a federal tax return, and people who would have qualified for Medicaid but their state decided not to expand the program).

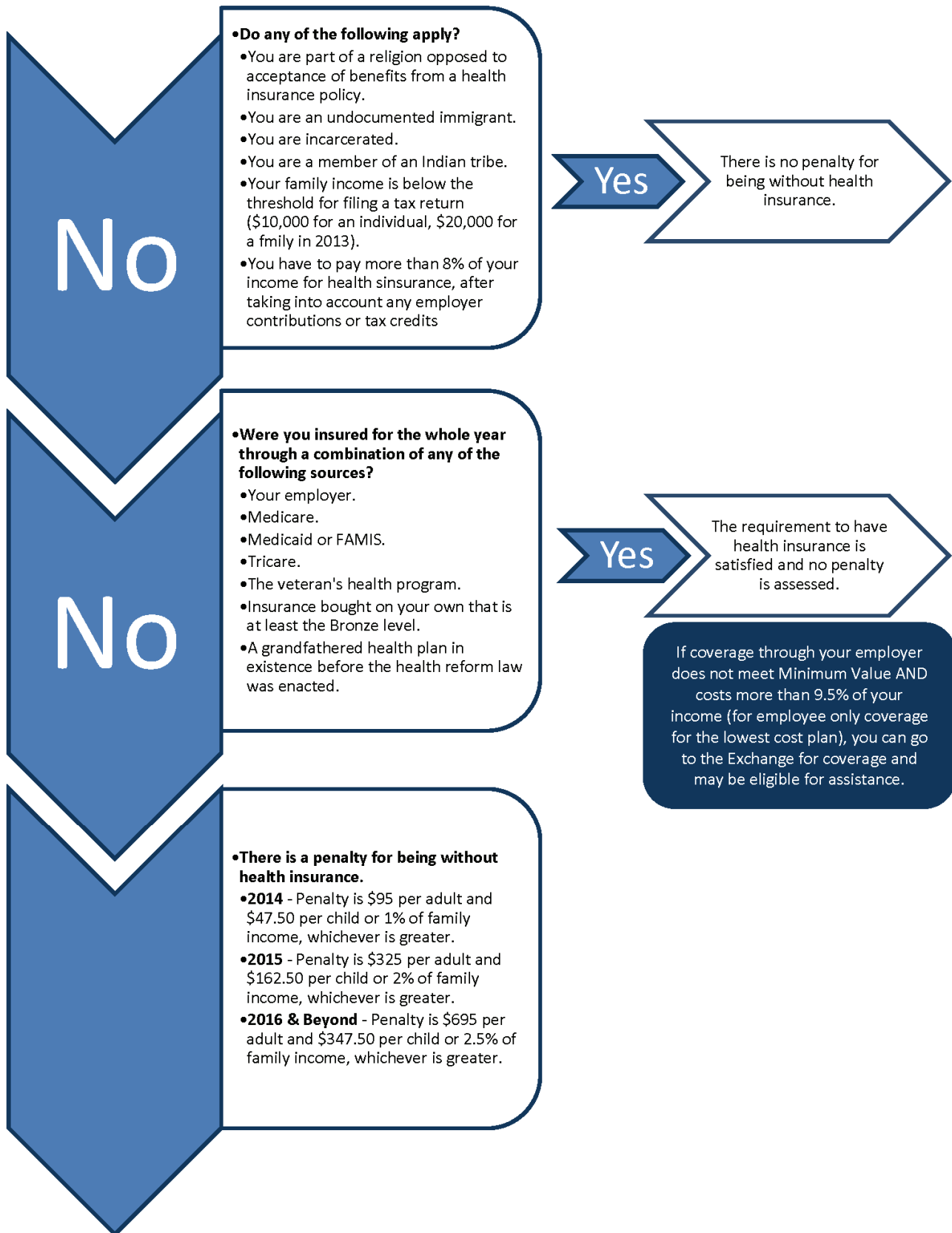
Items to consider:

1. If you are now covered by job-based health benefits through your (or a family member's) employer, then you likely can keep that coverage and will not have to make any changes. In most cases, your employer coverage will satisfy the law's requirement that you obtain insurance.
2. If you have Medicare, Medicaid, FAMIS, Tricare, or VA Benefits, you will not have to make any changes to your health insurance coverage as a result of ACA. These coverages will satisfy the law's requirement that you obtain insurance.
3. If you do not have access to other health coverage, you may be able to obtain it through Medicaid or through the new health insurance marketplace (or exchange). Those with low incomes may be able to get tax credits to help pay for coverage in new marketplaces if your annual income is between about \$11,500 and \$46,000 for a single person, or between about \$19,500 and \$78,000 for a family of three.


As you can see there are a multitude of issues to discuss as we plan for 2014.

Patient Protection and Affordable Care Act

Individual Coverage Flowchart



Marketplace Plans ~ The Metal Levels

Plan Type	Plan Pays	Consumer Pays	
	% of Total Covered Expenses (on avg.) = Actuarial Value	For Deductibles, Co-Pays, & Coinsurance (on avg.)	
Platinum	90%	10%	 <p>Higher Premiums & Lower Consumer Cost Sharing</p> <p>Lower Premiums & Higher Consumer Cost Sharing</p>
Gold	80%	20%	
Silver	70%	30%	
Bronze	60%	40%	
Catastrophic	<60%	>40%	

100% to 250% FPL are eligible for cost-sharing subsidies to reduce out-of-pocket costs – requires Silver Plan enrollment.

Actuarial Value

Actuarial Value (AV) is the average percentage paid by the insurance company for its membership as a whole as an average value spread across all of the plan's members. Consumers could be responsible for a higher or lower percentage of the total costs of covered services for the year, depending on actual health care needs and the terms of the insurance policy. Non-covered health care expenses aren't taken into account when determining a health plan's value.

Minimum Value Standard

A health plan meets this standard if it's designed to pay at least 60% of the total cost of medical services for a standard population. Starting in 2014, individuals offered employer-sponsored coverage that provides minimum value and that's affordable won't be eligible for a premium tax credit.

Minimum Essential Coverage

The type of coverage an individual needs to have to meet the individual responsibility requirement under the Affordable Care Act. This includes individual market policies, job-based coverage, Medicare, Medicaid, CHIP, TRICARE and certain other coverage.

Federal Poverty Level & Maximum Monthly Premium

Incomes as a Percentage of 2013 Federal Poverty Level (FPL)					
Household Size	Household Income (100%)	↔	Household Income (250%)	↔	Household Income (400%)
1	\$11,490	Premium Tax Credits + Cost-Sharing Subsidies (Silver Plan)	\$28,725	Premium Tax Credits	\$45,960
2	\$15,510		\$38,775		\$62,040
3	\$19,530		\$48,825		\$78,120
4	\$23,550		\$58,875		\$94,200
5	\$27,570		\$68,925		\$110,280
For each additional person add	\$4,020		\$10,050		\$16,080

2013 Maximum Monthly Premium with Tax Credits for the Silver Plan					
Household Size	100% FPL 2.0% of Income	↔	250% FPL 8.05% of Income	↔	400% FPL 9.5% of Income
1	\$19.15	Premium Tax Credits + Cost-Sharing Subsidies (Silver Plan)	\$192.70	Premium Tax Credits	\$363.85
2	\$25.85		\$260.12		\$491.15
3	\$32.55		\$327.53		\$618.45
4	\$39.25		\$394.95		\$745.75
5	\$45.95		\$462.37		\$873.05
For each additional person add	\$6.70		\$67.42		\$127.30

Amounts based on 2013 Incomes above. 2014 amounts may be higher.

Federal Government pays balance of premium directly to the Insurer.

Insurer can charge a tobacco surcharge up to 50% of the base premium (not subsidized).

Assistance

- **Premium Tax Credit**—Premium tax credits are available to individuals and families with incomes between 100% to 400% of FPL, who are not eligible for other minimum essential coverage, and who purchase coverage in the health insurance marketplace.
- **Cost Sharing Subsidy**—Cost-sharing subsidies are available to individuals and families with incomes up to 250% of FPL that lower deductibles and the total out-of-pocket costs under the plan, are only available to people who purchase a silver plan.

Premium Subsidy Scenarios

Sample 1: Family of 4 - Two 40 year old, non-smoking parents with two children under 21.								
Household Size	Annual Income	Monthly Income	FPL %	Premium Cap %	Total Premium	Tobacco Surcharge	Potential Tax Credit	Monthly Premium
4	\$53,000	\$4,417	225%	7.18%	\$962	\$0	\$645	\$317
Sample 2: Family of 2 - Two 60 year old, non-smoking adults.								
Household Size	Annual Income	Monthly Income	FPL %	Premium Cap %	Total Premium	Tobacco Surcharge	Potential Tax Credit	Monthly Premium
2	\$25,000	\$2,083	161%	4.51%	\$1,365	\$0	\$1,271	\$94
Sample 3: Single - One 30 year old, smoker. (Tobacco Surcharge Applies.)								
Household Size	Annual Income	Monthly Income	FPL %	Premium Cap %	Total Premium	Tobacco Surcharge	Potential Tax Credit	Monthly Premium
1	\$30,000	\$2,500	261%	8.37%	\$428	\$143	\$76	\$352

Working Examples								
Household Size	Annual Income	Monthly Income	FPL %	Premium Cap %	Total Premium	Tobacco Surcharge	Potential Tax Credit	Monthly Premium

Tobacco Surcharge

Insurers can charge smokers and other tobacco users as much as 50 percent more on their premiums due to the higher health risks they face compared to non-tobacco users. **Tobacco use is defined as using tobacco an average of four or more times per week in the past six months, excluding religious or ceremonial use.** Some services to help people quit smoking are covered under the Affordable Care Act.

An insurance policy may be terminated if one commits fraud and does not share accurate medical information (i.e. Smoking Status.)

Essential Health Benefits Explanation

Essential Health Benefits are a set of health care service categories that must be covered by certain plans, starting in 2014.

The Affordable Care Act ensures health plans offered in the individual and small group markets, both inside and outside of the Health Insurance Marketplace, offer a comprehensive package of items and services, known as essential health benefits.

Essential health benefits must include items and services within at least the following 10 categories:

- ambulatory patient services;
- emergency services;
- hospitalization;
- maternity and newborn care;
- mental health and substance use disorder services, including behavioral health treatment;
- prescription drugs;
- rehabilitative and habilitative services and devices;
- laboratory services;
- preventive and wellness services and chronic disease management;
- and pediatric services, including oral and vision care.

Insurance policies must cover these benefits in order to be certified and offered in the Health Insurance Marketplace. States expanding their Medicaid programs must provide these benefits to people newly eligible for Medicaid.

CMS 2014 Rate Chart					
AGE	PREMIUM RATIO	AGE	PREMIUM RATIO	AGE	PREMIUM RATIO
0-20	0.635	35	1.222	50	1.786
21	1.000	36	1.230	51	1.865
22	1.000	37	1.238	52	1.952
23	1.000	38	1.246	53	2.040
24	1.000	39	1.262	54	2.135
25	1.004	40	1.278	55	2.230
26	1.024	41	1.302	56	2.333
27	1.048	42	1.325	57	2.437
28	1.087	43	1.357	58	2.548
29	1.119	44	1.397	59	2.603
30	1.135	45	1.444	60	2.714
31	1.159	46	1.500	61	2.810
32	1.183	47	1.563	62	2.873
33	1.198	48	1.635	63	2.952
34	1.214	49	1.706	64 and Older	3.000

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Marketplace Open Enrollment Periods

The health insurance marketplaces will have the following enrollment periods:

- **Initial open enrollment period:** The initial open enrollment period for the health insurance marketplaces begins October 1, 2013 and extends through March 31, 2014.
 - If you enroll in a private health insurance plan any time between October 1, 2013 and December 15, 2013 and make your first premium payment, your new health coverage starts January 1, 2014.
 - During the rest of open enrollment, if you enroll between the 1st and 15th day of the month and pay your premium, your coverage begins the first day of the next month.
 - If you enroll between the 16th and the last day of the month and pay your premium, your effective date of coverage will be the first day of the **second following month**.
- **Annual open enrollment period:** For plan years beginning on or after January 1, 2015, the annual open enrollment period begins October 15th and extends through December 7th.
- **Special enrollment periods:** The health insurance marketplaces must also provide special enrollment periods throughout the year for those individuals and families who have a qualifying life event. (i.e. moving to a new state, certain changes in income, job loss, or changes in family size.)
 - The Special enrollment opportunity will last 60 days from the date of that triggering event.

How to Enroll

You can apply for health coverage in the Marketplace 4 ways: with a paper application, online, by phone, or in person with an assister.

You'll provide information about you and your family, like income, household members, current health coverage information, employer coverage options (Marketplace Notice), and more. This will determine your eligibility for private insurance plans, Medicaid, Children's Health Insurance Program (CHIP), tax credits, and subsidies.

Once you receive your eligibility notice you'll be able to compare, choose, and enroll in an insurance plan.

We can help!

Health care reform does nothing to sever the Client / Broker relationship and our ability to help you. Under ACA, Sterling Benefits, LLC will continue to be able to advise and assist clients with their benefit needs as we move into 2014.

We want to assure you we are Marketplace Certified and will be able to provide all of our clients with the help needed to find the best solution for your specific situation.

Thank you for the opportunity to be of service.

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IMPORTANT: This document has been compiled from numerous sources and is designed to provide a general overview of the new health reform law. It does NOT attempt to cover all of the law's provisions and should NOT be used as legal advice for implementation activities.

We encourage you to seek any professional advice, including legal counsel, regarding how the new requirements will affect your specific plan.

Links - Further Reading

[HR 3590 – Patient Protection and Affordable Care Act.](#)

[HR 4872 – Health Care and Education Reconciliation Act.](#)

HealthCare.gov

[HHS – The U.S. Department of Health and Human Services.](#)

[IRS – The Federal Internal Revenue Service.](#)

[White House Fact Sheets](#)

Healthcare Reform Website

HealthCare.gov

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