HEALTHCARE REFORM

What You Need to Know

From healthy young adults to senior citizens to individuals struggling with chronic disease, the effects of the *Affordable Care Act* (ACA) will be far-reaching. Starting January 1, 2014, new regulations will provide most Americans access to health insurance that covers essential care. Major changes set to impact individuals in 2014 include:

- **Individual Mandate** — Most individuals will be required to have health insurance or pay a penalty.
- **Health Insurance Marketplaces** — Starting October 1, 2013, individuals without access to affordable, employer-sponsored plans that provide qualifying coverage can enroll in plans offered through state-based exchanges, with coverage beginning January 1, 2014. They may also qualify for federal subsidies.
- **Guaranteed Issue** — Insurance companies must sell coverage to everyone, regardless of pre-existing conditions, and can't charge more based on health or gender. Rates may vary based on age, tobacco use, geography or family size.
- **No Annual or Lifetime Limits** — Individual and group health plans may not impose annual or lifetime limits on essential health benefits.

The Penalties for Being Uninsured	
2014	$95 per individual, $285 per family, or 1% of income*
2015	$325 per individual, $975 per family, or 2% of income*
2016	$695 per individual, $2,085 per family, or 2.5% of income*
	*Greater amount applies.

The impact on individuals depends on a variety of factors, including insurance status, income, age and health. The following scenarios may assist when determining what, if any, changes to expect.

Will the new law force me to buy health insurance? What if I can't afford it?

Individuals who don't have insurance won't be forced to get it, but will face a tax penalty if they don't. Tax credit subsidies will be provided through the exchanges to those earning up to four times the Federal Poverty Level (FPL).

Who Will Qualify for Help?*	
Income Level	Premium as a % of Income/ After Tax Credit
Up to 133% FPL	2% of income
133-150% FPL	3-4% of income
150-200% FPL	4-6.3% of income
200-250% FPL	6.3-8.05% of income
250-300% FPL	8.05-9.5% of income
300-400% FPL	9.5% of income

How Subsidies Work	
1	Eligible applicants apply when they sign up for insurance on the exchange
2	The government calculates the tax credit (see "After Tax Credit" column above), and the amount is paid directly to the insurance company
3	The insured pays the remaining portion of the premium

I receive coverage through my employer – how will the new rules impact me?

If you're satisfied with your employer's coverage, you can keep it and do nothing. Those without access to "affordable", qualifying employer-sponsored coverage may receive subsidies if they buy from the state exchanges.

What is "Affordable" Employer-Sponsored Coverage?
A plan is not considered "affordable" when the individual's share of the premium exceeds 9.5% of their gross income.
Example: An employee earning $30,000 per year must pay $237.50 per month or less for their share of the premium ($30,000 x .095 = $2,850/12 = $237.50) for coverage to be considered "affordable".

Information provided by: MARSH NATP

Due to a pre-existing condition, I'm currently uninsurable in the individual market. My employer doesn't offer a retiree benefit plan and I would like to retire before age 65. How will guaranteed issue coverage and access to the exchanges affect my ability to do so?

Employees considering early retirement (before they're Medicare-eligible), will have access to guaranteed coverage both in the exchanges and the private insurance market. In addition, 2014 regulations require premiums for older individuals to be limited to no more than three times what a younger person would pay.

The policy I purchased excludes coverage for my pre-existing condition and is not up for renewal until June 2014. Can I drop my coverage and re-enroll in another policy?

Yes, starting January 1, 2014, policies that are "rated-up" or include coverage restrictions will no longer be compliant under ACA, with the exception of plans issued prior to March 23, 2010 ("grandfathered"). If you decide to drop your coverage and purchase through the individual market or exchange, you can switch to a new plan during open enrollment each year.

Is Your Policy Compliant?

"Rated-up" (charging a higher premium based on health) and "ridered" (excluding coverage for a pre-existing condition) policies are not compliant under ACA in 2014.

I'm currently insured but have accepted a number of renewal increases over the years. What are my options?

If you're satisfied with your plan and it's affordable and provides qualifying coverage, you can renew your policy as is. If you're not satisfied with your rates and/or your current policy is not compliant with ACA requirements, you may purchase a new policy in the individual market or from the exchange.

Will I be required to purchase from the exchange, or can I continue to purchase coverage through my insurance agent?

The ACA specifically states individual and small business owners may purchase coverage in the private marketplace or through an exchange. The small group SHOP exchanges and most individual exchanges will allow agents and brokers to participate.

I'm a graduate student who doesn't have access to an employer-sponsored plan. What are my options?

Young adults are eligible to remain on their parents' health insurance policy until they reach their 26th birthday. You may also purchase individual coverage through the private individual market, the individual exchange (where you may qualify for a federal subsidy), or enroll in your institution's student health plan.

Current as of August 2013