

HEALTH CARE REFORM FREQUENTLY ASKED QUESTIONS

Beginning in 2014, the Affordable Care Act (ACA) requires most individuals to have acceptable health insurance known as “Minimum Essential Coverage”, qualify for an exemption, or pay a penalty. This provision is often referred to as the “Individual Mandate.”

Q: Does this affect me if I am eligible or covered under an employer-sponsored plan?

A: It will not affect your eligibility or participation in your employer-sponsored plan.

Q: Who is subject to this provision?

A: Individuals of all ages, including children

Q: When does this provision go into effect?

A: This provision is effective January 1, 2014

Q: What counts as “Minimum Essential Coverage”?

- Employer-sponsored coverage (including COBRA and retiree coverage)
- Coverage purchased in the individual market
- Government-sponsored plan such as Medicare, Medicaid, Children’s Health Insurance Program (CHIP), TRICARE or veterans coverage
- Insured student health coverage
- State high risk pool coverage

Q: What is the penalty if you do not have health insurance coverage?

A: The penalty will be phased in over a 3 year period and is the greater of two amounts – the “flat dollar amount” and the percentage of income amount. Income is defined as taxpayer’s household income less standard exemptions and deductions:

Penalty for Not Having Medical Coverage Greater of Flat Dollar Amount or Percentage of Household Income					
Year	Dollar Amount per Adult	Dollar Amount per Child under 18	Maximum Amount per Family	OR	Percentage of Income
2014	\$95	\$47.50	\$285		1.0%
2015	\$325	\$162.50	\$975		2.0%
2016	\$695	\$347.50	\$2,085		2.5%
2017	Indexed for Inflation				2.5%

Q: Are there any exemptions from this tax?

A: Yes, exemptions include:

- **Religious conscience** – a member of a religious sect that is recognized as conscientiously opposed to accepting any insurance benefits. The Social Security Administration administers the process for recognizing these sects according to the criteria in the law.
- **Health care sharing ministry** – a member of a recognized health care sharing ministry.
- **Indian tribes**
- **Incarcerated individuals**
- **Not lawfully present** – individual neither a citizen, a national nor an alien lawfully present in the country

HEALTH CARE REFORM FREQUENTLY ASKED QUESTIONS

- **Short coverage gap** – a gap less than 3 consecutive months beginning no earlier than January 1, 2014
- **Hardship** – Marketplace Exchange certifies individual has suffered a hardship and thus unable to obtain coverage
- **Unaffordable coverage options** – unable to afford coverage because the minimum amount required for premium is more than 8% of household income
- **No filing requirement** – if household income is below the minimum threshold for filing a tax return. The requirement to file a federal tax return depends on your filing status, age, and types and amounts of income. To find out if you are required to file a federal tax return, use the IRS Interactive Tax Assistance:

[http://www.irs.gov/uac/Interactive-Tax-Assistant-\(ITA\)-1](http://www.irs.gov/uac/Interactive-Tax-Assistant-(ITA)-1)

Q: How will this penalty be collected?

A: Starting in early 2015, individuals will indicate on their 2014 tax return any members of their family (including themselves) that are exempt. For individuals not exempt, the taxpayer will indicate whether or not they had insurance coverage. The taxpayer will owe a penalty for each non-exempt family member who did not have coverage.

Q: If I am not eligible under an employer-sponsored plan, what are my options for obtaining health coverage?

A: You have several options:

- You can buy a plan directly from a health insurance company, such as Blue Cross Blue Shield or from a broker who may represent several insurers
- You can enroll in a plan on the Health Insurance Marketplace Exchange beginning October 1, 2013
- You may be able to qualify for a government plan. When you apply for health coverage on the Marketplace Exchange, you may find out that you qualify for a low-cost for free government program, such as Medicaid or the Children's Health Insurance Program (CHIP).

Please feel free to contact our insurance brokers, Fringe Funding at 847-577-8085 if you have any questions. They will be happy to assist you in any of the above options.

Q: What is the Marketplace Exchange?

A: The Marketplace Exchange is an online forum allowing you to shop for different insurance plans. The site will provide a calculator to help you determine what your monthly premium will be and whether you qualify for help with the cost of premiums (subsidies). You will also be able to call and speak to representatives.

Q: Even though I am covered under the District's plan, can I shop the Marketplace Exchange for coverage?

A: Yes, however you will lose any and all District contribution towards the cost of coverage. The District's contributions and your contributions are excluded from Federal, State, Social Security, and Medicare taxes. Premiums paid to the Marketplace Exchange will not be excluded from these taxes.

Q: When will the Marketplace Exchange be open?

A: The Marketplace Exchange is expected to open October 1st. The first open enrollment will last through March of 2014. Coverage begins January 1, 2014.

HEALTH CARE REFORM FREQUENTLY ASKED QUESTIONS

Q: What coverage options will be available on the Marketplace Exchange?

A: Exchange plans and premiums will be divided into four different levels:

- **Bronze** – lowest monthly premium. Plan will cover an average of 60% of your medical bills. This may be a good option for people who require little to no medical care in an average year.
- **Silver** - slightly higher premiums than Bronze and will cover an average of 70% of annual health care costs. Individuals who choose Silver may be eligible for reduced out-of-pocket costs depending on their income. Silver plans will be used for determining tax subsidies.
- **Gold** – will cover an average of 80% of medical care, with higher premiums than those of the Bronze or Silver plans.
- **Platinum** – will provide the most coverage with an average of 90% of medical care paid by the insurance company. Gold and Platinum plans are the best options for people who are likely to require a lot of medical attention in any given year.
- **Catastrophic** – individuals under 30 years and those with limited incomes may purchase these plans. They are designed to offer protection from very high medical costs. They cover 3 primary care visits per year and preventive benefits at no cost.

Q: Will I qualify for tax credits or premium subsidies?

A: Premium subsidies will be available to individuals **not** eligible for an employer-sponsored plan that is “Affordable” and provides “Minimum Value Coverage” and with a household income less than 400% of the Federal Poverty Level.

2013 Federal Poverty Level		
Family Size	100% of Federal Poverty Level	400% of Federal Poverty Level
1	\$11,490	\$45,960
2	\$15,510	\$62,040
3	\$19,530	\$78,120
4	\$23,550	\$94,200
> 4	\$4,020 for each additional family member	\$16,080 for each additional family member

Q: What is considered “Minimum Value Coverage” and “Affordable”?

A: “Minimum Value Coverage” is an actuarial value determined by the government. The Exchange Notice provided by your employer indicates whether your plan is considered “Minimum Value Coverage”. A Plan is considered “Affordable” if the employees’ cost for single coverage is no more than 9.5% of household income.

Q: What if my employer offers several plans?

A: The “Affordability” calculation is based on the lowest cost plan your employer provides.

Q: Will my dependents be eligible for a subsidy on the Marketplace Exchange?

A: If your dependents are eligible under your employer-sponsored plan that provides “Minimum Value Coverage” and is considered “Affordable” (based on single coverage) then they will not be eligible for a subsidy.