# Employee FAQs (technical)

## 1. Is the Health Care Reform law here to stay?

Health Care Reform was passed on March 23, 2010. The individual mandate provision was declared constitutional by the U.S. Supreme Court in June 2012. However, the mandate requiring all States expand Medicaid or lose all Medicaid funding was overturned. The Court did not render an opinion or decision on any other aspects of the Health Care Reform law.

This is the most sweeping health care law our nation has ever seen and may be the most widely impactful law of our time.

The health care and health insurance sectors have increased to represent nearly a fifth of our nation's entire economy, contributing to social problems such as:

- Rapidly rising costs to provide health care (which make it difficult for individuals to get the care they need and for employers to shoulder a substantial amount of the cost of medical insurance);
- Large numbers of uninsured people (a significant burden on hospital emergency rooms, taxpayers, and those with proper insurance, who all have to pay for that care);
- Nearly 50% of bankruptcies are medical expense related.

Instead of an insurance "take-over" (like Medicare in 1965), the federal government opted to reform the current system of private insurance and tax-favored employer-sponsored coverage (Congress attempted this unsuccessfully in 1993).

While various parts of the law have been repealed (like free choice vouchers and expanded 1099 requirements), abandoned (such as CLASS which would have provided long-term care insurance), or run out of money (such as the federal high risk pool, early retiree drug subsidies, and the development of co-ops), the majority of the law's provisions are being implemented.

## 2. If someone in my family does not have medical insurance, will they be required to buy medical insurance?

Beginning January 1, 2014, most legal residents of the United States will need to purchase medical insurance or potentially face a personal tax penalty (there are exemptions for specific reasons, such as religious objection or financial hardship). A few ways individuals can satisfy the coverage mandate include:

- Qualified medical insurance purchased on your own or through your employer.
- Medicaid, Medicare, TRICARE, CHIP, and various other government-sponsored medical plans.
- Any medical insurance offered in the new public Marketplaces.

If an individual does not have qualifying insurance, personal tax penalties are as follows:

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| 2014 | • $ 95.00 per adult without coverage<br>• $ 47.50 per child without coverage<br>• $ 285.00 cap for the year | Or 1% of excess income, if greater |
| 2015 | • $ 325.00 per adult without coverage<br>• $ 162.50 per child without coverage<br>• $ 975.00 cap for the year | Or 2% of excess income, if greater |
| 2016 and beyond | • $ 695.00 per adult without coverage<br>• $ 347.50 per child without coverage<br>• $2,085.00 cap for the year | Or 2.5% of excess income, if greater |

"Excess income" is household income less dependent exemptions and the standard deduction.

## 3. How can I get help paying for insurance?

Public Marketplaces will first identify whether an individual qualifies for Medicaid or Children's Health Insurance Program (CHIP) coverage and assist them in enrolling. If an individual does not qualify for Medicaid or CHIP, then the public Marketplaces can help determine whether the individual qualifies for federal premium tax credits. Requirements to qualify for the tax credits are:

1. Lawfully present in the U.S. and not incarcerated;
2. Cannot be eligible for employer-sponsored coverage that is deemed "affordable" and provides "minimum value" or for other sponsored coverage (such as Medicare or TRICARE). This includes eligibility for coverage through a spouse or parent.
3. Household modified adjusted gross income (MAGI) between 100–400% of the federal poverty level. Based on the current FPL, this would be individuals between $11,490 and $45,960 or a family of four between $23,550 and $94,200;
4. Cannot be claimed as a dependent by another taxpayer; and
5. Married couples must file a joint return.

Anyone meeting all of the above criteria whose income is between 100–250% of FPL will also potentially qualify for cost-reduction tax credits. This can reduce out-of-pocket plan coverages, such as deductibles, coinsurance, and copays.

For both premium tax credits and cost-sharing reduction tax credits, the federal government will pay the insurance company directly each month so the individual only pays their share. The government's share is calculated based on household income, household size, and the second-lowest cost silver plan in the public Marketplace for that individual.

At the time of applying for tax credits, the individual will estimate what they expect their household income to be for the year. If household income ends up higher than estimated, the individual may have to repay some or all of the tax credits.

## 4. How do I apply for public Marketplace coverage (and subsidies)?

Most individuals are expected to apply online directly on their own State's public Marketplace website. The online application will start with basic questions and only show more complex questions as needed depending on each answer during the application process.

Call centers will be available for phone applications. Paper applications will be available and may prove helpful for individuals that need to gather additional information before completing the online application. For public Marketplaces run by the federal government (like those in Nebraska, Kansas, Missouri, Oklahoma, and Texas), three paper applications are available to choose from:

1. **Individual Short Form**: 3-page application for individuals with no dependents and no access to employer-sponsored insurance. This application avoids asking any questions about dependents or employer coverage but does require income information for potential financial assistance.
2. **Individual without Financial Assistance**: 3-page application for individuals with no dependents who are not applying for financial assistance. This application avoids asking any questions about dependents, employer coverage, or income.
3. **Family**: 7-page application for:
    a. Individuals requesting financial assistance with access to employer-sponsored coverage that does not meet affordability or minimum value standards; and
    b. Families

## 5. Can I apply for coverage in the public Marketplace whenever I want? Why not just wait until I need insurance to buy it?

Public Marketplaces will have a special "open enrollment" each year from October 15 to December 7 for people to enroll for coverage that doesn't begin until the following January.

(When public Marketplaces first open in October of 2013, the open enrollment will actually last October 1, 2013 until March 31, 2014.) Outside of the open enrollment period, an individual will need to have a "qualifying event" (QE) such as marriage or birth/adoption of a child that grants them a special enrollment opportunity. There's no guarantee that an unexpected medical event will coincide with a QE, and even if such an event occurred during the annual public Marketplace open enrollment period, coverage wouldn't be effective for several weeks, leaving the individual liable to pay for the treatments received prior to the date coverage begins. Here is a list of QEs that would allow an individual to apply for public Marketplace coverage at any time during the year:

1. Loss of other minimum essential coverage
2. Marriage, birth, or placement for adoption
3. Gain citizenship or qualifying immigration status
4. Enrollment errors by HHS or the Marketplace
5. QHP violates its contract (materials provision)
6. Change in eligibility for tax credits or cost-sharing reductions
7. Gain access to new plans as a result of a move
8. Native American Indians may enroll or change QHPs one time per month
9. Exceptional circumstances

## 6. Will health care and health insurance cost more under the law's new requirements?

Health care costs and health insurance costs have been increasing at rates that outpace inflation for several decades. The law has implemented some measures in an effort to slow down those increases, but the slow-downs may not be realized right away. Some examples include:

- Changing the way care is delivered (such as implementing Accountable Care Organizations, or ACOs);
- Changing the way health care providers are paid;
- Encouraging tobacco cessation and preventive care;
- Mandating large restaurant chains post calories on menus so consumers can be better educated to make healthier choices; and
- Providing loans to help all health care providers upgrade from paper to electronic medical records that will hopefully provide more efficient health care delivery with fewer medical errors.

The law has also implemented new requirements that are likely to result in increased costs to employers and consumers, such as:

- New taxes on insurance companies ($100 billion over the next 10 years), medical device manufacturers and importers ($29 billion over the next 10 years), brand name drugs ($34 billion over the next 10 years), employers ($140 billion over the next 10 years for "play or pay" penalties and $80 billion over 10 years for "Cadillac tax" penalties). All of these new taxes and fees are likely to be passed on to employers and consumers.
- Mandated coverage for such things as free preventive care for non-grandfathered plans, children remaining covered to age 26, pre-existing health conditions, etc.
- Inability for insurance companies to rate for risk and mandatory community rating structures for individual coverage and small employer plans.

In addition, millions of uninsured people are hoping to obtain health care they may not have been able to afford before, but there's not expected to be an influx of new doctors to accommodate the increased demand. This is likely to increase costs even further.

The financial impact of Health Care Reform depends in part on a large percentage of current uninsured young adults purchasing insurance coverage beginning in 2014. If this does not occur, there will be an adverse effect on insurance costs.