

What does health  
reform mean for me?

# What is the Individual Mandate?

- Beginning in 2014, the Affordable Care Act requires almost everyone to maintain health insurance for themselves and their dependents.
- Those who are required but do not maintain minimum essential coverage **must pay a tax penalty for noncompliance**
- New programs have been created for those in certain income ranges to help them shop for and pay for their health insurance:
  - Advance Tax Credit
  - Subsidy
  - Medicaid Expansion
  - Health Insurance Marketplaces (aka Exchanges)

# Are there any Exemptions?

## Yes. You don't have to comply if you:

- Are not lawfully present in the U.S.
- Are incarcerated
- Reside outside of the U.S.
- Contribute more than 8% of household income for self-only coverage
- Have a household income less than the federal income tax filing threshold
- Have been determined by Health & Human Services to have suffered a hardship
- Participate in a health care sharing ministry
- Are a member of an Indian tribe
- Are a bona fide resident of any possession of the United States

# What are the annual penalties?

## Annual Penalties (**Greater** of the following)

Year	Amount	Annual Max
2014	1% of income	\$95 adult \$47.50 child \$295 family
2015	2% of income	\$325 adult \$162.50 child \$975 family
2016 & beyond	2.5% of income	\$695 adult \$347.50 child \$2,085 family

- Penalty cannot exceed national exchange bronze plan
- No penalty imposed on those without coverage for less than three months (only one three-month period allowed in a year)

*No legal or tax advice is given or intended – general topical reference is used.*

# What coverage changes have been made?

- Pre-existing conditions cannot count against you
- Preventative services must be covered at 100%
  - Vaccinations
  - Annual Check-Ups
  - Routine Screenings
- Children up to age 26 can be covered under a parent's plan
- Lifetime dollar limits on coverage have been removed
- Deductible caps have been applied
- Essential Health Benefits must be included
  - (i.e. hospitalization, lab services, prescription medications, maternity and newborn care)

# How will premiums be determined?

## Today

- Premiums based on demographics, including average age, gender, and projected health insurance claims based on health history

## Beginning in 2014

- Premiums based on Community Rating
  - Health risks and costs are averaged then separated by age, geography, and tobacco use
  - Your individual health history can no longer be included
- The highest premium can be no more than 3 times the amount of the lowest premium

## What does this mean?

The young & healthy will have to pay more on average

# What is community rating?

- Community rating bases your premiums ONLY on age, geography, family size, and tobacco use
- Age
  - Older adults can't be charged more than three times what a younger adult is charged
- Geography
  - Insurers can charge more in areas where medical costs are high
- Family Size
  - An individual vs. an individual plus a spouse and/or children
- Tobacco Use
  - An individual using tobacco products can't be charged more than 1.5 times what a non-tobacco user is charged

# What are my options for purchasing health insurance?

- Your employer provides it to you
- You purchase it through an Exchange
  - In Kentucky, the exchange is called KYNECT
- You purchase it through Peel & Holland directly to the carrier



# What is an Exchange?

- An Exchange, or health insurance marketplace, is a website where you can:
  - Apply for a subsidy or advance tax credit
  - View the plans available to you
  - Determine how much those plans cost
  - Purchase your plan
- An Exchange is kind of like a Travelocity or Expedia of health plans
- Each state can set up an exchange (Kentucky's is KYNECT)
- The Exchange won't offer its own health insurance plans – it will offer a variety of plans from private health insurance companies