

Considering New Options: Navigating the 2014 Health Insurance Marketplace

Indiana Benefits Conference | November 19, 2013

Presented by:

Katy Stowers, Advisor & General Counsel

FIRST PERSON

Agenda

- What does full implementation of the Affordable Care Act really mean in the health insurance landscape?
- What is the individual mandate?
- How do premium tax credits and cost sharing subsidies work for individuals?
- What coverage options are available in the Health Insurance Marketplace – and at what cost?
- How should an individual go about making informed decisions?

Coming in 2014 & 2015: big changes in the health benefits marketplace

- ACA “shared responsibility provisions”
 - Employers required to provide health coverage or pay penalties (delayed until 2015)
 - Individuals required to buy health coverage or face tax penalties (NOT delayed – effective 1/1/14)
- The Health Insurance Marketplace (state-based “public exchanges”) will provide a new marketplace to purchase health coverage for individuals and small employers
- Low-income individuals will be eligible for the federal “Insurance Affordability Program” – financial assistance in the form of advance premium tax credits and cost-sharing subsidies when coverage is purchased through the Health Insurance Marketplace

New market considerations

- The 2014 landscape raises new questions for individuals making benefit decisions, which creates new questions for employers:
 - Individual mandate – How will people avoid extra taxes, and how should this impact benefit decisions?
 - Health Insurance Marketplace (a.k.a. “public exchanges”) – Are these a good alternative to the group plans employers are offering?
 - Federal financial assistance programs – Will my employees qualify for premium tax credits and cost-sharing subsidies in the Health Insurance Marketplace?

The individual mandate

- Beginning January 1, 2014, individuals who do not purchase health coverage for themselves and their tax dependents that is “minimum essential coverage” will be subject to a tax penalty
- What is “minimum essential coverage?”
 - A government-sponsored program (Medicare Part A, Medicaid, TRICARE, CHIP)
 - An “eligible employer-sponsored plan”
 - A group health plan offered by an employer to an employee in the state’s small or large group market, COBRA and retiree health
 - A health plan in the individual market
 - Other coverage “as HHS recognizes” (as of now, Medicare Advantage, State high risk pools, student health plans)

The individual mandate

- Penalty assessed for each individual, spouse, or tax dependent in the taxpayer's household
- Penalty is reported annually and collected with the individual's federal tax return
- Calculated and enforced by the IRS
- Was NOT delayed with the employer mandate – individual penalties will be effective 1/1/14 barring legislative/policy change
- Will be assessed if, between April 1st and December 31st, the individual goes more than 3 months without coverage. (Individuals may enroll until the March 31 deadline and still avoid the penalty).

The individual mandate

- Individual tax penalties for not purchasing “minimum essential coverage”
 - 2014: the greater of \$95 or 1% of AGI
 - 2015: the greater of \$325 or 2% of AGI
 - 2016 and after: the greater of \$695 or 2.5% of AGI
- Tax penalty applies separately for each individual in the household; cut in half for children under 18
- Flat dollar amount is capped at 3 times the amount regardless of household size

The Health Insurance Marketplace: what is it and how does it work?

- The Health Insurance Marketplace is a state-based resource for individuals and small employers to purchase “qualified health plans” (QHPs) effective January 1, 2014
- Opened for enrollment on October 1, 2013
- Initial enrollment period is October 1, 2013-March 31, 2014
 - Must enroll by 12/15/13 to buy coverage effective 1/1/14
 - After 12/15/13, enrollments received between the 1st and 15th of the month are effective on the first day of the next month
 - Enrollments received between the 16 and the 31st day of the month are effective on the first day of the second month following
 - Examples:
 - Individual enrolls 2/1/14; coverage effective 3/1/14
 - Individual enrolls 2/16/14; coverage effective 4/1/14

The Health Insurance Marketplace: what is it and how does it work?

- Individuals purchasing coverage in the Health Insurance Marketplace may be eligible for federal premium tax credits and cost-sharing subsidies to assist with health care costs
- Eligibility for federal financial assistance is based on household modified adjusted gross income **and** availability of affordable employer-sponsored coverage
 - If an employer offers affordable and adequate coverage to all full-time employees (working on average 30+ hours per week). **It is unlikely that any full-time employee whose employer provides health coverage will qualify for federal financial assistance to purchase an individual policy in the public Marketplace**

Who will qualify for premium tax credits and cost-sharing subsidies?

- Individuals will qualify for premium tax credits if their household income falls between 100% and 400% of the Federal Poverty Line (FPL)
- Cost-sharing subsidies are also available to households with income between 100–250% of FPL
- FPL qualification is based on the household's Modified Adjusted Gross Income (MAGI), which includes:
 - AGI
 - Social Security benefits (even if not ordinarily included in gross income)
 - Tax exempt interest
 - Foreign earned income

Federal Poverty Line: 2013 HHS Poverty Guidelines

Percent of Poverty Line

Size of Family Unit	100%	110%	125%	150%	175%	185%	200%	300%	400%
1	\$11,490	\$12,639	\$14,363	\$17,235	\$20,108	\$21,257	\$22,980	\$34,470	\$45,960
2	\$15,510	\$17,061	\$19,388	\$23,265	\$27,143	\$28,694	\$31,020	\$46,530	\$62,040
3	\$19,530	\$21,483	\$24,413	\$29,295	\$34,178	\$36,131	\$39,060	\$58,590	\$78,120
4	\$23,550	\$25,905	\$29,438	\$35,325	\$41,213	\$43,568	\$47,100	\$70,650	\$94,200
5	\$27,570	\$30,327	\$34,463	\$41,355	\$48,248	\$51,005	\$55,140	\$82,710	\$110,280
6	\$31,590	\$34,749	\$39,488	\$47,385	\$55,283	\$58,442	\$63,180	\$94,770	\$126,360
7	\$35,610	\$39,171	\$44,513	\$53,415	\$62,318	\$65,879	\$71,220	\$106,830	\$142,440
8	\$39,630	\$43,593	\$49,538	\$59,445	\$69,353	\$73,316	\$79,260	\$118,890	\$158,520

Source: U.S. Department of Health and Human Services <http://www.acf.hhs.gov/programs/ohs/news/2013-hhs-poverty-guidelines>

For all 48 Contiguous States and the District of Columbia.

Marketplace options – what coverage is available and at what cost?

- Coverage options will vary from state to state
- Policies based on “metal tiers”
 - Catastrophic (less than 60% AV)
 - Bronze (60% AV)
 - Silver (70% AV)
 - Gold (80% AV)
 - Platinum (90% AV) (Indiana currently has no platinum offerings)
- Provisions may differ due to different state regulations regarding Essential Health Benefits (“EHBs”)
 - All plans offered in the Health Insurance Marketplace must cover EHBs, but EHBs defined differently depending on the state benchmark plan

Marketplace options – what coverage is available and at what cost?

- Coverage will differ from current group market
- “Narrow” networks – return of HMO platform
 - Limited providers
 - Referrals may be needed for specialty care
- Limited portability
 - Out of state will usually mean out of network (except ER)
 - Marketplace policies will provide NO out-of-network benefits
- No preexisting condition exclusions permitted
- Community rating rules apply
 - Premiums may vary based on age, region of the state, tobacco user status, and # of people covered under the policy – NO variance for health status, gender

Reinstating Cancelled Plans: Key Points

- On Thursday, November 14th, President Obama announced that state insurance regulators would have the option to approve health plans that were previously cancelled for being non-compliant with the ACA
- Insurers may choose to reinstate these plans, and submit them to the state regulators for approval
- Affects only the individual and small group market (50 EE's & fewer)
- Change would stay in effect until October 1, 2014, when the plans would again need to be cancelled, and customers transitioned to ACA-compliant plans
- At present, it remains unclear if insurers will pursue reinstatement of their cancelled plans
- Most likely outcome: insurers and regulators stay the course and do not reinstate cancelled plans

Sample Indiana Exchange Plans

- Anthem Gold Plan (Hamilton County resident)
 - Plan Design key features:
 - \$750/\$1,500 deductible
 - \$6,000/\$12,000 OOP max, \$30 PCP copay
 - 0% coinsurance
 - Generic Rx \$15 copay, Preferred Brand Rx \$40 copay
 - No out of network benefit except ER (true medical emergency)
 - Premiums:

• Adult, age 27	\$393.47
• Adult, age 50	\$670.55
• Family	\$1329.10
• Assumes 2 adults age 30, 2 children	
• Couple	\$959.66
• 2 adults, age 40	

Sample Indiana Exchange Plans

- Anthem Silver Plan(HSA)(Marion County resident)

- Plan Design key features:

- \$3,000/\$6,000 deductible (non-embedded)
 - \$3,600/\$7,200 OOP max
 - 10% coinsurance
 - \$30 PCP copay
 - All Rx tracks toward deductible and coinsurance
 - No out of network benefit except ER (true medical emergency)

- Premiums:

- | | |
|-----------------|----------|
| • Adult, age 27 | \$277.71 |
| • Adult, age 50 | \$473.27 |
| • Family | \$938.06 |
| • Couple | \$677.32 |

Sample Indiana Exchange Plans

- Anthem Catastrophic Plan (Marion County resident)
 - Plan Design key features:
 - \$6,350/\$12,700 deductible
 - \$6,350/\$12,700 OOP max
 - 100% coinsurance after deductible is met
 - All Rx subject to deductible
 - No out of network benefit except ER (true medical emergency)
 - Premiums:

• Adult, age 27	\$189.91
• Couple (ages 27 and 29)	\$392.69
• Family	\$737.89
• (adults ages 27 and 29, 2 children)	

Sample Indiana Exchange Plans

- MDwise Bronze Plan (Marion County resident)
 - Plan Design key features:
 - \$3,500 deductible, \$6,350 OOP max (single)
 - \$55 “tier 1” PCP copay
 - \$150 “tier 2” PCP copay
 - Generic Rx \$30 copay, Preferred Brand Rx \$85 copay
 - No out of network benefit except ER (true medical emergency)
 - Premiums:

• Adult, age 27	\$256.57
• Adult, age 50	\$437.24
• Family	\$866.66
• Couple	\$625.74

How to evaluate new options?

- Visit Healthcare.gov – the site will take you to the Health Insurance Marketplace in your state
 - Quick comparison tool provides access to estimated costs based on age range, state and county of residence
 - To get exact costs and plan design details, you must create an account and provide details about your personal situation
- Consult a Navigator
- Contact a licensed insurance professional
- Try www.thehealthsherpa.com

Questions?



Katy Stowers
Advisor & General Counsel
cstowers@firstpersonadvisors.com
317.218.1506

www.firstpersonhcr.com

FIRST PERSON