



NAVIGATING HEALTHCARE REFORM

November 6, 2013

ACA In The News: Insurance Policy Cancellations

Every day, we're seeing reports that consumers across the country will be dropped by their health insurance companies in 2014. However, these reports and newscasts do not always include all of the facts. Primarily that these cancellations are impacting the individual market and not the group market (employer plans).

The Affordable Care Act (ACA) mandates that all policies sold in the **individual market** must cover 10 Essential Health Benefits, such as prescription drugs, mental health treatment and maternity care. In addition, insurers cannot reject people with medical problems or charge them higher prices. The policies must also cap individuals' annual expenses at levels lower than many plans sold before the new rules. Because some individual plans offered by insurance companies did not include all of these new services, they will no longer be available. In their place, insurance companies are implementing new plans that will offer members access to more comprehensive benefits in 2014.

If you are currently covered on your employer's group plan (including COBRA), Medicaid, Medicare, CHIP, or TRICARE, you will not be impacted by these policy cancellations.

*"If you like your health plan, you will be able to keep your health plan"...*sort of. Since 2009, President Obama has shared with Americans that you can keep the coverage you have. This was an easy message for individuals to understand, however this statement should have included caveats, such as:

- You can have your health plan however it needs to be compliant with ACA requirements.
- Your plan may not exceed the deductible and out of pocket limits set by ACA. As a result, if your plan limits exceed these thresholds, your premium may be increased as a result of the new reduced liability.
- If your individual plan was cancelled, call your carrier to see what new options are available, or visit www.healthcare.gov/marketplace/individual to obtain a quote. Depending on your coverage and income level, you may be eligible for a premium assistance subsidy.

If you have any questions regarding your coverage, please call the Employee Care Center at 866.784.2242 or mybenefits@bks-partners.com.

WHAT IS HEALTHCARE REFORM?

The Affordable Care Act (ACA) was enacted in March 2010.

- Biggest overhaul of the United States' health care system since Medicare and Medicaid in 1965
- Requires most individuals to obtain health care coverage
- Requires insurance companies and employers to provide consumer protections related to health coverage, like covering pre-existing conditions and not charging more for coverage based on gender

WHAT IS THE INDIVIDUAL MANDATE?

Beginning in 2014, every person must either have health insurance that meets minimum standards of coverage or pay a penalty when filing tax returns.

- Requires most people to have "minimum essential coverage" health insurance
- Minimum essential coverage is defined as:
 - Any Marketplace plan, or any individual insurance plan
 - Any employer plan (including COBRA), with or without "grandfathered" status, including retiree plans
 - Medicaid
 - Medicare
 - The Children's Health Insurance Program (CHIP)
 - TRICARE and other veterans health care programs
 - Peace Corps Volunteer plans
- The following uninsured people will not have to pay a penalty:
 - Are uninsured for fewer than three consecutive months of the year
 - Have very low income and coverage is considered unaffordable
 - Are not required to file a tax return because their income is too low
 - Would qualify under the new income limits for Medicaid, but their state has chosen not to expand Medicaid eligibility
 - Are a member of a federally recognized Indian tribe
 - Participate in a health care sharing ministry
 - Are a member of a recognized religious sect with religious objections to health insurance

WHAT IS THE PENALTY?

The annual tax penalty for not having minimum essential coverage depends on the age and number of dependents in your household. The penalty will be the greater of a flat dollar amount per individual or a percentage of the individual's taxable income, and increases over the next three years.

2014

• \$95 per adult and \$47.50 for each child (up to \$285 for families), or 1 percent of income, whichever is greater

2015

• \$325 per adult and \$162.50 for each child (up to \$975 for families), or 2 percent of income, whichever is greater

2016 and Beyond

• \$695 per adult and \$347.50 for each child (up to \$2,085 for families), or 2.5 percent of income, whichever is greater