AFFORDABLE CARE ACT (ACA) QUESTIONS as of 4/6/15

The PA Association of Health Underwriters (PAHU) whose members are insurance producers specializing in health insurance and employee benefits have prepared these FAQs in order to assist legislative staff in meeting constituent questions about implementation of the Patient Protection Affordable Care Act , also known as the ACA. If you have additional questions about ACA and particularly on the exchange, please do not hesitate to contact us. we hope this provides a resource for you.

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INDIVIDUAL MANDATE

I did not have insurance for part of 2014 because I was laid off in September. Do I have to pay a penalty?

Yes. ACA requires everyone to have insurance. This means that you will be fined for not having insurance in the last quarter. For 2014, the penalty was $95.00 or one-percent of your adjusted gross income, whichever is more. If you have dependents who were also not covered, the fine is half those amounts. There is a three-month Grace Period without penalty under the Individual Mandate so if the layoff had occurred October-December and the person had coverage January 1, 2015, there would be no penalty. In this case, there would be a pro-rated penalty.

Fines for 2015 are $325 for the year or 2 percent of household income, whichever is greater
Fines for 2016 and after are $695 per individual or 2.5% of yearly household income, whichever is greater.

How does the Federal Government know that I don't have insurance?

Beginning with the 2014 tax form, there is a space where you indicate whether or not you had insurance for the preceding year.

How will the fine be collected?

The IRS will want to deduct it from your refund, if possible.

Are there exceptions that exempt a person from paying a penalty for not having health insurance?

Yes. There are hardship situations. Some of these are paying large medical bills, receiving a foreclosure notice, having utilities cut off, death in the family, etc. A March 25, 2015 IRS update listed the following:

Exemption	Granted by exchange	Exchange or tax return	Tax return
Unaffordable coverage			X
8 percent of actual household income			
Short coverage gap			X
Less than 3 consecutive months			
If you don't file a return due to income below filing threshold			X
Citizen living abroad			X
Member health care sharing ministry		X	
Member Indian Tribe		X	
In jail, prison		X	
Member of religious sect	X		
Sect must have existed since 12/31/50 having an objection to Medicare or Social Security			
Aggregate self-only coverage			X
2 or more family members' aggregate cost of self-only employer-sponsored coverage exceeds eight percent of household income			
Gap in coverage early 2014			X
However, must have been enrolled in an exchange as of 3/31/14 or other coverage before 5/1/14			
Hardship	X		
Examples homelessness, notice of eviction, domestic violence, unpaid medical bills, death of a close family member			
Coverage unaffordable future	X		
No access to coverage based on projected household income			
No Medicaid expansion	X		
In 2014, there is a gray area since the Corbett HealthyPA plan was being reviewed and approved by HHS. The IRS Rule is unclear as to pending Medicaid expansion in this case.			
Policy not renewed	X		
If policy was non-renewed (non-ACA compliant) and replacement cost is unaffordable			
Gap in CHIP in early 2014			X
Service in AmeriCorps	X		
Limited Medicaid benefit; TRICARE coverage only in 2014			X

Employer coverage non-calendar year	X
Eligible but did not purchase plan beginning in 2013 and ending in 2014	

What if I tried healthcare.gov to get coverage for 2015 and got nowhere because the website was down or because I had to wait too long on hold, etc.? Will the Federal Government accept my word and exempt me from the penalty?

There is a special enrollment period early in 2015 until April 30 allowing for late enrollment.

What if the tax return I received from the IRS contained an ACA mistake?

There is a special enrollment period through April 30, 2015.

Am I required to get insurance through the exchange?

No. A person can enroll through the exchange or buy a traditional health insurance policy as he/she has done before.

Can I keep my doctor under the ACA?

That depends. Because of increased costs of doing business due to ACA mandated benefits; insurance companies have narrowed their networks of participating doctors. In a way, it's like going back to the HMOs where the policies were cheaper because the network of health care providers was smaller. A person can still go to any doctor he/she wants but it will cost more to them (out of network provider).

How can I tell if my doctor is included in a network?

Anecdotally, healthcare.gov may not have that information. It is better to contact an insurance agent who will then help you compare the various networks to see if your healthcare providers are included. The agent will also be able to check the formulary (which drugs are covered by a particular policy).

If I live in an area with Highmark and UPMC, will I be able to keep my doctor?

Although important, this is not necessarily an ACA question. Former Governor Corbett negotiated a Consent Decree between Highmark and UPMC to help resolve coverage issues between the two carriers. Who is in which network is important because an individual or family might have to pay out of network costs which are higher. Certain populations such as pregnant women, children, those with cancer, seniors, etc. are governed by the Consent Decree. Since differences between Highmark and UPMC stem from a contract dispute, the state is saying to both that they must adhere to the Consent Decree. Details on the Consent Decree are available from the PA Insurance Department, www.insurance.state.pa.us. An insurance agent can walk you through the comparison of networks offered by each insurer.

If I want to go into the exchange, do I have to use an agent?

No. This new system under ACA allows for direct enrollment via Internet or where an uninsured can receive enrollment assistance from an unlicensed navigator or certified application counselor. Important! Navigators and certified application counselors do not have insurance licenses. That means that they can provide information and help you compare plans but they are prohibiting from recommending one plan over the other within the exchange AND they may not compare coverage, price, or networks between an exchange and non-exchange plan.

A person using an agent to enroll in the exchange needs to find one who is PPACA or ACA-certified, that is, they are recognized by the Federal Government as being credentialed to sell an exchange policy. Go to www.nahu.org where their agent locator will identify who will help you enroll in the exchange.

How do I get the Tax Subsidy (also called Tax Credit) in the exchange?

ACA offers the exchange as a cheaper way to get insurance coverage. This is because of a tax subsidy given according to a person's or family income level. The premium is not any cheaper but a person or family pays less because part of the premium is subsidized using taxpayer dollars.

IMPORTANT! When enrolling in an exchange, it is vital that your income estimate be accurate. If you estimate your annual income to be less than what it actually will be, the Federal Government will demand that you pay money back to which you were not entitled. In 2015, millions are being told by the IRS that they have to return part of their tax subsidy because the income was miscalculated.

Is exchange coverage richer with more benefits?

Generally no. A silver plan in the exchange is the same as a silver plan in a non-exchange insurance plan. Metallic levels of coverage determine the amount of medical expenses that the plan will pay for. Bronze level pays 60%; Silver pays 70%; Gold pays 80%; Platinum pays 90%.

EMPLOYER COVERAGE

Is an employer required to provide health insurance?

It depends on the size of the employer. If 50 or more full-time equivalent employees (adding up hours of employees to see if the total comes to 50 times 30 hours = 1,500 hours per week on average), the employer must offer coverage to those employees who worked 30 hours a week or more. An insurance agent can help an employer calculate whether or not it is considered to be a large employer (required to offer coverage) or small. NOTE: For 2015 only, HHS set the threshold at 99.

An employer below the small group threshold can either offer health insurance or not without penalty-- their choice.

May the employer mandated to offer health insurance to full-time employees have a probation period before offering coverage?

Yes, up to 60 days.

What happens if an employer offers health coverage to me as a full-time employee, may I decline?

Yes but you must still have insurance coverage either from a spouse's plan or through purchasing an individual health insurance policy. Medicaid, Medicare, Tri-care, CHIP and COBRA also count as coverage.

How do I enroll in the exchange and get the tax subsidy if there is already coverage offered by my employer?

It all depends. A full-time employee may decline the employer-offered coverage and go into the exchange but there are conditions connected with getting the tax subsidy. The questions asked are whether or not the employer plan offered sufficient coverage, called minimum value or minimum essential coverage (MEC) and whether or not the plan is affordable. If coverage standards or affordability of the employer plan are not compliant with ACA, then the individual may receive a subsidy.

How do I determine whether the employer plan meets minimum coverage standards?

You probably won't need to since plans offered by major insurance companies will all be compliant.

How do I tell if the employer coverage is affordable?

This is not an easy question given the numbers of rules issued by the Federal Government. However, here is the calculation. ACA says that the employee's share of the premium cannot be more than 9.5 percent of the household income. Problem is, the employer will not know your household income so the US Department of Labor provided three ways to determine affordability. The most often used is to see if the employee's share of premium exceeds 9.5% of Box 1 W-2 reported wages (single cost). The 9.5% is based on the cost of the lowest cost plan (single cost) offered by the employer.

Warning: This is not as easy as it seems since your share of premium may be different than the person working next to you. That is because the ACA premium differs according how old you are (within limits where a 64-year old can only pay as much as a 20-year old) and whether or not you smoke (up to a 50% premium surcharge that could be imposed on someone who uses tobacco).

Warning: If the employer offers coverage that is considered affordable and meets minimum coverage standards, the employee going into the exchange will not get a tax subsidy since coverage was offered. This is only for SMALL group (1-50). Large group is still composite rated.

If I have employer-offered coverage and my spouse does not, can he/she get coverage through my employer?

It depends on what the employer offers. Children up to age 19 are required to be covered under the employer plan. Young adults up to age 26 are considered dependents and are covered. The spouse is another matter since the IRS ruled that spouses are not considered dependents under the ACA.

What some employers are doing to cut their health care costs are offering coverage to full-time employees and dependents but not the spouse. The spouse, if uninsured elsewhere, can go into the exchange and is eligible for a tax subsidy depending on household income.

Here is a Catch-22. If the employer offers the spouse coverage without the employer offering a contribution, the employee might decline coverage. ACA says that if coverage was offered by the employer, the spouse, if enrolling in the exchange, is not eligible for a tax subsidy. And, if the spouse has no coverage, he/she will have a penalty.

If I am a small employer, then I don't have to worry about ACA insurance requirements, right?

Wrong. All employers regardless of size must notify employees that an exchange exists using a US Department of Labor form. http://www.dol.gov/ebsa/pdf/FLSAwithplans.pdf
New hires must receive notification within fourteen calendar days after they are hired. If a small employer offers coverage, it must meet other requirements such as providing employees with a Summary of Benefit and Coverage (SBC). Since the insurance company will provide the SBC, an employer should make sure through their agent that the SBC will be provided. Even if the insurance company may prepare the SBC, the responsibility is still the employer's to see that employees receive them. The employer must also provide advance notice to employees if it plans to stop offering health benefits, as well as 60 days' notice of a change in coverage by giving employees a new SBC, except at renewal date.

How do the penalties work if I am an employer who is required to offer insurance to full-time employees?

If an employer offers coverage deemed affordable and the coverage meets minimum value to full-time workers, then there is no worry about penalties.

If no plan is offered or not offered to almost all full-time employees, a penalty of $2,000 per employee (after the first 30) will be levied but the trigger is that one employee must enroll in the exchange and get a tax subsidy. (NOTE: For 2015 only, subtract 80, not 30.)

If the lowest cost single tier plan is not affordable to the employee, the employer will be facing a $3,000 per employee fine for every employee who enrolls in the exchange and gets a tax subsidy.

Part of the exchange enrollment process determines if the employee was offered a minimum value and affordable coverage by an employer. In addition, employers are required to submit an additional form to the Federal Government each year to verify whether or not they offered coverage. Those are 1095 and 1094 form available at www.irs.gov. The reporting begins in 2016 for the 2015 tax or calendar year.

MEDICAID EXPANSION

What impact will Governor Wolf's moving toward expansion of traditional Medicaid instead of former Governor Corbett's Healthy PA have on the Healthy PA enrollees?

The Wolf Administration says that no Healthy PA policyholder will lose coverage and that the transition will be complete by September.

SMALL BUSINESS TAX CREDIT

How do I as a small business get the small business premium tax credit?

First, are you eligible? To qualify for the premium tax credit, a business must have fewer than 25 employees (owners and family don't count) and have payroll under $50,000 a year as an average (with owner and family not counted) and must contribute at least 50% of the premium. Beginning in 2014, small employers could receive as much as 50% of their share of the premium (35% for nonprofits). The tax credit is prorated so that an employer with fewer than ten employees and $25,000 average income gets a larger credit.

To calculate the phase out of this tax credit, it is best to utilize an accountant or tax preparer. Original documentation is found at www.irs.gov, Notice 2010-44.

There is a catch. Eligible employers must enroll in the exchange small business program called SHOP to get the tax credit. In 2014 and 2015, an employer can only choose one plan from one carrier or insurance company in Pennsylvania.

CHIP

What's happening with the ACA and CHIP?

Some 30,000 in 2014 and 10,000 CHIP enrollees in 2015 were moved into Medicaid and out of CHIP because of ACA. The Federal Government decided in January 2015 that CHIP Buy-In policies were not compliant with ACA's minimum coverage requirements resulting in tax penalties for both tax years 2014 and 2015. The Wolf Administration was able to obtain a hardship exemption for the 3,600 children and their families from any tax penalties. The Federal Government also granted PA's request for a special enrollment period for the 3.600 to find compliant coverage. Background: CHIP Buy-In is a special CHIP for families with income above the levels which would enable them to get a subsidy. These families pay the full premium.

RESOURCES

In addition to the above, these specific resources were requested by legislative staff at the April 2 regional Staff Briefing in Erie.

What are the specific first-dollar benefits (no cost to enrollee) mandated for preventive care services in all insurance plans except for self-insured?

The list is found on the A and B list as determined by the United States Preventive Services Task Force (USPSTF). Some of these include: abnormal glucose test Type 2 diabetes; breast cancer screening; cervical cancer screening; colorectal cancer screening.

Following is a link to the USPSTF website.
http://www.uspreventiveservicestaskforce.org/BrowseRec/Index/browse-recommendations

Enrollment for the exchange ended for most people February 15. Are there special enrollment exceptions?

Yes. Certain life events may allow for a Special Enrollment Period: getting married; having a baby; adopting a child or placing a child for adoption or foster care; losing other health coverage; permanently moving outside of a plan's coverage area; gaining citizenship or lawful presence in the US; getting out of prison; for people enrolled in the exchange, having a change in income or household status that affects eligibility for tax subsidy.

When are enrollment dates for 2016 coverage?

November 1, 2015 is the start of the 2016 Open Enrollment Period and the first day a person can enroll in a 2016 plan. Coverage starts January 1, 2015 assuming enrollment takes place before December 15, 2015. Open enrollment Period ends January 31, 2016. NOTE: There is no limited enrollment period when applying for Medicaid or CHIP.

There is no limited enrollment period for small businesses to enroll in the SHOP exchange. NOTE: In 2016, employers with up to 100 full-time equivalent employees may enroll in SHOP.

What is the Cadillac Tax?

The so-called Cadillac Tax takes effect in 2018. This would tax 40 percent of health benefits valued over $10,200 for individuals or $27,500 for a family. A link to an excellent article explaining the Cadillac Tax follows.
http://www.healthaffairs.org/healthpolicybriefs/brief.php?brief_id=99

An additional resource is the PA Association of Health Underwriters (PAHU) which can help answer these kinds of questions. In addition, PAHU is happy to supply speakers to help legislators who sponsor constituent meetings for businesses and consumers.