

## **ACA FAQ's**

### **ACA 101**

#### **Do I Have To?**

Beginning Jan. 1st, 2014, almost everyone — U.S. citizens *and* legal residents — will have to be covered by an insurance plan that provides Minimum Essential Coverage. (This includes people of all ages, kids included.)

#### **What if I Don't Buy Health Insurance?**

Anyone lacking Minimum Essential Coverage will be required to pay a tax penalty when they file their year-end tax return. If you lack health insurance coverage, you will be charged a tax penalty of \$695 as an individual (or up to three times that amount per family), or 2.5 percent of household income, whichever is higher. The good news is that this penalty will be phased in over three years. (For 2014, the penalty is either \$95 or one percent of taxable income, whichever is higher.)

#### **Can I Get an Exemption?**

Exemptions are allowed if you suffer financial hardship, are Native American, in jail, an undocumented immigrant, living out of the country, profess religious objections, or if the lowest cost plan option that you can find on the Health Exchange exceeds eight percent of your income. You also don't need to get insurance if your income falls below the tax filing threshold. (For 2013, this is \$9,750 for an individual; \$12,500 for Head of Household; \$19,500 Married Filing Jointly.)

#### **Where Do I Buy Insurance?**

You can shop for individual insurance at [www.healthcare.gov](http://www.healthcare.gov), which is where the new Individual Health Exchange is located. You can also purchase a health insurance plan on the Exchange via a paper application, or even apply directly over the phone: 800-318-2596. You can also buy insurance direct from a commercial carrier or via an insurance broker. (By law, insurance carriers must offer any of their plans on the Exchange for the same price outside of the Exchange.)

#### **When Do I Need To Purchase Insurance By?**

You need to purchase insurance on the Health Exchange by Dec. 15 if you want the insurance to begin on the earliest possible date, which is Jan. 1st, 2014.

The Initial Open Enrollment runs until March 31st. After March 31st, you will have to wait until October 15th, 2014, when the next open enrollment period begins. (It will run Oct. 15 to Dec. 7th.)

During the enrollment period, you have until the 15th of each month to buy insurance if you want it to start on the first day of the following month.

*Warning:* the current law requires you to be covered by insurance for at least nine months of the year. If you buy insurance on March 31st, the last day of enrollment, your plan won't be in effect until May 1st, leaving you liable to the tax penalty for not having insurance for at least nine months in the calendar year.

*Bottomline:* Buy your insurance by Valentine's Day (February 14th) to make sure you have coverage by March, or else you may be sending a little Valentine present to the IRS.

## **What Documentation Do I Need to Buy Insurance?**

Hardly anything, certainly not all your medical history. All you need to know is your Social Security Number and have a good idea of what your household income is, based on your previous year's Modified Adjusted Gross Income. However, you will need to have filed a tax return the previous year if you are applying for expanded Medicaid. See "[Five Tips for Signing Up For Obamacare](#)" in the tab above.

## **And What Exactly Am I Buying?**

All health insurance plans offered on the Health Exchange must offer 10 Essential Health Benefits, which cover most health care scenarios you will potentially face. These include:

- *Ambulatory Patient Services:* a fancy name for outpatient care, the kind where you walk-in your doctor's office, obtain treatment, and walk back out on your own two feet.
- *Hospitalization:* all plans must cover hospitalization, though you will likely pay up a percentage (10 to 40 percent depending on your metal plan) if you haven't maxed out your out-of-pocket limit.
- *Prescription Drugs:* you will obtain coverage for at least one drug in every category and class listed in that bible of drug medications, the U.S. Pharmacopeia. And your share in the cost of these drugs will count towards your out-of-pocket cap (though this feature is waived in a few cases until 2015).
- *Emergency Care:* Any visit to an emergency room does not need pre-authorization, and better yet, you cannot be charged more if the emergency room is out-of-network.
- *Mental Health Services:* This is something that most health insurance plans previously didn't cover. Now, you or a dependent can get a set number of therapy visits every year, whether for counseling, psychotherapy or behavioral health issues, which includes alcohol, drug and substance abuse treatment. (Watch out: patient co-pays can run up to \$40 a session).
- *Rehabilitative and Habilitative Services:* if you need rehabilitation therapy to regain the ability to walk or speak or work, or to relieve pain, you're covered, along with the cost of walkers, wheelchairs and the like. "Habilitative" services are also covered. these are therapies that help with long-term disabilities or chronic conditions, such as multiple sclerosis.
- *Maternity and Newborn Care:* Great news for those expecting babies. Prenatal care is

now classified as a preventative service, to be provided at no additional cost. You are also covered for childbirth as well as infant care, which usually has been excluded from traditional insurance plans.

- *Pediatric Care:* Another win for parents. This allows children under the age of 19 to get dental care. Unfortunately here in Utah, this only extends to preventative care, which includes cleanings, fluoride treatment and sealings. Children will also receive an eye exam and one pair of glasses or contact lenses per year.
- *Laboratory Services:* You will receive preventive screening tests, such as Pap smears, though you can still be billed for diagnostic tests ordered because you have symptoms indicative of illness, in which case you might be liable for up to 30 percent of the cost.
- *Preventative and Wellness Services:* This is truly the icing on the cake, designed to keep you healthy so you won't get sick. And it won't cost you a dime. These services include screenings for diabetes, colorectal and cervical cancer, high blood pressure, Cholesterol, as well as mammograms and HIV tests. In fact, you'll benefit from all 50 preventive services recommended by the U.S. Preventive Services Task Force

## So How Are These Plans Packaged?

You will have your choice of health insurance plans which come in four metal categories, with Bronze offering the lowest premiums (the price you pay each month for your insurance) and Platinum providing the highest level of coverage (you'll only pay 10 percent co-insurance):

- *Bronze:* This is the minimum coverage you can buy, apart from Catastrophic Plans, and offers the least expensive premiums. The tradeoff is that a Bronze Plan only covers roughly 60 percent of your medical benefit costs. After springing for your deductible, you pay a whopping 40 percent of your medical costs until you hit your out-of-pocket maximum.
- *Silver:* Plans in this category will cover roughly 70 percent of benefit costs after your deductible, leaving you to pay 30 percent of all benefit costs until hitting your out-of-pocket cap.
- *Gold:* Plans in this category offer plans that cover 80 percent of benefit costs, after deductible. Better yet, you only pay 20 percent of your medical benefits out of your own pocket until hitting the out-of-pocket ceiling.
- *Platinum:* Plans in this category provide up to 90 percent of the benefit costs. As good as it gets. You only pay 10 percent of the benefit cost until hitting your out-of-pocket cap.
- *Catastrophic Plans:* These cheap plans are available to those who are under 30 years old, or who cannot find coverage for less than eight percent of their income.

Note: These Catastrophic Plans offer only minimal services, including prevention benefits and coverage for three primary care visits, until a steep deductible is met (\$6,350 for self-only plan, \$12,700 for a family plan), after which all the 10 Essential Health Benefits are provided. This plan functions more as a safety net to protect you from the costs of serious illness or accidents. *Bottomline:* While Catastrophic Plans may have lower premiums than Bronze Plans, Advanced Premium Tax Credits (APTC) are not available for Catastrophic Plans.

## So What's It Going to Cost Me?

It all depends on how much you earn. It is all based on where your last year's household income (MAGI) stands in relation to the Federal Poverty Level, which currently is \$11,490 for an individual, and \$23,550 for a family of four.

If your income is under 400 percent of the Federal Poverty Level (\$45,960 for an individual; \$94,200 for a family of four), you will receive a sliding scale subsidy from the Federal Government in the form of an Advanced Premium Tax Credit, which can be very generous at the lower end of the scale. This tax credit will be sent to your insurance carrier as partial (and in a few cases, full) payment for your monthly premium.

For example, if your income is less than 133 percent of the FPL, you will pay no more than two percent of your income for the second-lowest priced Silver Plan, with the Federal government picking up the rest of the tab. If your income is between 200 and 250 percent of the FPL, you will pay no more than 8.05 percent of your income for this benchmark Silver Plan. The dollar amount of this subsidy, based on a Silver Plan, can be used in any metal category. For example, if you receive a \$4,564.00 subsidy for the benchmark Silver Plan, you can use this same amount in purchasing a more expensive Gold Plan.

### **But if the Subsidy is Calculated on Last Year's Income, What If My Income Level Changes during the Year?**

There is a reconciliation process when you file your tax return for the year in which you received the subsidy. If you end up making more money than last year, your subsidy will be recalculated, and you'll have to pay some of that amount back on your income tax. If your income drops, you just might qualify for even more of a subsidy, the difference of which will be credited to you as a tax refund.

### **Are There Any Other Cost Reductions?**

Yep. If you earn less than 250 percent of the Federal Poverty Level, you can have your maximum out-of-pocket spending capped at a lower level — but only if you purchase a Silver Plan (These cost-sharing subsidies don't apply to Catastrophic, Bronze, Gold or Platinum plans) . In 2014, the out-of-pocket limits for most plans will be \$6,350 for an individual, and \$12,700 for a family. But if you qualify for a cost-sharing subsidy, you can have your out-of-pocket expenses limited to \$2,250 for individual coverage, or \$4,500 for a family if your income is less than 200 percent of the FPL. (Or \$5,200/\$10,400 if your income is between 200 and 250 percent of the FPL.) Cost-sharing reductions can also bring your co-pays down.

These cost-sharing reductions will apply only to in-network providers, and may be an issue if you are purchasing a health plan with a limited provider network. And once you step out of network, you can be slammed with higher cost sharing and balance billing.

### **Do I have to buy through the state marketplace?**

A local insurance agent can advise and sell you Affordable Care Act insurance at no additional

cost to you.

### **Medicaid Expansion**

The medicaid program has been expanded for low-income families. This is a good option for families with children who no longer must pass a means test. You will have to have filed taxes the previous year. Check with above links to find out if you qualify.

### **Must businesses provide insurance for their employees?**

In 2015 if you have more than 50 employees and don't provide insurance you will be charged a fine. You might find better rates in the new marketplace if you are already providing insurance.

### **Where can small business buy health insurance?**

A separate insurance marketplace or SHOP is available for small businesses. Tax credit are available for businesses with fewer than 25 employees.

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