Federal Health Reform FAQs

Individuals

1. What is an exchange?

An exchange, as created under the Affordable Care Act (ACA), is a place where consumers can purchase subsidized health insurance coverage. Each state will have an exchange, operated by either the federal government or by the state. Each state's exchange must begin offering coverage January 1, 2014 and will begin accepting enrollment October 1, 2013. Consumers applying that qualify for Medicaid will be referred to the state's Medicaid program.

2. Who can purchase insurance from the exchange?

Qualified individuals include U.S. citizens and legal immigrants who are not incarcerated, and who do not have access to affordable employer coverage or other public coverage. While anyone can purchase, only certain individuals have access to federal subsidies.

The ACA also provides separate Small Business Health Options Program (SHOP) exchanges for small businesses (fewer than 50 employees) to obtain health coverage for their employees. It is important to note that this coverage is not subsidized.

3. Must everyone have health insurance?

Yes, this provision is often called the individual mandate. There are a few exceptions, several groups are exempt from the requirement and the penalty, including but not limited to: People who would have to pay more than 8% of their income for health insurance, people with incomes below the threshold required for filing taxes, those who qualify for religious exemptions, undocumented immigrants, people who are incarcerated, members of Indian tribes.

4. What are the types of plans that will be offered in the exchange?

Every plan participating in the exchange must be certified as a Qualified Health Plan (QHP). To receive the QHP certification, the plan must offer at least a uniform benefits package, called Essential Health Benefits (EHB), be licensed by the state and have a sufficient network. Each exchange will offer four levels of coverage. While the scope of benefits will be the same among the plans, the value of those benefits will vary by actuarial value across the bronze, silver, gold and platinum levels.

- Bronze: benefits equivalent to 60% of the full actuarial value of plan benefits,
- Silver: benefits actuarially equivalent to 70% of full value,
- Gold: benefits actuarially equivalent to 80% of full value, and
- Platinum: benefits actuarially equivalent to 90% of full value.

5. **What types of benefits will be offered through EHBs?**

Each plan offered on the exchange must consist of at least the following: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health benefits and substance use disorder services, prescription drugs, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services and chronic disease management, and pediatric services including oral and vision care. Please click here for the EHB summary. It is important to note that all new plans sold in the individual and small group market must contain EHBs.

6. **When can I begin using the exchange?**

Open enrollment begins October 1, 2013 with coverage beginning January 1, 2014.

7. **I'm a veteran. What will happen to my health care coverage?**

Nothing. Veterans will continue to receive benefits as they do today.

8. **If I am currently insured, will I be required to purchase new health insurance coverage?**

All health plans that were in place as of March 23, 2010, are grandfathered in under the law and are considered "qualified coverage" – provided they continue to meet the requirements to be grandfathered.

9. **Will the grandfathered plans have to be updated to meet new requirements?**

Yes, but only certain requirements: all enrollees under the age of 19 cannot be discriminated against for pre-existing condition, excessive waiting periods are prohibited, no lifetime limits, rescissions are prohibited except for fraud or intentional misrepresentation, restricted annual limits on the dollar value of essential benefits.

10. **I have my adult dependent child on my insurance coverage. Will he/she still be able to stay on my health insurance?**

Yes, this previously enacted provision will not change. However, Ohio has its own set of dependent care regulations that allows for certain young adults to be covered on their parents insurance until the age of 28. For more information regarding the difference between federal and state rules, please click here. According to the ACA, dependent children can stay on their parent's insurance until they turn 26.

11. **Can I be denied coverage for a pre-existing condition?**

No. Starting in 2014, insurers will no longer be able to turn down adults for coverage due to pre-existing conditions.

12. What is the penalty for those who opt not to get health insurance coverage?

The penalty for people who decline to purchase health insurance is the greater of two amounts: a specified percentage of income or a specified dollar amount. The percentages of income/dollar amount are phased in over time with annual increases to be determined after 2016.

Year	Percentage of Income	Dollar Amount
2014	1%	$95
2015	2%	$325
2016	2.5%	$695

13. How much will the policies cost?

The cost will vary by type of plan, location, coverage level, age and tobacco use, number of family members and if applicable, your subsidy. However, costs are expected to increase significantly from today in the first year.

14. What happens if I cannot afford the premiums through the exchange?

Starting in 2014, individuals and families with incomes between 100% and 400% of the Federal Poverty Level (FPL) are eligible to receive subsidies for premiums, in the form of advanceable tax credits. The premium subsidies will vary with income and are structured so that the premium an individual or family will have to pay will not exceed a specific percentage of income. Individuals may use this subsidy calculator tool to get a better idea of whether or not they qualify for premium tax credits. Please note this tool is simply an estimate to what could be expected in 2014.

15. Are copayments for preventive care prohibited? What about coinsurance and deductibles?

Yes, all cost sharing mechanisms are prohibited for preventive services.

16. If I need help with enrolling, the application process or questions about my plan options, other exchange related issues, and who do I contact?

Consumers can continue to get information about their plans via their agent or health insurance professional. In addition, the online exchange website and a 1-800 hotline will be available for individual and small businesses to assist in exchange related issues. There will also be programs that conduct public education activities, distribute information and facilitate enrollment. More information on this topic will be released in the future.

17. When is open enrollment?

Except for a qualifying event, such as loss of job or family status change, you can only enroll during October 1, 2013 through March 31, 2014. In the subsequent years, open enrollment will be October 15 through December 7.

18. Can I still use an insurance agent to enroll into a plan on the exchange?

Your agent/broker is also a good way to find more personalized information for your circumstance and yes, you can still use your agent as long as he or she has been approved to sell exchange plans. Are Flexible Spending Accounts still allowed?

Yes, however, beginning in 2013, you can only deposit up to $2,500 per year into an FSAHow is prescription coverage handled in the ACA?

Prescription coverage is one of the essential health benefits that all plans containing EHB must have. The type of prescription coverage will depend on the policy option chosen.

19. What are the new restrictions on lifetime maximums?

The ACA prohibits health insurance issuers from establishing any lifetime limits on the dollar amount of benefits.

20. What is the practical implication of the Governor's Habilitative Services letter?

Ohio will require coverage for certain individuals with a diagnosis of autism spectrum disorder by all plans that are mandated to meet Essential Health Benefit (EHB) requirements. Generally, all new plans sold to small employer groups (between 2 and 50 employees) and to individuals, both inside and outside of the exchange, are required to meet EHB requirements. For more information about EHB, click here.

21. What does the Habilitative Services definition encompass?

Habilitative Services benefits will be determined by the individual plans and must include, but shall not be limited to, Habilitative Services to children (0 to 21) with a medical diagnosis of Autism Spectrum disorder.

22. What are the Habilitative Services benefits offered for those children (0-21) with a medical diagnosis of Autism Spectrum Disorder?

Habilitative Services must include, but are not limited to: out-Patient Physical Habilitative Services including: speech and Language therapy and/or Occupational therapy, performed by a licensed therapists, 20 visits per year of each service; and Clinical Therapeutic Intervention defined as therapies supported by empirical evidence, which include but are not limited to Applied Behavioral Analysis, provided by or under the supervision of a professional who is licensed, certified, or registered by an appropriate agency of this state to perform the services in accordance with a treatment plan, 20 hours per week; Outpatient Mental/Behavioral Health Services performed by a licensed Psychologist, Psychiatrist, or Physician to provide consultation, assessment, development and oversight of treatment plans, 30 visits per year total.

23. What is the difference between habilitative services and rehabilitation services?

Habilitative services are provided in order for a person to attain, maintain or prevent deterioration of a skill or function never learned or acquired due to a disabling condition. Rehabilitation services, on the other hand, are provided to help a person regain, maintain or prevent deterioration of a skill or function that has been acquired but then lost or impaired due to illness, injury, or disabling condition.

24. Where can I get more information regarding the ACA?

Please see the below links for further information regarding the Affordable Care Act.

Health Policy Institute of Ohio

The Henry J. Kaiser Family Foundation – Health Reform Source

U.S. Department of Labor - Affordable Care Act

The Center for Consumer Information & Insurance Oversight - Regulations and Guidance Healthcare.gov

U.S. Chamber of Commerce - Health Care Reform

Seniors

*Please note that all Medicare related questions should be directed to the Ohio Senior Health Insurance Information Program within the Department. More information can be found at Medicare.gov. or OSHIIP: 1-800-686-1578

27. How does the exchange affect my Medicare benefits?

It doesn't, the exchange will not play a role in Medicare. For more information, please contact OSHIIP.

28. Will the ACA effect by Medicare Supplement plan?

No. However, the law will add cost-sharing requirements to plans C & F after January 1, 2015.

29. Will the exchange offer or provide information regarding Medicare Advantage products?

No.

Employers

*Please note that the below information is based on guidance released from the federal government and can change at any time. Please keep in mind that each case is different and the Department encourages the consultation of a health insurance professional.

30. As an employer, do I need to inform my employees of health reform changes?

Yes. All new hires and current employees must be given written notice of the following: the existence of the exchange and the services it provides, information regarding the premium tax credit (if applicable), if the employee purchases coverage through the exchange, the employee may lose the employer contribution (if any) to any health benefits plan.

For more information, please read guidance from the U.S. Department of Labor, Q1. *The deadline for employee notification has been pushed back to late summer/early fall 2013.*

31. Are employers required to provide health insurance coverage to their employees?

No, however, if the business employs more than 50 employees, they are required to provide qualified coverage or must pay a penalty.

32. How does the ACA define a full-time employee?

Federal law specifies 30 hours per week. Ohio law specifies 25 hours per week.

33. How does Ohio define a full-time employee?

Ohio law specifies 25 hours per week.

Please note: For 2014, the federal and state definitions do not interact with each other. While the federal government defines 30 hours a week as full time, Ohio's definition of 25 hours is used only to determine if an employee is eligible for health coverage in the small group market (Ohio businesses with fewer than 50 employees), therefore, there is no crossover of the two definitions.

34. How will seasonal employees be factored in to the employer size determination?

If its workforce exceeds 50 full-time employees for more than 120 days a calendar year, then they will have to provide qualified and affordable coverage or face penalties. http://www.irs.gov/pub/irs-drop/n-12-58.pdf

35. Will employers have to pay a penalty if they do not provide health coverage?

Generally, if an employer has more than 50 employees, does not provide qualified or affordable coverage, and they have employees receiving a tax credit through the exchange, they will be assessed a penalty beginning in 2014.

36. What is the penalty for an employer?

Generally, if an employer does not offer qualified coverage and at least one employee is eligible for a premium subsidy though the exchange, the employer will be assessed a $2,000 penalty. If the employer does offer coverage, but at least one full-time employee is eligible for a premium subsidy due do the plans unaffordability, the employer will be assessed a penalty of $3,000 per employee that receives the subsidy. For more information, please review this flow chart, to learn more information on employer responsibility and penalties.

37. Why would an employee be eligible for a premium subsidy?

Generally, if an individual's household income is between 100% and 400% of the federal poverty level (FPL) they will be eligible for a premium subsidy. However, if an individual has employer sponsored insurance then: the required premium contribution for the employer's plan exceeds 9.5% of the employees household income, or the employer offers coverage in which the plan's share of total allowed costs of benefits provided is less than 60% of such costs.

38. Is an employer required to purchase insurance through the exchange?

No. While the Small Business Health Program (SHOP) gives employers an option to purchase group insurance through an exchange, employers may continue to purchase insurance through the market outside the exchange. *Employer choice has been delayed a year.*

39. Can an employer receive tax credits for providing insurance to their employees?

If you have less than 25 employees, pay average annual wages below $50,000, provide health insurance and pay at least 50% of the premium, you may qualify for a small business tax credit. From 2010 to 2013, eligible employees can receive a tax credit of up to 35% (up to 25% for non-profits) to offset the cost of the insurance. In 2014, the tax credit goes up to 50% (35% for non-profits) for qualifying businesses, and coverage must be purchased through the SHOP.

40. Where can I find more information regarding how the Affordable Care Act affects Employers?

We encourage all employers to contact their agent or brokers for more information regarding the ACA.

Small Business Association - Health Care Reform

U.S. Chamber of Commerce - Critical Employer Issues in the ACA

Kaiser Family Foundation - How Businesses are affected by the ACA

National Federation of Independent Businesses - Healthcare Resource Center

<u>Miscellaneous</u>

41. How will health care reform affect my taxes?

The Ohio Department of Insurance acts as regulators in the insurance market in Ohio and does not have a role in determining tax related policy or interpretation. Here is a link to the IRS website regarding health care reform.

Source: Ohio department of Insurance website

www.insurance.ohio.gov