

ABC's Benefit News!

SPECIAL EMPLOYEE VERSION

AFFORDABLE CARE ACT EDUCATION

Volume 1 – Exchanges

August, 2013

Editorial Comment: To assist our employer clients in educating their employees on the new world of health insurance reform, Advanced Benefit Consulting is preparing a series of newsletters and payroll stuffers that our employer clients can send out to their employees to help them understand the Patient Protection and Affordable Care Act (PPACA), also known as the Affordable Care Act (ACA), or ObamaCare. This is the first Newsletter in a series, and the first topic is The Exchanges... Look for more topics soon.

What is an Exchange?

An exchange is an internet/web-based portal that people can go to for the purpose of purchasing health insurance. You will start to hear a lot about them in TV, radio and print advertising, starting this summer. Why did the government think they were necessary? Because ACA requires every American to have or purchase health insurance beginning January 1, 2014 (the Individual Mandate), or pay a penalty on your tax return if you don't. Details on the Individual Mandate will be addressed in the next issue.

Each state had the option to either start its own State Exchange, participate in the Federal Exchange, or be part of a Partnership Exchange (a combination of state and federal exchanges). California decided early on (we were the first state to do so) that our state would have its own state exchange, now called Covered California.

Covered California (as well as other exchanges) is scheduled to open its doors on October 1, 2013. The first available effective date for individuals and families that enroll in Covered California is January 1. The open enrollment period this first year is October 1 through March 31. As this date approaches, you will hear a lot of information on the exchanges, the products they offer, the availability of premium subsidies to certain individuals (this topic will be addressed in a later issue), the carriers offered, etc.

The most important thing to understand is that *if your employer offers you or your dependents (now defined as dependent children to age 26) health insurance coverage that meets the minimum standards (at least a 60% benefit) and is affordable by new government standards, you WILL NOT be eligible for a premium subsidy (reduction in cost, a subsidy paid on your behalf by the government to your insurance carrier) in the Exchange.*

Exchange Notices

You will be receiving an official Notice of Exchange in September. This notice will tell you of the existence of insurance exchanges, and will also provide you with information about your plan, if your employer offers one, such as whether that employer's plan meets minimum standards and is affordable. As long as your employer-sponsored plan meets the minimum value and affordability requirements in the future, your Exchange Notice will inform you that you are not eligible to purchase coverage in the Exchange with a premium subsidy. You will be allowed to waive coverage if your employer offers it to you, but you will not be able to take advantage of a premium subsidy, so there is therefore no real incentive for you to want to opt out of your employer's plan.

Since you will be required to have health insurance in 2014, your best option is to enroll or continue your coverage in your employer-sponsored plan, as they will be paying the majority of the cost for their employees (although you may be paying for all or part of the cost of your dependent coverage).

ABC's BENEFIT NEWS, SPECIAL EMPLOYEE ACA ISSUE - EXCHANGES

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On the Horizon – Changes Forthcoming

Once the Employer Mandate goes into effect (this will be discussed in a future issue), you may see some significant changes in the type of plans your employer offers and how your contribution formula will be established. Some of you may be in plans that may no longer cover spouses, for example. For those plans and employers, those changes will be a direct result of the financial burden that ACA puts on large employers (with over 50 full-time employees). In order for some employers to afford to meet the new government requirements for the Employer Mandate, they may need to make some tough decisions, which may include the termination of spouses from coverage. Not all employers and not all plans will stop offering coverage to spouses. But some, unfortunately, will have no choice financially.

Be advised that if for any reason your spouse or any employee that is not eligible for employer-sponsored health coverage (such as a part-time employee) is not able to enroll in the employer-sponsored health plan or plans, they will be able to purchase coverage in the Exchange (possibly with a subsidy). The good news about the Exchange is that everyone who applies will be eligible to purchase a plan, unless their household income is below 133% of the Federal Poverty Level. If such individuals' incomes are below this line, they will be eligible for MediCal in California, or Medicaid in other states. Assuming those individuals' household incomes are above the 133%, they can enroll in the Exchange or a private market plan. Private market plan choices in the individual market, however, will diminish in 2014, so their best bet may be the Exchanges. Such individuals will not be turned down due to health conditions.

Keep in mind, just because they are eligible to enroll **does not mean** that they will be eligible for a premium subsidy. (Again, we will discuss premium subsidies in more detail in another issue). Some, however, may be eligible for a premium subsidy, and this would be an advantage over having coverage in the employer-sponsored plan for these individuals.

Exchange Assistance for Those Who Need It

In the event that your employer has part-time employees or spouses that are not eligible for the employer-based health care plan(s) offered, Advanced Benefit Consulting will be available to assist those spouses or part-time employees in enrollment in the Exchanges. We have dedicated staff who will be prepared to visit each employer clients' offices during the Open Enrollment Period to help anyone needing coverage. They are licensed insurance agents that will be going through Agent Certification classes with Covered California and must pass an exam before they are eligible to sell in the Exchanges in the fall. So, please do not stress about family members or work friends, such as part-time workers, not having insurance coverage in 2014 when it is required. They will receive individual, one-on-one assistance, should they need it from qualified and exchange-certified professionals.

Also, if you ever lose coverage in your employer's plan, you will be able to enroll in an Exchange or private market plan and not have to worry about pre-existing conditions or being turned down. Everyone will be accepted, and there will be no pre-existing conditions for anyone starting in 2014 (for some plans, this will occur on Jan. 1, and for others, on renewal dates in 2014).

Insurance Carriers In Covered California

Covered California will have coverage for individuals and families with popular insurance carriers, including Anthem-Blue Cross, Blue Shield, Health Net and Kaiser. In addition, smaller, regional carriers are offered in some areas throughout the state.

Important Summary Reminders

Again, some summary reminders about the Exchanges. 1) If you are offered at least a minimum value plan that is affordable (by new government standards) you will not be eligible for a premium subsidy in an Exchange. Your best option will be to enroll or continue coverage in your employer-sponsored plan. 2) You will receive an Exchange Notice in September. Most of you will be informed you will not be eligible to go to the Exchange for subsidized coverage.