

# ABC's Benefit News!

**SPECIAL EMPLOYEE VERSION**

**AFFORDABLE CARE ACT EDUCATION**

**Volume 2 – Premium Subsidies in the Exchanges**

**August, 2013 (2 of 2 August, 2013)**

In the last issue of ABC's Benefit News, Special Employee Version (Volume 1), we discussed Exchanges under ACA/ObamaCare. In this issue, we will continue that discussion with more detailed information on Premium Subsidies, how they work, who will be eligible, etc.

## **What is a Premium Subsidy?**

A premium subsidy will be available to help you pay for health coverage if you are within the income guidelines established under ACA. A premium subsidy is a tax credit that can be paid monthly directly from the IRS to the insurance company you choose. In other words, if your premium amount is \$562 but you have a \$256 premium subsidy, the federal government will automatically (after verification and approval) pay your insurance carrier the \$256 per month. You will pay only the difference, or in this example, you would pay only \$306 per month.

Premium subsidies will be available to individuals and families that fall generally between 133% and 400% of the Federal Poverty Level (FPL), or in California, between 138% and 400% of the FPL. This means that individuals making between an estimated \$18,000 per year (\$15,415 in California) and \$44,680 per year will be eligible for a premium subsidy, and families of 4 can make up to about a maximum \$92,200 per year in household income and be potentially eligible for a premium subsidy. Individuals and families under the 133% level will be eligible for a Medicaid program (138% - Medi-Cal in California). Individuals and families above the 400% of FPL will not be eligible for a premium subsidy.

You can only receive premium subsidies in the state or federal exchanges. In California, you will only be eligible to receive a premium subsidy in Covered California products.

At the end of the year, the tax credits may be adjusted if your income is different than you anticipated. *This means that you will want to notify Covered California or your agent if your income changes.* You don't want to get stuck owing additional taxes at the end of the year because you over-estimated your premium subsidy amount.

It is important to remember what was stated in Volume 1 – Exchanges... ***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.***

## **Will I qualify for a premium subsidy?**

You may qualify for a premium subsidy if you fall between the FPL guidelines of 133% (138% in California) and 400% and if you are a citizen of the United States (legal resident of California for Covered California), and if you are NOT OFFERED coverage by your employer. ***If you are offered coverage and the coverage is considered affordable*** (by government standards of not more than 9.5% of household income, for which employers can use one of 3 safe harbors to calculate) and the coverage meets Minimum Value requirements (a plan that is valued to cover at least 60% of medical expenses), ***you will not be eligible for a premium subsidy.*** If you have insurance offered by your employer, you will be advised in your Notice of Exchange whether your employer meets the qualification of minimum value and affordability. ***If your Exchange Notice (which you will receive in September, 2013) says the plan is affordable and meets minimum value, you will not be eligible for a premium subsidy.*** Employers will be reporting this information to the federal government and the federal government will verify your citizenship, income levels, etc., before you will be deemed eligible for a premium subsidy.

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

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## Lower Income Individuals and Families May Qualify for Out-of-Pocket Assistance

In addition to standard premium subsidies mentioned above, if you are lower income, you may also qualify for Out-Of-Pocket assistance. Your premiums will be shown automatically at the Silver Level (more information below) for initial calculations of a possible premium subsidy. Basically, Silver Plans are plans that are valued at around 70% of the overall costs of benefits. However, if your income falls between levels described below, you may be eligible for a sliding scale, increased benefit schedule, which will mean you pay much less out-of-pocket. The increased benefit schedules apply to Silver Plans, but, depending on your income, you may receive gold (80% range) or even platinum (90% range) level benefits at the Silver price, meaning your benefits cost you less overall.

- In California, our limits are less than the federal limits. Medi-Cal will also be available to lower income families.
- **Individuals making \$15,415 to \$27,935 qualify for help in paying for OOP costs like deductibles and co-pays, plus tax credits (subsidies)**
- **Individuals making \$27,936 to \$44,680 will qualify for a tax credit (premium subsidy)**
- **Family of 4 making less than \$31,810 will be eligible for Medi-Cal (free gov't program)**
- **Family of 4 making \$31,810 to \$57,635 qualify for help in paying for OOP costs like deductibles and co-pays, plus tax credits (subsidies)**
- **Family of 4 making \$57,636 to \$92,200 will qualify for tax credits (subsidies)**
- **Individuals making over \$44,680 will not qualify for government assistance (not income eligible).**

## Plan Benefits With and Without Out-of-Pocket Assistance

Standard Benefits for a Silver Plan are valued at approximately 70% of total benefits and have a \$2,000 deductible, no-cost preventive care (at least 1 yearly visit), a \$45 co-pay for primary care visits, \$65 co-pay for specialists, \$90 urgent care co-pay, \$19 Generic Rx co-pay, \$45 lab testing co-pay, \$65 x-ray co-pay, \$250 ER co-pay, 20% co-insurance for hospitalization and outpatient surgery, \$250 imaging (MRI, CT or PET scan) co-pay, and a separate \$250 deductible for brand name prescriptions (non-preferred). The Out-of-Pocket Maximum is \$6,350 for individuals and \$12,700 for families.

However, if your income is below \$28,725, you may be eligible for a higher benefit schedule, with lower overall out-of-pocket costs. Refer to the chart below to see the differences by income (based on adjusted gross income):

**Standard Benefit Designs By Income**

Coverage Category	94% Silver	87% Silver	73% Silver
Eligibility based on income and premium assistance	Covers 94% Average Annual Cost	Covers 87% Average Annual Cost	Covers 73% of Average Annual Cost
Single Income Ranges	Between \$15,415 & \$17,235	\$17,236 to \$22,980	\$22,981 to \$28,725
Annual Wellness Exam	\$0	\$0	\$0
PCP Visit	\$3	\$15	\$40
Specialist Visit	\$5	\$20	\$50
Lab Tests	\$3	\$15	\$40
X-Rays & Diagnostics	\$5	\$20	\$50
Imaging	10%	15%	20%
Generic Drugs	\$3	\$5	\$19
Annual OOP Max			
Individual	\$2,250 Individual	\$2,250 Individual	\$5,200 Individual
Family	\$4,500 Family	\$4,500 Family	\$10,400 Family

**If you are not eligible for your employer's group coverage** (i.e., they do not offer a minimum value plan or it is not affordable by government standards, you are a spouse in a plan that no longer offers spouse coverage, or you are part-time or otherwise ineligible for the employer-sponsored plan (check your Exchange Notice that you should receive in September), **and you would like to enroll in the Exchange and inquire about premium subsidies, please contact Advanced Benefit Consulting (or check with your employer regarding the days/times we will be onsite) for assistance in enrolling. Advanced Benefit Consulting is expected to be certified by Covered California in the month of September, 2013 (no agents will be trained or certified until this date).**

Look for more valuable information in the next issue of ABC's Benefit News, Special Employee ACA Issue, in September. We will be setting up a new, consumer-friendly website in September (information to be provided in the September issue) to assist you further.

***ABC's BENEFIT NEWS, SPECIAL EMPLOYEE ACA ISSUE – PREMIUM SUBSIDIES***

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