

Health Care Reform

WHAT TO EXPECT IN 2014¹

THE BASICS

The Affordable Health Care Act states that in 2014 all Americans are required to have a minimum amount of health insurance or be taxed by the government. All states are required to have a health insurance exchange where citizens can purchase the required insurance. The exchange is simply a place to shop for and buy health insurance (www.coveredca.com). Americans can obtain qualified coverage through work, the state exchange or private carriers.

COVERAGE LEVELS

There will be four levels of coverage available within the exchange: Platinum, Gold, Silver and Bronze. Within each level there will be different plan options from different carriers. Carriers selling within the exchange will be announced mid-May. The plan premiums will decrease as coverage decreases from a Platinum plan to a Bronze plan.

All plans will include the government mandated "Essential Health Benefits":

1. Ambulatory Patient Services
2. Emergency Services
3. Hospitalization
4. Maternity and Newborn Care
5. Mental Health and Substance Use Disorder Services
6. Prescription Drugs
7. Rehabilitative and Habilitative Services/Devices
8. Laboratory Services
9. Preventive, Wellness Services and Chronic Disease Management
10. Pediatric Services, including Oral and Vision Care

Platinum - 90% Coverage
Gold - 80% Coverage
Silver - 70% Coverage
Bronze - 60% Coverage

REQUIREMENT FOR QUALIFIED HEALTH PLANS

As of January 1, 2014 all plans are required to be guaranteed issue, which means coverage cannot be denied if you have a pre-existing medical condition. Rates will be based on Family Tier, Age and Geography. The plans are required to have a 3 to 1 age band, which means the highest rate can be no more expensive than 3 times the lowest rate.

OPTIONS FOR HEALTH INSURANCE IN 2014

There will be three options for coverage:

Coverage through your Employer

Buy a plan

through the California Exchange (www.coveredca.com) or outside the California Exchange.

Pay a Penalty

In 2014, \$95 or 1% of taxable income, whichever is greater. The penalty will increase every year.

WHO QUALIFIES FOR GOVERNMENT PAYMENT ASSISTANCE

For Americans within certain income levels government payment assistance is available if they buy a plan through the California Exchange. How much the government will pay is still to be decided and will be based on annual income.²

SINGLE PERSON

Annual Income
\$11,490 - \$45,960

COUPLE

Combined Annual Income
\$15,510 - \$62,040

FAMILY OF 4

Combined Annual Income
\$23,550 - \$94,200

FAMILY OF 6

Combined Annual Income
\$31,590 - \$126,360

FAMILY OF 8

Combined Annual Income
\$39,630 - \$158,520

SMALL GROUP EMPLOYERS

If you have less than 50 employees, you are considered a small group. There are a few different options available for you and your employees beginning in 2014.

Offer Coverage

through a SHOP exchange (Small Business Health Options Program) or outside the SHOP exchange

Offer an ASO plan (Administrative Services Only)

where essential benefits and metal level requirements don't exist (if allowed by state law).

Stop Offering Coverage

and let employees buy individual coverage inside or outside the exchange.

Small group employers with less than 25 employees with an average wage of \$50,000/year or less that offer coverage through an exchange could qualify for a government subsidy. This credit can cover up to 50% of the employer's cost for the first 2 years of offering coverage through an exchange.

¹Information in this flyer is subject to change as rules and regulations are established.

²Income information from www.coveredca.com