

# Health Care Reform

## WHAT TO EXPECT IN 2014<sup>1</sup>

### OPTIONS FOR HEALTH INSURANCE IN 2014

There will be three options for coverage for those who don't qualify for Medi-Cal or Medicare:

**Coverage through  
your Employer**

**Buy a plan**  
through the California Exchange  
([www.coveredca.com](http://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.<sup>2</sup>

**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

### TYPES OF GOVERNMENT PAYMENT ASSISTANCE

**Medi-Cal:** No cost health insurance coverage for individuals making less than \$15,000/year or a family of four making less than \$31,180/year.

**Cost-Sharing Subsidy:** Reduces the amount paid for health care expenses incurred when receiving medical care when on a plan within the California Exchange.

**Tax Credit:** Reduces monthly premiums for those that qualify and purchase within the California Exchange.

**MAY 15, 2013**

Carriers Established

**OCTOBER 2013 - MARCH 2014**

Open Enrollment for the California Exchange

IMPORTANT HEALTH CARE REFORM EVENTS FOR CALIFORNIA 2013-2014

**SUMMER 2013**

Plans and Rates Finalized

**JANUARY 1, 2014**

All plans Guarantee Issue

(800) 568-4500  
(916) 686-4500  
[rlwells99@frontiernet.net](mailto:rlwells99@frontiernet.net)

**RLWELLS  
& ASSOCIATES, INC.**

# SMALL GROUP EMPLOYERS

Employers with 2 to 50 employees 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.

There is no set open enrollment for SHOP. Employers can choose to enroll in a new plan at their current policy's renewal date or anytime after January 1, 2014.

If you are small group employer, you will not pay a penalty for not offering health insurance to your employees. However, there will be benefits to going through SHOP to offer insurance to your employees. You can pick the level of coverage you would like to offer and then you can offer your employees the opportunity to choose between the multiple carriers offering insurance at that level. This could definitely be an advantage, since most employees have different carriers they prefer.

There is currently a tax credit up to 35% available for small group employers who qualify. To qualify the employer needs to pay at least 50% of their employee's rate, have less than 25 full-time equivalent employees and their employees must have an average wage of \$50,000/year or less. In 2014 this tax credit can cover up to 50% of the employer's cost for the first 2 years of offering coverage through the SHOP exchange.

For more information visit:

<http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>

# LARGE GROUP EMPLOYERS

If you have 50 or more full-time equivalent employees, you are considered a large group. Large group employers have two options: offer affordable coverage to their employees or pay a penalty. Coverage is considered affordable if 50% of the rate the employee is paying for their coverage (no dependents) is 9.5% or less of their income.

If you don't offer insurance, the penalty is \$2,000 annually per each full-time employee who receives a government subsidy through the exchange. If you offer insurance that isn't affordable, the penalty is \$2,000 annually for each full-time employee without affordable coverage and \$3,000 annually for each full-time employee who receives a government subsidy through the exchange.

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

<sup>2</sup>Income information from [www.coveredca.com](http://www.coveredca.com)