

# WHAT DOES OBAMACARE MEAN?

## THE ACA WAS SIGNED INTO LAW IN MARCH, 2010

We are undergoing a historical shift. The ACA impacts many facets of health insurance and health care. Key provisions include:

- Coverage for dependent children up to age 26
- Elimination of pre-existing condition
- Elimination of lifetime coverage limits
- Elimination of coverage rescissions
- Expansion of preventive health coverage (non-grandfathered)
- W-2 Reporting for employers (over 250 W-2's previous year)
- Summary of Benefits and Coverage for all employers
- Non-Discrimination rules (suspended at this time)
- OTC drugs need prescription for HSA/FSA reimbursement
- Medical Loss Ratio (80% and 85%) fully-insured large group



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**DISCLAIMER:** Information contained herein is not legal advice, tax advice, an opinion, political or personal and is subject to change as reform laws dictate.

# WE CAN HELP.....

In our post reform environment, experience matters. With 24 years of practical health insurance and industry experience, we focus on educating our clients in a highly individualized way that enables them to make an informed decision. If you, a family member or loved one are seeking answers to any of the following questions, call today a comprehensive evaluation.

1. What is the individual mandate and tax penalties for non-compliance?
2. What is an exchange?
3. And, is there a difference between public and private?
4. What is a subsidy and how do I find out if I qualify?
5. What are minimum essential benefits?
6. Who are the companies offering exchange plans?
7. Can I shop now for and compare exchange plans?
8. Will my doctor be in the network?
9. Will my prescription drugs be covered?
10. What will a plan cost me and when can I enroll?



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# #1 WHAT IS THE INDIVIDUAL MANDATE?

- Individuals must have medical insurance or pay a penalty
- The penalty amount is the **GREATER** of a dollar amount or percentage of income
  - *2014: Greater of, \$95 or 1% (\$285 household max)*
  - *2015: Greater of, \$325 or 2% (\$975 household max)*
  - *2016: Greater of, \$695 or 2.5% (\$2,085 household max)*

The tax penalty for a an individual under the age of 18 is one half of the adult tax penalty, household max assumes two (2) children.



## #2 WHAT IS AN EXCHANGE OR MARKETPLACE?

There are two (2) ways to get an Affordable Care Act (ACA) compliant health plan with an effective date of January 1, 2014 or later:

1. The Public, On-line ONLY subsidy-eligible Exchange
2. Private or non-subsidy eligible Exchange

Americans earning between 100%-400% of Federal Poverty Level may receive subsidy help (tax credit) with monthly premiums or plan cost share. If eligible, premium subsidies are paid directly to the health plan or the company.



# #3 WHAT IS THE PUBLIC EXCHANGE?

- The Public Exchange is an on-line marketplace and the only place where an individual or family can apply for and get a subsidy-eligible plan.
- Effective January 1, 2014, Americans earning between 100%-400% of Federal Poverty Level may receive subsidy help in the form of a tax credit. **A subsidy looks like help with monthly premiums or with out of pocket cost share (deductibles, coinsurance.)** If eligible, premium subsidies are paid directly to the member's health insurance company.

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# #4 WHAT IS SUBSIDY & DO I QUALIFY?

## SUBSIDIES ONLY AVAILABLE THROUGH THE PUBLIC EXCHANGE

To Qualify Estimated 2014 Household Modified Adjusted Gross Income (MAGI) Must be between 100%-400%

Income level for 400% of FPL		
Family Composition	2012 Federal Poverty Level	400% of FPL
1	\$11,170	\$44,680
2	\$15,130	\$60,520
3	\$19,090	\$76,360*
4	\$23,050	\$92,200
5	\$27,010	\$108,040

\* A family of 3 with 2014 estimated modified adjusted gross income of under \$76,360 may qualify for subsidy help with monthly premiums or plan cost share.



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# #4 DIGGING DEEPER

## HOW SUBSIDY ELIGIBILITY IS DETERMINED

**NOTE: ONLY THROUGH THE ON-LINE PUBLIC EXCHANGE CAN SOMEONE APPLY FOR AND, IF APPROVED BY THE FEDERAL GOVERNMENT, GET A SUBSIDY PLAN**

Under the Affordable Care Act, eligibility for Medicaid and subsidized health insurance through the Exchanges will be calculated using a household's Modified Adjusted Gross Income (MAGI). The Affordable Care Act definition of MAGI under the Internal Revenue Code<sup>1</sup> and federal Medicaid regulations<sup>2</sup> is shown below. For most individuals who will apply for health coverage under the Affordable Care Act, MAGI will be equal to Adjusted Gross Income.

### Modified Adjusted Gross Income (MAGI) =

Adjusted Gross Income (AGI)	Include:	Deduct:
Line 4 on a Form 1040EZ Line 21 on a Form 1040A Line 37 on a Form 1040	<ul style="list-style-type: none"> <li>• Wages, salaries, tips, etc.</li> <li>• Taxable interest</li> <li>• Taxable amount of pension, annuity or IRA distributions and Social Security benefits</li> <li>• Business income, farm income, capital gain, other gains (or loss)</li> <li>• Unemployment compensation</li> <li>• Ordinary dividends</li> <li>• Alimony received</li> <li>• Rental real estate, royalties, partnerships, S corporations, trusts, etc.</li> <li>• Taxable refunds, credits, or offsets of state and local income taxes</li> <li>• Other income</li> </ul>	<ul style="list-style-type: none"> <li>• Certain self-employed expenses<sup>3</sup></li> <li>• Student loan interest deduction</li> <li>• Tuition and fees</li> <li>• Educator expenses</li> <li>• IRA deduction</li> <li>• Moving expenses</li> <li>• Penalty on early withdrawal of savings</li> <li>• Health savings account deduction</li> <li>• Alimony paid</li> <li>• Domestic production activities deduction</li> <li>• Certain business expenses of reservists, performing artists, and fee-basis government officials</li> </ul>
<b>+ Add back certain income</b>	<ul style="list-style-type: none"> <li>• Non-taxable Social Security benefits (Line 20a minus 20b on a Form 1040)</li> <li>• Tax-exempt interest (Line on 8b on a Form 1040)</li> <li>• Foreign earned income &amp; housing expenses for Americans living abroad (calculated on a Form 2555)</li> </ul>	
<b>- Exclude from income</b> For Medicaid eligibility	<ul style="list-style-type: none"> <li>• Scholarships, awards, or fellowship grants used for education purposes and not for living expenses</li> <li>• Certain American Indian and Alaska Native income derived from distributions, payments, ownership interests, real property usage rights, and student financial assistance</li> <li>• An amount received as a lump sum is counted as income only in the month received</li> </ul>	

*Note: Pre-tax contributions, such as those for child care, commuting, employer-sponsored health insurance, flexible spending accounts and retirement plans such as 401(k) and 403(b), are not included in AGI but are not listed above because they are already subtracted out of W-2 wages and salaries.*

<sup>1</sup> Internal Revenue Code Section 36B(d)(2)(B)  
<sup>2</sup> Centers for Medicare and Medicaid Services, CMS-2349-F, March 2012  
<sup>3</sup> Deductible part of self-employment tax; SEP, SIMPLE, and qualified plans; health insurance deduction



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# #5 WHAT ARE THE MINIMUM ESSENTIAL BENEFITS? (CATEGORIES OF CARE THAT PLANS MUST NOW INCLUDE)

## *Individual Plans:*

- Ambulatory patient care & services
- Emergency services
- Hospitalization (Inpatient or Outpatient)
- Maternity & newborn/baby care
- Mental health & substance use disorder services, including behavioral health treatment
- Prescription Medications
- Rehabilitative & habilitative services/devices
- Laboratory services
- Preventive wellness services \*
- Pediatric dental and vision

\*All plans are required by law to cover eligible preventive wellness at 100% not subject to plan deductible or coinsurance.



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# # 6 WHERE CAN I SHOP FOR & GET A PLAN?

Companies Participating on the Public, Exchange

## **Subsidy-Eligible:**

1. Anthem
2. Physician's Health Plans (PHP)
3. MDwise\*

Companies Participating on the Private, Off-Exchange

## **Non-subsidy:**

1. Anthem
2. Assurant Health
3. Humana
4. MDwise\*
5. Physician's Health Plans (PHP)

\*IU Health is not working through agents & brokers.

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# # 7 CAN I SHOP NOW FOR AND COMPARE EXCHANGE PLANS?

Absolutely, and we encourage our clients not to wait.

1. While one can only enroll in a public, subsidy-eligible exchange plans through the internet portal, healthcare.gov. plan comparison tools/links are available to you now. It is estimated that in early to mid-November, technology will be in place for plan enrollment to happen and we can assist.

*Our office is currently helping many individuals and families evaluate subsidy plans, and perform subsidy calculations to estimate and predetermine eligibility.*

2. Individuals & families can enroll in a private, non-subsidy eligible exchange plan now. Enrollment can happen via a paper application or through a company link.



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# # 8 WILL MY DOCTOR BE INCLUDED IN THE PLAN'S NETWORK?

Maybe....maybe not

- A key consideration to making an informed plan choice is understanding the plan's service area and network partnerships.
- Networks vary depending on the public or private exchange plan option.



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# # 9 WILL MY PRESCRIPTIONS BE COVERED?

Again, maybe....maybe not

- Another key consideration to making an informed plan choice is understanding the formulary, which vary by plan.
- It is our due-diligence to ensure that you understand if your medicine is covered and if so, at what tier level.



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# # 10 WHAT WILL A PLAN COST ME & WHEN CAN I ENROLL?

To get or access Anthem, subsidy or non-subsidy plans, contact Pam Cousert or log onto:

[https://brokerportal.anthem.com/ehb/web/bkr/acc/agentconnect/PAMELACOUSERT\\_1](https://brokerportal.anthem.com/ehb/web/bkr/acc/agentconnect/PAMELACOUSERT_1)

To get or access Assurant Health, non-subsidy plans, only log onto:

<http://pamcousert.mymedicalquotes.com>

To get PHP subsidy or non-subsidy plans, contact Pam at 317-826-2460

<https://www.facebook.com/PamCousertInsurance>

317.826.2460 office or 317.372.0576 iPhone/text

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