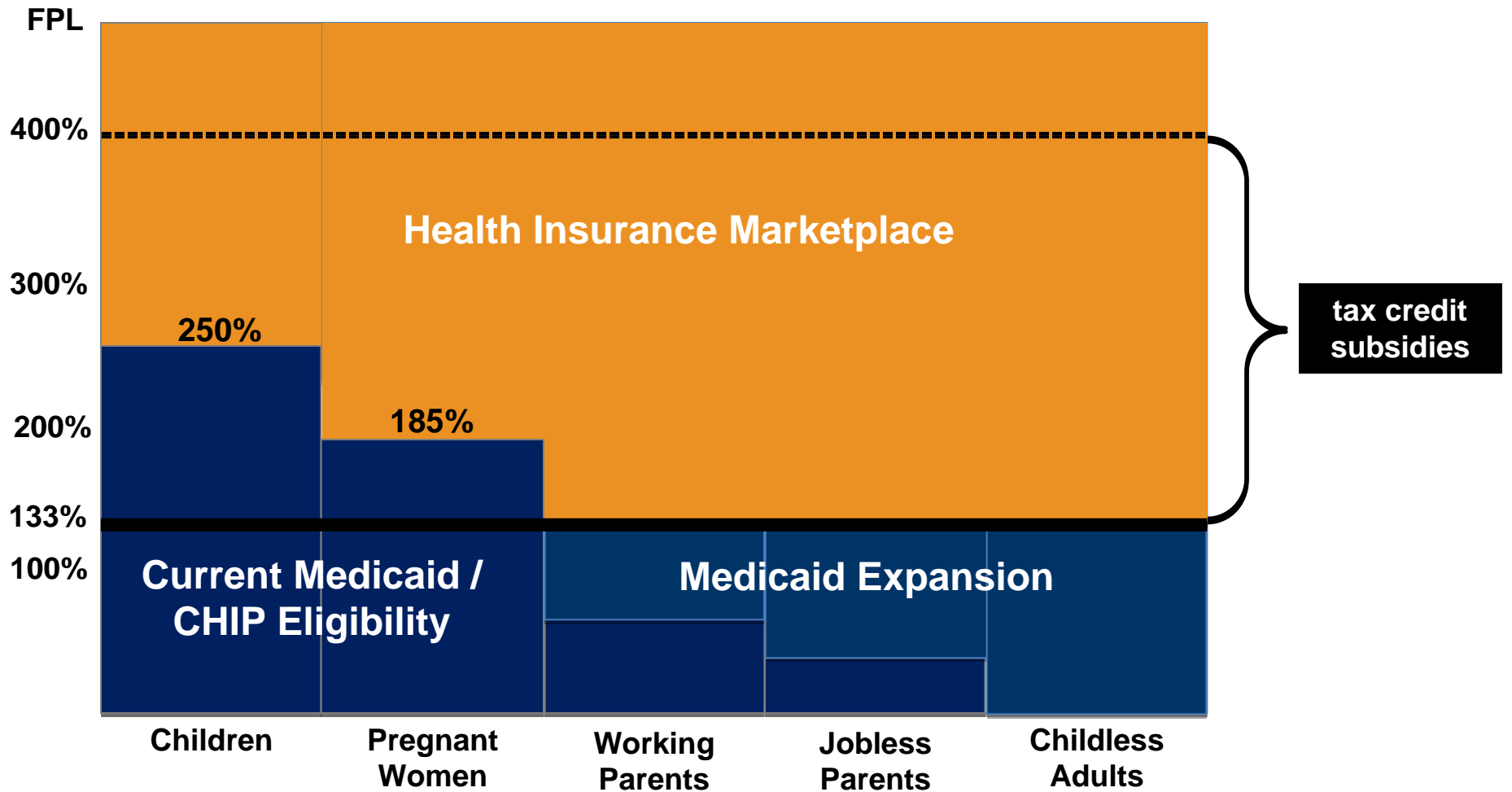




Coverage Landscape in 2014



Medicaid and CHIP coverage, based on 2012 eligibility levels in a typical state

Source: Kaiser Commission on Medicaid and the Uninsured



More to Know about Cost-Sharing Charges

- Copayments are often simpler and more predictable for consumers than coinsurance.
- Co-payments may be more common in the higher metal levels.
- Plans may have separate deductibles and other cost-sharing amounts for out-of-network and in-network services.

	Annual Deductible	Annual OOP Limit	Hospital Admission	Primary Care Visit	Specialist Visit
In-Network	\$5,000	\$6,350	\$1,500/ admission	\$35	\$50
Out-of-Network	\$10,000	None	50%	50%	50%



Questions to Ask about Deductibles

- Are some services exempted from the deductible?
- Is there a separate deductible for drugs?
- Is there a different out-of-network deductible?
- For families, does the deductible apply on an individual or family basis?



Cost-Sharing and the Metal Tiers

In general, lower enrollee cost-sharing and higher premiums



In general, higher enrollee cost-sharing and lower premiums

ACA Precious Metal Tiers	
Plan Tier	Actuarial Value
Platinum	90%
Gold	80%
Silver	70%
Bronze	60%

Actuarial value percentages represent how much of a typical population's medical spending a health insurance plan would cover.



Different Tiers, Different Cost-Sharing Charges

KEY BENEFITS	Platinum	Gold	Silver <small>(Lower Cost Sharing Available on Sliding Scale)</small>	Bronze
Copays In the Yellow Sections are Not Subject to any Deductible and Count Toward the Annual Out-of-Pocket Maximum			Benefits In Blue are Subject to Deductibles	
Deductible (if any)	No Deductible	No Deductible	\$2,000 Medical Deductible	\$5,000 Deductible for Medical and Drugs
Preventative Care Copay	No Cost – at least 1 yearly visit	No Cost – at least 1 yearly visit	No Cost – at least 1 yearly visit	No Cost – at least 1 yearly visit
Primary Care Visit Copay	\$20	\$30	\$45	\$60 – 3 visits per year
Specialty Care Visit Copay	\$40	\$50	\$65	\$70
Urgent Care Visit Copay	\$40	\$90	\$60	\$120
Generic Medication Copay	\$5	\$20	\$25	\$25
Lab Testing Copay	\$20	\$30	\$45	30%
X-Ray Copay	\$40	\$50	\$65	30%
Emergency Room Copay	\$150	\$250	\$250	\$300
High cost and infrequent services like Hospital Care and Outpatient Surgery	HMO Outpatient Surgery – \$250 Hospital – \$250/day up to 5 days PPO – 10%	HMO Outpatient Surgery – \$600 Hospital – \$600/day up to 5 days PPO – 20%	\$250	30% of your plan's negotiated rate
Imaging (MRI, CT, PET Scans)	\$150	\$250	\$250	40%
Brand medications may be subject to Annual Drug Deductible before you pay the copay	No Deductible	No Deductible	\$250 deductible then pay the copay amount	\$50-\$75 after meeting deductible
Preferred brand copay after Drug Deductible (if any)	\$15	\$50	\$50	\$50
MAXIMUM OUT-OF-POCKET FOR ONE	\$4,000	\$6,350	\$6,350	\$6,350
MAXIMUM OUT-OF-POCKET FOR FAMILY	\$8,000	\$12,700	\$12,700	\$12,700



John (30)



Scenario 1: 300% FPL

Income: **\$34,470**

Expected Contribution:

- Share of income: **9.5%**
- Amount: **\$3,275**

Premium Credit: **\$151**

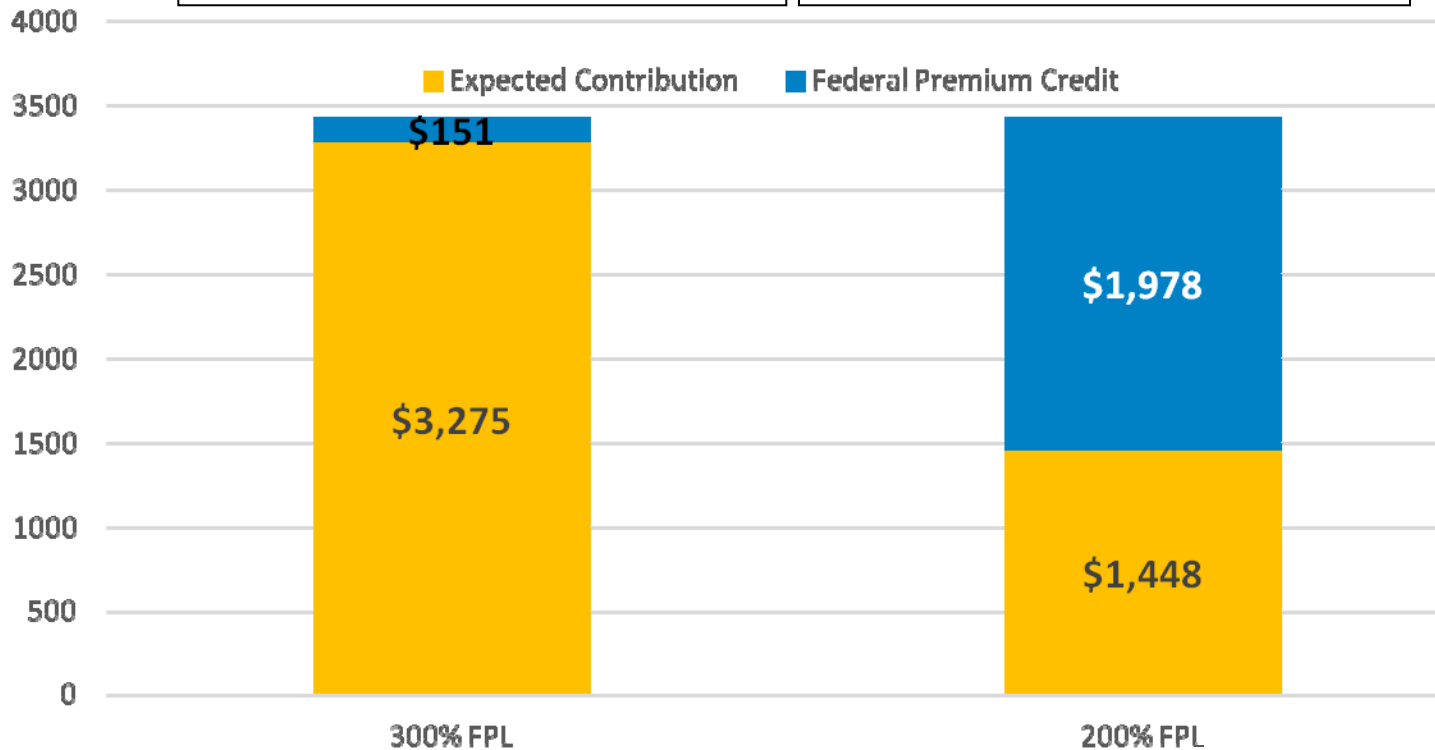
Scenario 2: 200% FPL

Income: **\$22,980**

Expected Contribution:

- Share of income: **6.3%**
- Amount: **\$1,448**
- CSR eligible

Premium Credit: **\$1,978**





John (30)

Income: **300% FPL**
Tax Credit: **\$151**



Option 1: Bronze Plans

Total Premium:
\$2,839

John's Contribution:
\$2,688/year
(\$224/month)

Plan AV:
60%

Option 2: Silver Plans

Total Premium:
\$3,426

John's Contribution:
\$3,275/year
(\$273/month)

Plan AV:
70%

	Sample Bronze Plan (enrollee pays)	Sample Silver Plan (enrollee pays)
Deductible	\$3,000	\$2,000
Maximum OOP limit	\$6,350	\$5,500
Inpatient hospital	50% of the charge	\$1,500 / admission
Office visit	\$35	\$30



John (30)

Income: **200% FPL**
Tax Credit: **\$1,978**



Option 1: Bronze Plans

Total Premium:
\$2,839

John's Contribution:
\$861/year
(\$72/month)

Plan AV:
60%

Option 2: Silver CSR

Total Premium:
\$3,426

John's Contribution:
\$1,448/year
(\$121/month)

Plan AV:
87%

	Sample Bronze Plan (enrollee pays)	Sample Silver CSR Plan (enrollee pays)
Deductible	\$3,000	\$250
Maximum OOP limit	\$6,350	\$2000
Inpatient hospital	50% of the charge	\$250 / admission
Office visit	\$35	\$15

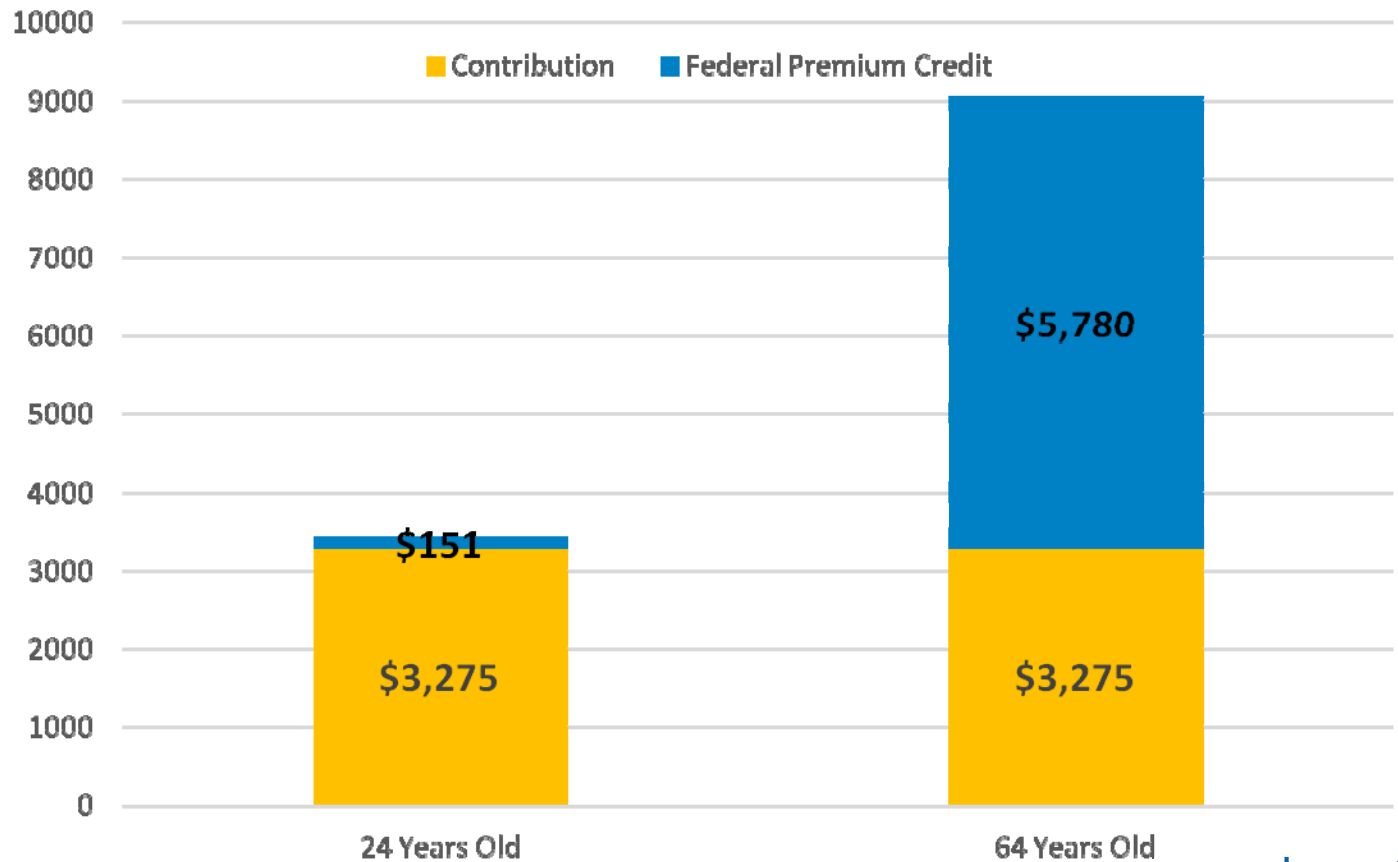


John (64)

Income: **300% FPL**



<u>Scenario 1: Age 30</u>	<u>Scenario 2: Age 64</u>
Premium: \$3,426	Premium: \$9,054
Expected Contribution: \$3,275	Expected Contribution: \$3,275
Premium Credit: \$151	Premium Credit: \$5,780





John (64)

Income: **300% FPL**
Tax Credit: **\$5,780**



<u>Option 1: Silver Plans</u>	<u>Option 2: Gold Plans</u>
Total Premium: \$9,054	Total Premium: \$11,770
John's Contribution: \$3,275/year (\$273/month)	John's Contribution: \$5,990/year (\$499/month)
Plan AV: 70%	Plan AV: 80%

	Sample Silver Plan (enrollee pays)	Sample Gold Plan (enrollee pays)
Deductible	\$2,000	\$600
Maximum OOP limit	\$5,500	\$4,000
Inpatient hospital	\$1,500 / admission	\$1,000 / admission
Office visit	\$30	\$25



John (64)

Income: **200% FPL**
Tax Credit: **\$7,606**



<u>Option 1: Silver CSR</u>	<u>Option 2: Gold Plans</u>
Total Premium: \$9,054	Total Premium: \$11,770
John's Contribution: \$1,448/year (\$121/month)	John's Contribution: \$4,164/year (\$347/month)
Plan AV: 87%	Plan AV: 80%

	Sample Silver CSR (enrollee pays)	Sample Gold Plan (enrollee pays)
Deductible	\$250	\$600
Maximum OOP limit	\$2,000	\$4,000
Inpatient hospital	\$250 / admission	\$1,500 / admission
Office visit	\$15	\$25



Among the Plan Elements to Consider:

- Provider Network
- Prescription Drug Formulary
- Visit Limits and Other Details of Specific Benefits
- Insurer Participation in the Marketplace and Medicaid/CHIP



In-Network vs. Out-of-Network Care

	Deductible	OOP Limit	Inpatient Hospital	Primary Care
In-Network	\$5,000	\$6,350	\$1,500/ admission	\$25
Out-of-Network	\$10,000	None	50%	50%

Network Physician

Doctor's Bill: \$200
Plan Allowed Amount: \$100

Plan pays: \$75

Patient pays: \$25 copayment
Counts toward OOP Limit



Out-of-Network Physician

Doctor's Bill: \$200
Plan Allowed Amount: \$100
Plan Pays: \$50

Patient pays: \$150 (50% + \$100)
Does not count toward OOP limit





Evaluating Plans Based on Drug Formulary

- Does the plan cover all of the drugs a person expects to need?
- What cost-sharing charges will the consumer pay for his drugs under the plan?



Evaluating Plans Based on Drug Formulary

Health Plan A



Tier 1: \$10

Tier 2: 20%

- Drug X
- Drug Y

Tier 3: 30%

John's monthly cost: \$360 (coinsurance + full cost of Drug Z)

John regularly takes three prescription drugs. Total monthly prices are:
\$100 for Drug X
\$200 for Drug Y
\$300 for Drug Z



Health Plan B



Tier 1: \$15

Tier 2: \$40

- Drug Y
- Drug Z

Tier 3: 50%

- Drug X

John's monthly cost: \$130 (copays + coinsurance)



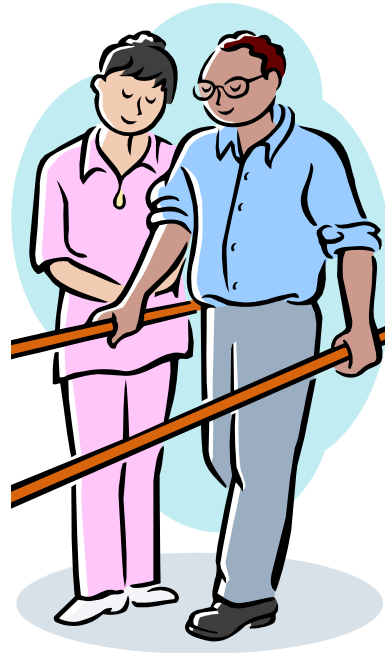
Evaluating Plans Based on Scope of Benefits

Health Plan A

\$25 copay

25 visits per year

Patient pays: \$2,125
(\$625 in copays + \$1,500 for uncovered visits)



Health Plan B

\$25 copay

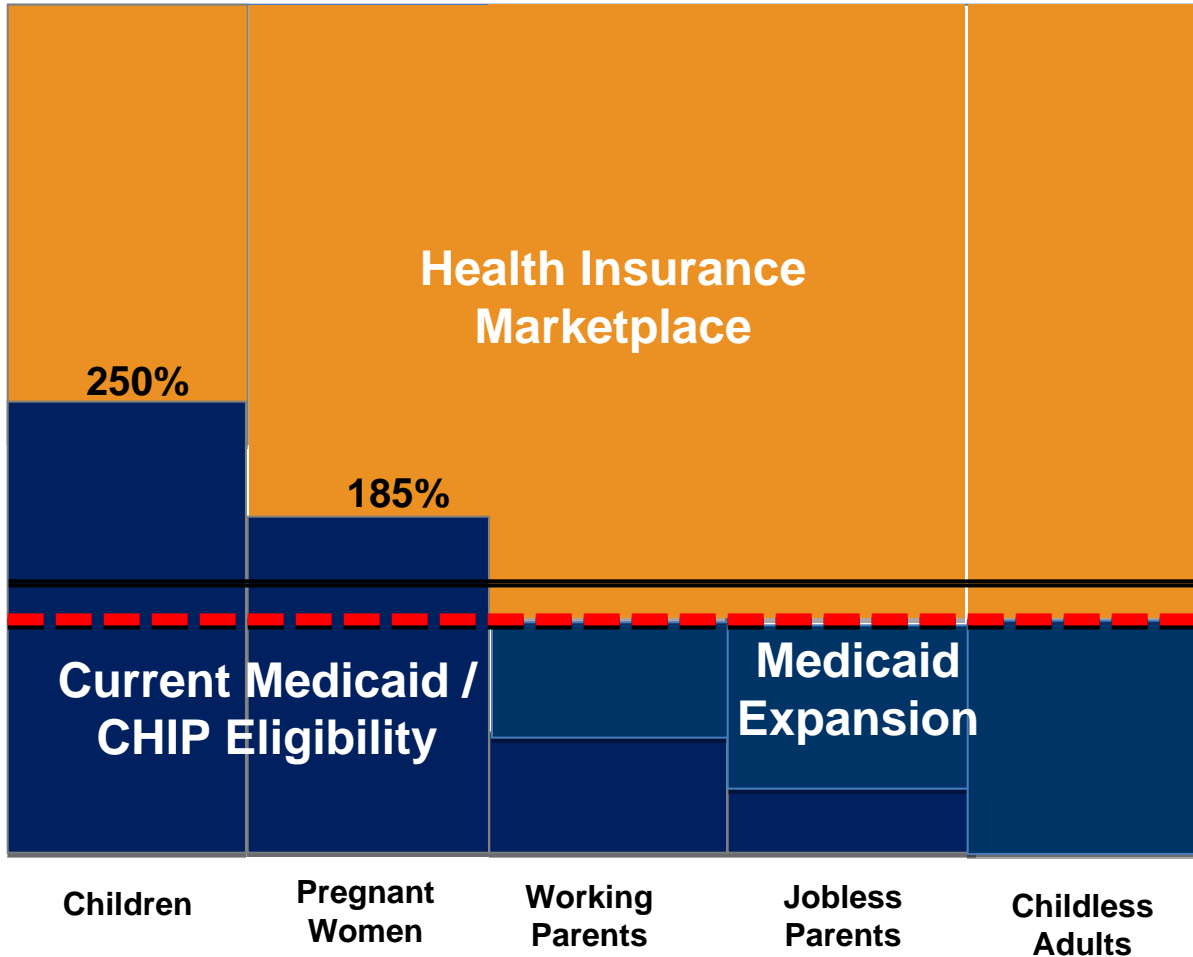
40 visits per year

Patient pays: \$1,000
(40 x \$25 copay)

John expects to need 40 visits of physical therapy during the year, at a charge of \$100 each.



Evaluating Plans Based on Participation in Medicaid/CHIP










150%
133%

- Lisa and Simon, mom and son
- Income of \$23,265 (150% FPL)
- Simon is eligible for CHIP, Lisa is eligible for exchange subsidies.



Evaluating Plans Based on Participation in Medicaid/CHIP

	Health Insurance Marketplace	Medicaid/CHIP
	✓	
	✓	✓
	✓	
	✓	✓
	✓	
	✓	✓
	✓	



Lisa might choose an exchange plan from the same carrier that provides her son’s CHIP plan and has the same or a similar provider network.



Plan Selection: Key Questions

- Is the person eligible for premium credits or cost-sharing reductions?
 - This may make some coverage tiers (i.e., silver) more attractive than others.
- What is most important to the person who is looking for a plan?
 - Low premium? Low cost-sharing charges?
- What health care does the person expect to use during the year?
 - Looking for plans that cover specific providers, medications, etc., may be important.



When does coverage start?



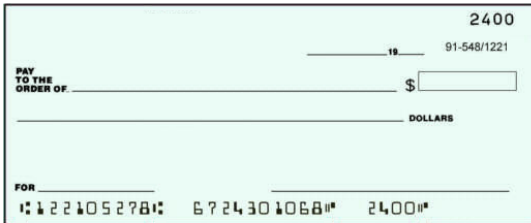
- Plan selection date determines when coverage will take effect.
- Coverage will start on schedule only if the enrollee pays the first month's premium on time.
- Deadlines for the first month's premium are typically set by the insurer.
- Coverage may be cancelled if the first month's premium is late.

Plan Selection Date	Coverage Effective Date
Nov. 1, 2013	Jan. 1, 2014
Dec. 15, 2013	Jan. 1, 2014
Dec. 31, 2013	Feb. 1, 2014
March 31, 2014	May 1, 2014



Methods of Premium Payment

Marketplace insurers must accept (45 CFR 156.1240)



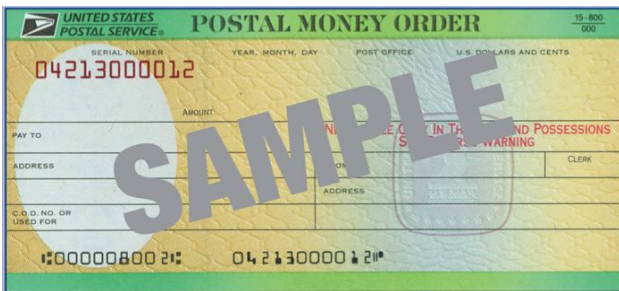
paper check



cashier's check



Electronic Fund Transfer (EFT)



money order



pre-paid debit card



Methods of Premium Payment

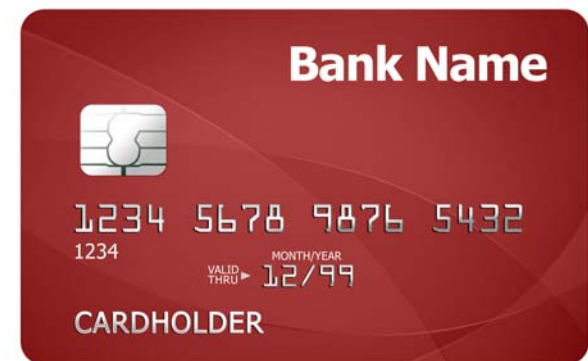
Marketplace insurers may accept additional forms of payment



cash



credit card



bank debit card



Completing Enrollment: Key Takeaways

- People should not wait too long to apply for subsidies.
- For coverage to begin January 1, they must pick a plan no later than December 15.
- March 31 is the last day to pick a plan for 2014.
- The first month's premium must be paid on time or coverage could be at risk.



Requirement to Have Health Coverage

- Everyone is required to have *minimum essential coverage* (MEC) beginning in 2014 or pay the shared responsibility penalty, unless exempt
 - Coverage requirement, penalties, and most exemptions apply on a monthly basis
 - A person has coverage for the month if they have coverage for at least one day in the month
 - Taxpayer is responsible for dependents



Key Types of Minimum Essential Coverage

Government-Sponsored Coverage

- ✓ Medicare
- ✓ Most types of Medicaid
- ✓ Most veterans and military coverage
- ✓ CHIP



“Single-benefit” coverage is not MEC, e.g., Medicaid for family planning.

Private Insurance

- ✓ Nearly all employer-sponsored insurance
- ✓ Most plans sold in the insurance market (inside or outside the Marketplace)

Regardless of minimum value or affordability

Not short-term coverage or “excepted benefits,” like stand-alone vision or dental insurance

Other Insurance, as designated by the Secretary of HHS



The Penalty for Failure to Obtain Coverage

Annual Penalty is the <u>GREATER</u> of:			
	Flat dollar amount	OR	Percentage of income
2014	Each adult: \$95		1% of applicable income <i>Applicable income:</i> Income above the tax filing threshold
	Each child: ½ adult (\$47.50)		
	<i>Maximum: \$285</i>		
2015	Each adult: \$325		2% of applicable income
	Each child: ½ adult (\$162.50)		
	<i>Maximum: \$975</i>		
2016 and beyond	Each adult: \$695		2.5% of applicable income
	Each child: ½ adult (\$347.50)		
	<i>Maximum: \$2,085</i>		

2013 Filing Thresholds (under age 65)	
Single: \$10,000	Head of Household: \$12,850
Married Filing Jointly: \$20,000	Married Filing Separately: \$3,900



Exemptions from the Penalty

Exemptions Granted by the Marketplace

- Religious conscience
- Hardship
 - Financial hardship
 - State failure to expand Medicaid
 - Unaffordability of insurance

Exemptions Granted through Tax Filing

- Income below filing threshold
- Insurance is unaffordable
- Undocumented resident
- Short coverage gap (< 3 months)

Exemptions Granted by Either

- Indian tribe membership
- Incarceration
- Health care sharing ministry



Marketplace Exemptions

- The taxpayer must apply to the Marketplace in a timely way with supporting documentation.
- An exemption makes a person eligible to purchase catastrophic coverage
- In general, a person who is granted an exemption by the Marketplace must report if they have a change in circumstances.



Application for Exemption from the Shared Responsibility Payment for Individuals Who Experience Hardships



Use this application to apply for an exemption from the shared responsibility payment

- Starting in 2014, every person needs to have health coverage or make a payment on their federal income tax return called the "shared responsibility payment."
- Some people are exempt from making this payment. This application includes one category of exemption. There are other applications for other categories of exemptions. You may apply for certain other categories of exemptions when you file your federal income tax return.



Who can use this application?

- Use this application if you and/or anyone in your tax household have experienced a hardship that keeps you from getting health coverage. See Table A (after the signature page of this application) for the list of hardships.
- If you get a hardship exemption, you may qualify for catastrophic coverage.
- You may use one application to ask for this exemption for more than one person in your tax household.



What you may need to apply

- Documents that support your claim of hardship (see Table A after the signature page of this application)
- Social Security numbers, if you have them
- Information about people in your tax household



Why do we ask for this information?

We ask for Social Security numbers and other information to make sure your exemption is counted when you file your federal income tax return. **We'll keep all the information you give private and secure, as required by law.** To view the Privacy Act Statement, go to HealthCare.gov.



What happens next?

Send your complete, signed application to the address on page 3. We'll follow-up with you within 1-2 weeks. You'll get instructions on the next steps to complete the exemption process. If you don't hear from us, visit HealthCare.gov, or call 1-800-318-2596. TTY users should call 1-855-889-4325.



Get help with this application

- **Online:** HealthCare.gov.
- **Phone:** Call our Health Insurance Marketplace Call Center at 1-800-318-2596.
- **In person:** There may be counselors in your area who can help. Visit HealthCare.gov or call 1-800-318-2596 for more information.
- **En Español:** Llame a nuestro centro de ayuda gratis al 1-800-318-2596.

THINGS TO KNOW



Marketplace Exemptions: Hardship

Types of Hardship

Financial or domestic circumstances

Homelessness, eviction, foreclosure ♦ utility shut-off ♦ bankruptcy ♦ domestic violence ♦ recent death of family member ♦ disaster ♦ debt from medical expenses ♦ high expenses caring for ill, disabled or aging relative

Duration

At least one month before and after hardship

Special rule: Can be claimed up to 3 years after the hardship

Example

- Rose is uninsured and supports her mother, who is 66-years-old. (Her daughter receives Medicaid.)
- Her mother has Medicare but had a serious illness that led to high out-of-pocket costs.
- Because Rose was trying to pay her mother's medical bills, she couldn't afford insurance for herself.
- Rose can apply for an exemption for herself due to the high expense of caring for an ill relative.





Marketplace Exemptions: Hardship

Types of Hardship	Duration
<p>Financial or domestic circumstances <i>Homelessness, eviction, foreclosure ♦ utility shut-off ♦ bankruptcy ♦ domestic violence ♦ recent death of family member ♦ disaster ♦ debt from medical expenses ♦ high expenses caring for ill, disabled or aging relative</i></p>	<p>At least one month before and after hardship</p> <p><u>Special rule:</u> Can be claimed up to 3 years after the hardship</p>
<p>Lack of affordable coverage based on projected income</p> <ul style="list-style-type: none">▪ <i>Marketplace coverage that costs >8% of income (lowest cost bronze plan, after premium tax credits)</i>▪ <i>ESI that costs >8% of income for the family (lowest cost family plan)</i>▪ <i>ESI that costs >8% of income due to wellness penalties</i>	<p>All remaining months in year</p> <p><u>Special rule:</u> (1) Must apply during open enrollment, (2) Applies regardless of change in circumstances</p>



Affordability Test for *Exemption from Penalty*

Affordability Test for Firewall

Affordable if <9.5% of household income

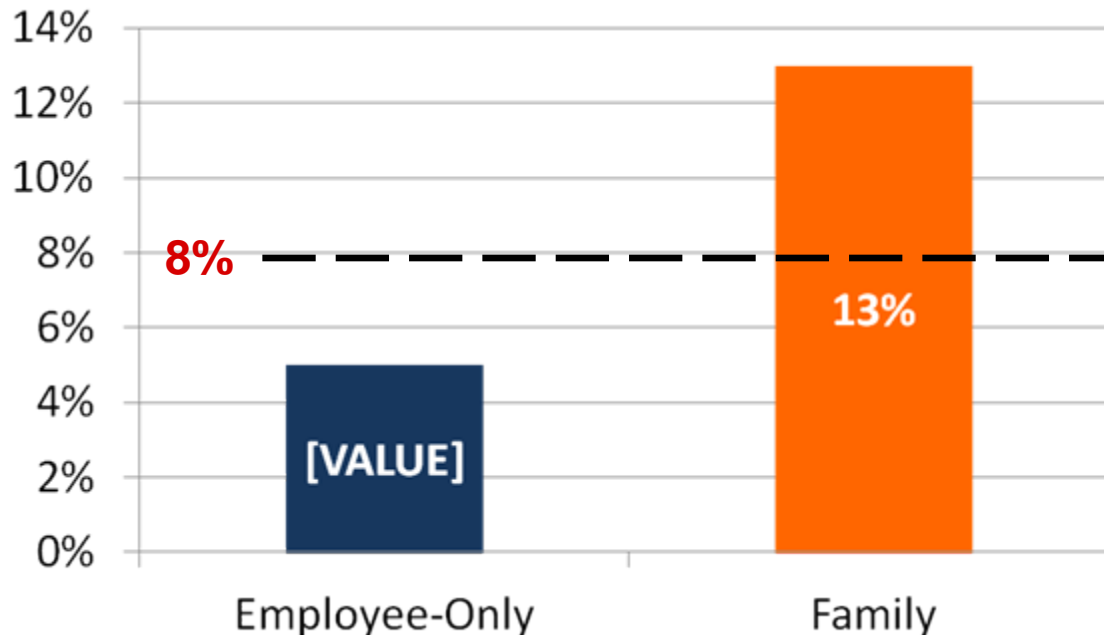
Family coverage is affordable if self-only coverage is affordable



Affordability Test for Penalty

Affordable if <8% of household income

Family coverage is affordable if it is <8% of household income



Bottom Line:
Mom's coverage is affordable so she is not exempt. Dad and the children may apply for an exemption.



Marketplace Exemptions: Hardship

Types of Hardship	Duration
<p>Financial or domestic circumstances <i>Homelessness, eviction, foreclosure ♦ utility shut-off ♦ bankruptcy ♦ domestic violence ♦ recent death of family member ♦ disaster ♦ debt from medical expenses ♦ high expenses caring for ill, disabled or aging relative</i></p>	<p>At least one month before and after hardship</p> <p><u>Special rule:</u> Can be claimed up to 3 years after the hardship</p>
<p>Lack of affordable coverage based on projected income</p> <ul style="list-style-type: none"> ▪ <i>Marketplace coverage that costs >8% of income (lowest cost bronze plan, after premium tax credits)</i> ▪ <i>ESI that costs >8% of income for the family (lowest cost family plan)</i> ▪ <i>ESI that costs >8% of income due to wellness penalties</i> 	<p>All remaining months in year</p> <p><u>Special rule:</u> (1) Must apply during open enrollment, (2) Applies regardless of change in circumstances</p>
<p>Ineligible for Medicaid based on state decision not to expand</p>	<p><i>Entire year unless there is a change in circumstance</i></p>



Exemption: Aggregate Cost of Coverage

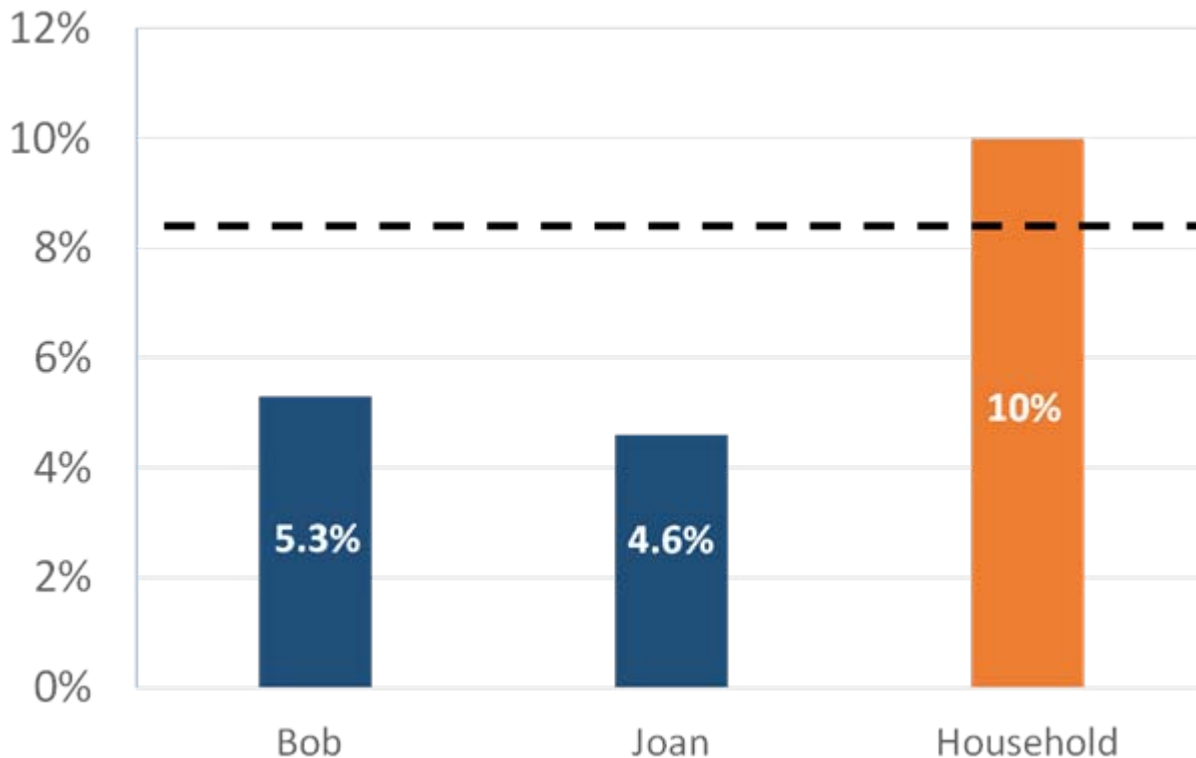
Bob and Joan have jobs that offer health coverage.

Household Income: \$45,000

Premium cost for Bob: \$2,400/year 5.3% of income

Premium cost for Joan: \$2,100/year 4.6% of income

Aggregate cost: \$4,500/year 10% of income



Bottom Line

- Bob and Joan are not eligible for PTC because they each have affordable coverage.
- *However*, if they don't enroll in employer coverage, they can claim an exemption because the total cost exceeds 8% of income.



Exemptions at Tax Filing

Types of Exemption Granted by the IRS

Income below filing threshold

Single: \$10,000 Married Filing Jointly: \$20,000

Insurance is unaffordable (>8% of household income)

- *Unaffordable Marketplace coverage (lowest cost bronze plan, after premium tax credits)*
- *ESI is unaffordable for the employee (lowest cost employee-only plan)*
- *ESI is unaffordable for the family (lowest cost family plan)*
- *Two members of the household have employer coverage and aggregate cost of self-only coverage is greater than 8% of household income*

Undocumented resident

Short coverage gap (<3 months)

- *If the coverage gap is 3 months or longer, none of the months in the gap qualify for exemption.*
- *If there are multiple gaps in a year, only the first gap qualifies.*