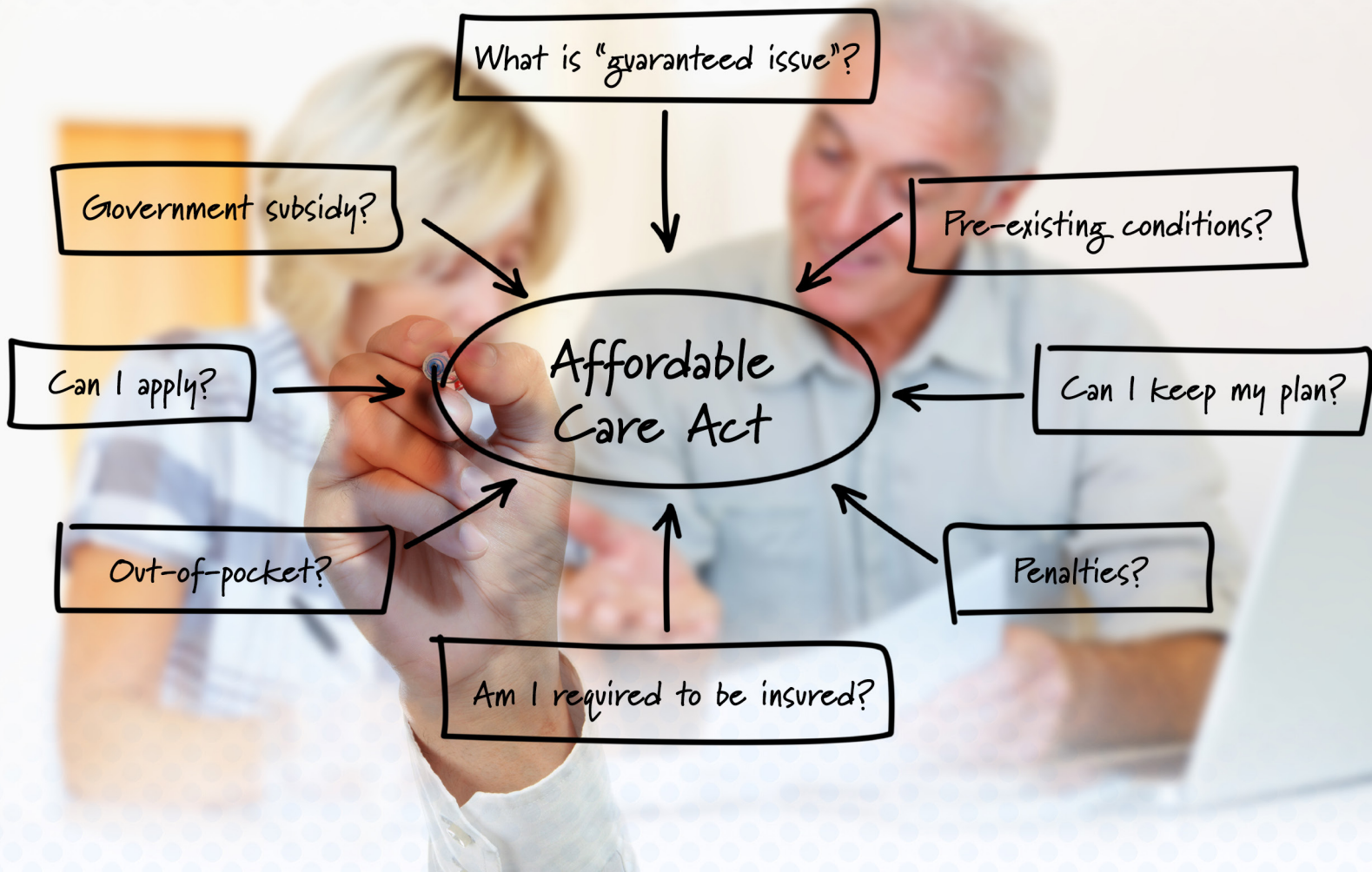


10 ACA FAQs

FOR INDIVIDUALS AND FAMILIES



July 2014

Copyright

No part of this consumer report may be reproduced or transmitted in any form without the written permission of the author. This electronic book is optimized for viewing on a personal computer screen, but is optimally organized so that it can be printed out and assembled in a traditional book form. Since this electronic book is optimized for viewing on a personal computer screen, the type used is larger than that of which is traditionally utilized in printed books.

Disclaimer

This report was diligently researched and compiled with the intent to provide information for persons wishing to learn about the landscape of health insurance reform and the opportunities they present. Throughout the making of this consumer report, every effort has been made to ensure the highest amount of accuracy and effectiveness for the techniques suggested by the author. The report may contain contextual as well as typographical mistakes.

No information provided in this report constitutes a warranty of any kind; nor shall readers of this report rely solely on any such information or advice. All content, products, and services are not to be considered as legal, medical, or professional advice and are to be used for personal use and information purposes only. This report makes no warranties or guarantees express or implied, as to the results provided by the strategies, techniques, and advice presented in this report. The publishers of this report expressly disclaim any liability arising from any strategies, techniques, and advice presented in this report.

The purpose of this consumer report is to educate and guide. Neither the publisher nor the author warrant that the information contained within this consumer report is free of omissions or errors and is fully complete. Furthermore, neither the publisher nor the author shall have responsibility or liability to any entity or person as a result of any damage or loss alleged to be caused or caused indirectly or directly by this report.

Safe Harbor Notice

Certain statements in this presentation relate to future results that are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. This presentation contains statements involving risks and uncertainties, including statements relating market opportunity and future business prospects. Actual results may differ materially and reported results should not be considered as an indication of future performance. Factors that could cause actual results to differ are not included.

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent. Learn more at www.healthpartnersamerica.com

Contents

How are health insurance plans changing under the Affordable Care Act?	4
What does “guaranteed issue” mean?	5
Are pre-existing conditions covered under the new plans?	5
I heard that if I like my health plan I can keep it – is that true?	5
Am I required to purchase health insurance under the health reform legislation?	6
What is the penalty if I don’t purchase health insurance?	7
Am I eligible for a government subsidy to help me pay for health insurance?	7
Is there any assistance available to help with my out-of-pocket expenses?	8
Am I eligible for a subsidy if my employer offers health insurance?	9
How can I apply for health insurance coverage and find out if I’m eligible for a subsidy?	9
About Health Partners America	11

Government subsidy?

Can I apply? →

Out-of-pocket?

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent.
Learn more at www.healthpartnersamerica.com

Even though the Affordable Care Act was signed into law nearly four years ago, the majority of Americans are still confused about the health reform legislation. To help clear up the confusion, here are ten Frequently Asked Questions about how the ACA applies to individuals and families.

1 How are health insurance plans changing under the Affordable Care Act?

The Affordable Care Act makes a number of changes to health insurance policies purchased by individuals and families.

First, these plans cover more benefits than they have in the past, including maternity, mental health & substance abuse, and pediatric dental & vision care. In general, any service that is covered under a health plan offered by an employer is now covered on plans purchased in the individual market – this is a big change.

Also, all health plans now have an out-of-pocket maximum. For services received from in-network providers, an individual will not have to pay more than \$6,350 and a family will not have to pay more than \$12,700. This out-of-pocket limit includes all in-network services, including doctor visits, prescriptions, and hospital stays. Previously, most insurance companies did not give members credit for services like doctor visits and prescription drugs which were covered by a set-dollar copayment, and many plans had higher out-of-pocket exposure than the new plans allow.

Another change is the way health insurance plans are priced. Individuals cannot be charged more based on gender or health status, and the amount an older individual can be charged cannot exceed three times the amount a 21 year old will pay.

The biggest change to the individual market, though, is that all plans are now “guaranteed issue” if purchased during the annual open enrollment period.

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent. Learn more at www.healthpartnersamerica.com

Government subsidy?

Can I apply?

Out-of-pocket?

2 What does “guaranteed issue” mean?

Guaranteed issue means that an insurance company cannot decline to cover an individual based on his or her health status as long as coverage is purchased during the annual open enrollment window, which ran from October 1, 2013 to March 31, 2014. This open enrollment window opens again November 15, 2014 and closes February 15, 2015.

“Special enrollment periods” will be permitted in certain circumstances, like when someone loses coverage through their employer. If an individual is eligible for a special enrollment period, they won’t need to wait until the annual open enrollment period to sign up.

3 Are pre-existing conditions covered under the new plans?

Yes! Not only can anyone who wants health insurance sign up for it under the new law, they cannot be charged more for any pre-existing medical conditions, and there won’t be a “waiting period” before these conditions are covered by the health plan. This is a major change that will benefit people with chronic conditions who may have been turned down for an individual health plan in the past.

It is important to note that insurance companies can still charge more for tobacco users – up to a 50% surcharge. Tobacco is not considered a pre-existing condition but rather a lifestyle choice under the law.

4 I heard that if I like my health plan I can keep it – is that true?

In promoting the health reform legislation, President Obama said on multiple occasions that “if you like your health plan, you can keep it.” For this reason, millions of Americans were surprised when they received cancellation notices from their insurance companies last fall.

It is true that there was a “grandfathering provision” which allowed individuals and families who had the same health plan that they did on March 23, 2010 to keep their existing coverage, but for many Americans

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent. Learn more at www.healthpartnersamerica.com

this wasn't an option – some insurance companies had made changes to the existing plans over the past three or four years that caused these individuals to lose their grandfathered status, and non-grandfathered plans were required to make a number of changes starting in 2014.

After much negative media attention, the administration announced a “fix” for this problem – IF the state and the insurance companies agreed, insurers would be permitted to renew existing health plans, whether they were grandfathered or not, in 2014. Some states and insurance companies made the decision to allow these plans to renew in 2014; others did not. The administration later said that insurance companies, at their option, could renew these non-compliant plans in 2015 and 2016 as well.

For families who are thinking of renewing their existing plan on their 2014 anniversary date, they should understand that these plans will not be eligible for the new government subsidies and will not include some of the other consumer protections created by the law.

5 Am I required to purchase health insurance under the health reform legislation?

Yes. Most Americans and legal residents are required to have “minimum essential coverage” starting in 2014 or they will pay a penalty. Minimum essential coverage can be a health plan purchased in the individual market, provided by an employer, or provided through a government program like Medicare, Medicaid, or the Children’s Health Insurance Program (CHIP).

There are a number of exemptions from the individual mandate, including an exemption for religious objectors, members of American Indian tribes, people who are incarcerated, families whose income is below the federal tax filing threshold and people who would spend more than 8% of their household income on the lowest-priced plan available to them.

Government subsidy?

Can I apply?

Out-of-pocket?

Am I required to be insured?

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent. Learn more at www.healthpartnersamerica.com

6 What is the penalty if I don't purchase health insurance?

The individual mandate penalty is the greater of:

- » \$95 per adult and \$47.50 per child with a cap of \$285 per family OR 1% of household income in 2014
- » \$325 per adult and \$162.50 per child with a cap of \$975 per family OR 2% of household income in 2015
- » \$695 per adult and \$347.50 per child with a cap of \$2,085 per family OR 2.5% of household income in 2016

This penalty is pro-rated based on the number of months a family goes without health insurance, and there is no penalty for a single gap in coverage of 3 months or less during the year. Families will be required to report how many months they had “minimum essential coverage” on their income taxes, and the penalty, if applicable, will be deducted from their income tax return.

7 Am I eligible for a government subsidy to help me pay for health insurance?

Families with a household income up to 400% of the Federal Poverty level may be eligible for a premium tax credit to help them pay for the cost of their health insurance. This credit is both advanceable and refundable.

Advanceable means that the IRS pays its portion of the premium directly to the insurance company and the individual pays the rest – they don't have to pay the entire premium and wait until they file their taxes to get the money back.

Refundable means that even if a person's tax credit is more than the amount they owe in income taxes, they still qualify.

The chart on the following page shows the 2014 Federal Poverty Levels for the 48 contiguous states and the District of Columbia. Note that the FPL is higher in Alaska and Hawaii.

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent. Learn more at www.healthpartnersamerica.com

Government subsidy?

Can I apply?

Out-of-pocket?

2014 Federal Poverty Level								
Household Size	100%	133%	150%	200%	250%	300%	400%	
	1	\$11,670	\$15,521	\$17,505	\$23,340	\$29,175	\$35,010	\$46,680
	2	\$15,730	\$20,921	\$23,595	\$31,460	\$39,325	\$47,190	\$62,920
	3	\$19,790	\$26,321	\$29,685	\$39,580	\$49,475	\$59,370	\$79,160
	4	\$23,850	\$31,721	\$35,775	\$47,700	\$59,625	\$71,550	\$95,400
	5	\$27,910	\$37,120	\$41,865	\$55,820	\$69,775	\$83,730	\$111,640
	6	\$31,970	\$42,520	\$47,955	\$63,940	\$79,925	\$95,910	\$127,880
	7	\$36,030	\$47,920	\$54,045	\$72,060	\$90,075	\$108,090	\$144,120
	8	\$40,090	\$53,320	\$60,135	\$80,180	\$100,225	\$120,270	\$160,360
Source: Health and Human Services Calculations by Health Partners America								

8 Is there any assistance available to help with my out-of-pocket expenses?

In addition to the premium tax credits, the Affordable Care Act also provides for cost-sharing subsidies for individuals who earn up to 250% of the Federal Poverty Level and who purchase a silver-level plan in the individual marketplace.

For families that earn up to 200% of the Federal Poverty Level, these subsidies reduce the family's out-of-pocket exposure by two-thirds, so instead of a potential out-of-pocket cost of \$12,700 for the family, the exposure would be reduced to about \$4,233. Families that earn between 200% and 250% of the FPL can qualify for a 20% reduction in their out-of-pocket exposure.

Additionally, families who qualify for cost-sharing subsidies will pay a lower percentage of the overall costs. Instead of the insurance companies paying an average of 70% of the claims cost for silver-level plans, they will pay 73%, 87%, or 94% depending on your income.

These cost-sharing subsidies are only available in the silver level. If someone chooses to purchase a lower-priced bronze-level plan, no cost-sharing subsidies will be provided.

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent. Learn more at www.healthpartnersamerica.com

9 Am I eligible for a subsidy if my employer offers health insurance?

Unfortunately, when an employer offers health insurance, most employees and family members who are eligible to enroll in the employer's plan are blocked from getting a premium tax credit or cost-sharing subsidy in the individual market.

The only exceptions to this rule would be if the employer's plan does not provide minimum value to the employees (if it's a bare-bones plan that doesn't provide comprehensive coverage) or if the plan is unaffordable for the employees.

To be considered unaffordable, the amount the employee has to pay for single coverage would have to exceed 9.5% of the employee's entire household income. For this reason, the employer-sponsored plan will be considered affordable for most employees and will have the effect of blocking the employee and the employee's family from getting a tax credit.

However, if one's children qualify for the Children's Health Insurance Program (CHIP), they are not blocked from CHIP by the employer plan. CHIP eligibility levels vary by state, but the income qualification level is higher than many parents think.

10 How can I apply for health insurance coverage and find out if I'm eligible for a subsidy?

Each state has either developed an online marketplace called an "exchange" or has deferred to the federal government's Healthcare.gov website. Individuals and families can apply for coverage and check subsidy eligibility through these sites, but it's certainly not the only (or the best) way.

Licensed health insurance agents are also permitted to assist individuals and families who would like to see if they qualify for a government

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent. Learn more at www.healthpartnersamerica.com

Government subsidy?

Can I apply?

Out-of-pocket?

subsidy and who need to purchase health insurance coverage, and there is no extra charge for their expertise. These plans are usually offered through a private exchange site.

Individuals should work with insurance agents who have partnered with Health Partners America if they would like to see if they're eligible. Through the HPA Partner's private exchange site, individuals are able to view and compare plan options, use a calculator tool to see if they qualify for a subsidy, and talk with a licensed health insurance professional who can walk them through the application process. One can also purchase other types of insurance coverage, including dental, life, accident, critical illness, and cancer policies that may be important to them and their family.

Government subsidy?

Can I apply?

Out-of-pocket?

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent.
Learn more at www.healthpartnersamerica.com

Am I required to be insured?

About Health Partners America

Since 2007, Health Partners America has been providing game-changing training and solutions to agents and brokers nationwide. HPA is a technology and consulting company that works with and through brokers in order to engage with the marketplace through healthcare reform. HPA Partners with agents and brokers nationally to bring them technology solutions, private exchange sites, marketing tools, training and leverage to help them be more successful.

HPA believes in championing, protecting and nurturing the relationships that exist between brokers, employers, and employees. Using **white-labeled technology** that extends from us to the broker partnering with us, then to the employer and the end-user employee, Health Partners America's private exchanges facilitate the vast array of options available to employees in a safe, user-friendly environment.

HPA's technology **connects the broker** to their respective clients (employers), and connects their clients (employers) to their employees as the "employer of choice." In addition to facilitating government subsidies for health insurance, the Health Partners America marketplace technology goes far **beyond just health insurance**, delivering the complete universe of insurance needs. The recent changes in health insurance law present a **huge opportunity** for those who are prepared, and HPA has a plan. Team up with Health Partners America and get started right away.

Learn more at <http://www.healthpartnersamerica.com>

Keep up to date by visiting our resources section:

<http://healthpartnersamerica.com/resources/>

Government subsidy?

Can I apply?

Out-of-pocket?

Am I required to be insured?

Copyright 2014, Health Partners America. All Rights Reserved. No duplication, in whole or in part, permitted without expressed written consent.
Learn more at www.healthpartnersamerica.com