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Assisting the Congress with its deliberations and legislative decisions

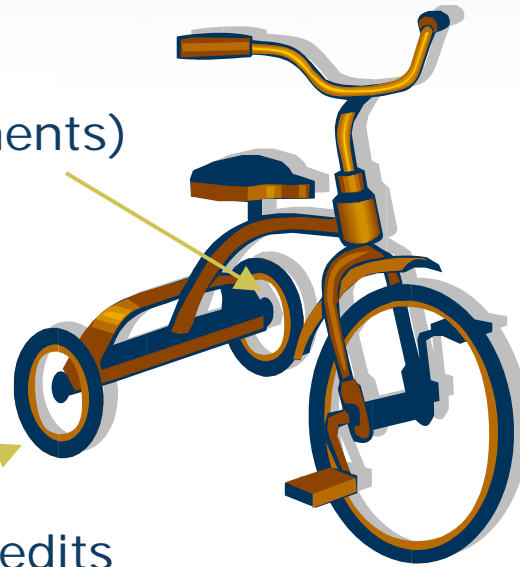
Health Insurance Exchanges & Premium Credits

... and a little bit about the individual mandate and potential employer penalties

May 14, 2010

'Full implementation' (2014) paradigm

Individual mandate
(& employer requirements)



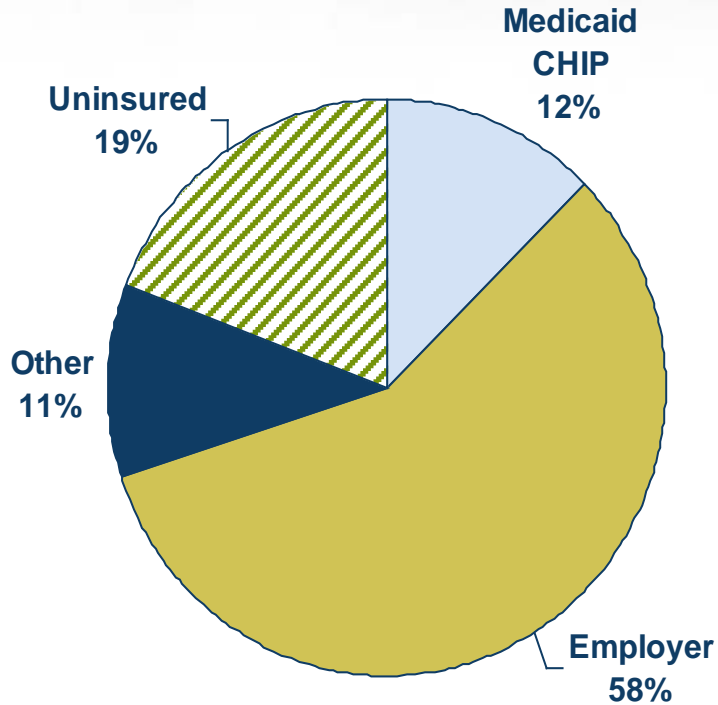
Private insurance market reforms
(e.g., no preexisting condition exclusions)

Subsidies: exchange credits and Medicaid expansions

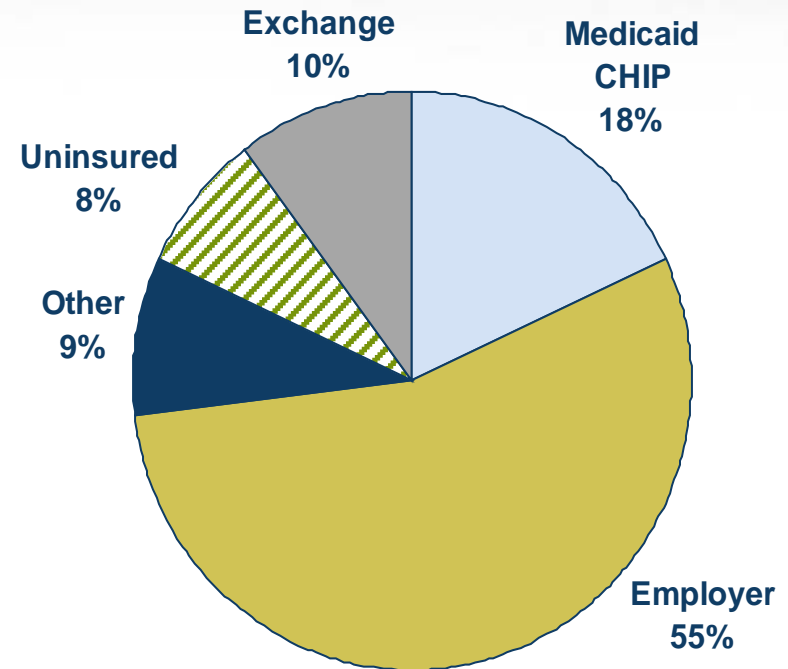


CBO: 2019 Projected Health Insurance (HI) Enrollment

Baseline: Without PPACA



With PPACA

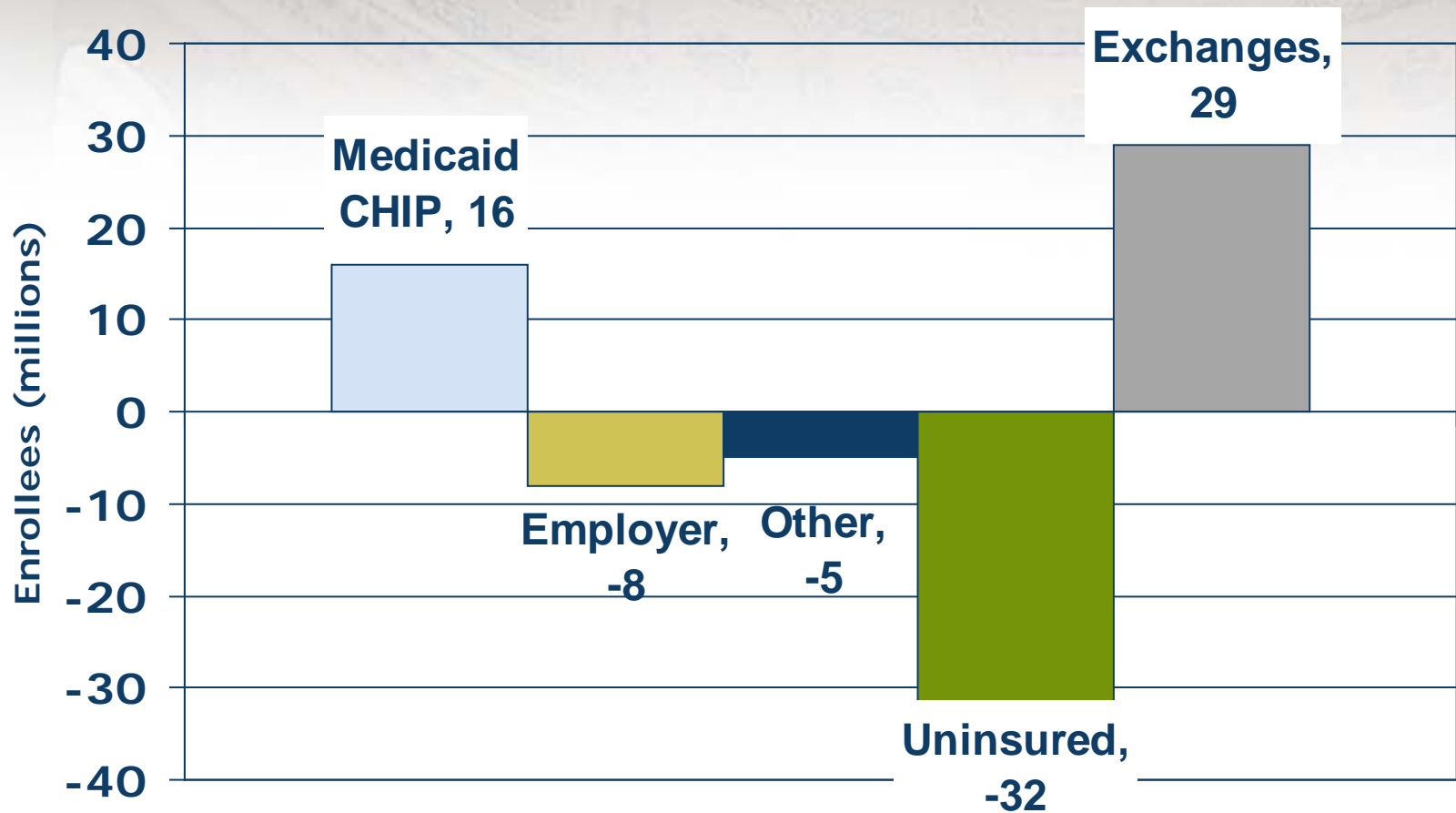


Among nonelderly (under age 65). 'Exchanges' include 2% (5M) that CBO counted as 'Employer.'
If excluding unauthorized immigrants, CBO's uninsured projection for PPACA would be 6%.

Source: Final PPACA CBO cost estimate. 3/20/10



CBO: 2019 HI Enrollment Changes, PPACA Compared to Baseline



Among nonelderly (under age 65). 'Exchanges' include 2% (5M) that CBO counted as 'Employer.'

Source: Final PPACA CBO cost estimate. 3/20/10



What are exchanges?

e.g., Massachusetts Connector
www.mahealthconnector.org



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SEARCH

You need health insurance. The state's Health Connector can help.



Find the right health plan for you or your family.

- Compare plans. We'll let you know if you might qualify for a low or no-cost plan.

[GET STARTED](#)

Individuals & Families

Individual & Family: Get Started



Young Adults



Employees



Employers



Brokers

We're your connection to good health, Massachusetts!

The Health Connector is an independent state agency that helps you find the right health insurance plan.

[Commonwealth Choice](#) offers many options from brand-name health insurance plans. They all carry our Seal of Approval for quality and value.

[Commonwealth Care](#) is low or no-cost health insurance for people who qualify.

Avoid tax penalties. Find out what's available to you.

Glad to be insured



"I was young, healthy. I always thought that I was invincible. It never even crossed my mind that I could get hurt," Andrew Herlihy, Malden.

[Hear Andrew's story and more ...](#)

Already a Commonwealth Care member?

- [Register](#) for access to your account
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Get Started

Select your family size:

1

Find Insurance: *Individuals & Families*

FIND INSURANCE TODAY

We can help you find health insurance that is a **good value**. Explore the choices. Find the plan that is right for you. Use the **box at right** to get started.

APRIL 28, 2010 PLANS FROM ALL COMMONWEALTH CHOICE INSURERS ARE NOW AVAILABLE!

Many insurers were required to provide new rates to comply with a ruling from the state's Division of Insurance. We now have those rates, but insurers are appealing the ruling. Depending on the outcome of the appeals, rates could change again.

Thank you for your interest and your patience!

EXEMPTIONS FROM THE MANDATE

Don't think that you can afford health insurance? Learn if you might be exempt from the Health Care Reform law's penalties.

[More on exemptions...](#)

RENEWING YOUR COMMONWEALTH CHOICE PLAN?

Want to change your plan during your open enrollment or renewal period? Call 1-866-636-4654. The TTY line for hearing or speech-impaired callers is 1-888-213-8163.

DID YOUR EMPLOYER SEND YOU?

Use your employer ID number to shop for a Commonwealth Choice plan.

[Go to "for employees" area](#)



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- Find Insurance
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Find Insurance: *Individuals & Families*

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[Go to "for employees" area](#)

Get Started

Your family size is: 1 ([change](#))

! If your current gross family income is **less than \$32,496.00/yr** (\$2,708.00/mo), you may be eligible for the [Commonwealth Care program](#).

If your current gross family income is **more than this level**, then...

[SHOP FOR INSURANCE NOW](#)



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Print this page

Enter some basic information about yourself to start shopping for health insurance.

Your Information

* REQUIRED INFORMATION

Residential ZIP Code *

Type of Coverage *

- Self only
- Self + spouse
- Self + dependent child/children
- Family (self, spouse + dependent child/children)

Your Date of Birth *
(month / day / year)

Coverage to Begin *

- June 1, 2010
- July 1, 2010

★ Health insurance rates depend on when you want coverage to start, where you live, your age, and the number of people you want to insure.

Continue



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Choose the type of plans that will meet your needs.

Bronze

- * Lower monthly cost
- * Higher costs when you receive medical services



Who chooses Bronze plans?

[▶ See Bronze Plans](#)

Silver

- * Monthly cost can run higher than Bronze
- * Lower costs when you receive medical services compared to Bronze



Who chooses Silver plans?

[▶ See Silver Plans](#)

Gold

- * Highest monthly cost
- * Lowest costs when you receive medical services



Who chooses Gold plans?

[▶ See Gold Plans](#)

or

[▶ View all plans](#)

You've Selected:

Benefits Package

- Bronze
- Silver
- Gold

Narrow Your Plans by:

Monthly Cost

- Less than \$300 (2)
- Greater than \$300 (19)

Annual Deductible

- None (7)
- \$500 - \$1,000 (7)
- \$1,000 - \$2,000 (7)

Insurance Carrier

- Blue Cross Blue Shield of Massachusetts (3)
- CeltiCare (3)
- Fallon Community Health Plan (6)
- Harvard Pilgrim Health Care (3)
- Neighborhood Health Plan (3)
- Tufts Health Plan (3)

Show Plans. Then choose up to 3 to compare. Click **Continue** at bottom.

		\$ Monthly Cost	Annual Deductible	Annual Out of Pocket Max.	Doctor Visit	Generic Rx	Emergency Room	Hospital Stay
Silver Low Benefits Package 7 plans available		as low as \$272	STANDARD BENEFITS FOR ALL SILVER LOW PLANS					
<input checked="" type="checkbox"/> Hide Plans About Silver Low			\$1,000 (ind.) \$2,000 (fam.)	\$2,000 (ind.) \$4,000 (fam.)	\$20 copay	\$15 copay	annual deductible, then \$100 copay	annual deductible, then no copay
<input type="checkbox"/>	TUFTS Health Plan	\$272.05	↑	↑	↑	↑	↑	↑
	SMALLER NETWORK							
<input type="checkbox"/>	Neighborhood Health Plan	\$309.24	↑	↑	↑	↑	↑	↑
<input type="checkbox"/>	fallon community	\$318.00	↑	↑	↑	↑	↑	↑
	SMALLER NETWORK							
<input type="checkbox"/>	CELTICARE	\$318.72	↑	↑	↑	↑	↑	↑
<input type="checkbox"/>	MASSACHUSETTS	\$319.40	↑	↑	↑	↑	↑	↑
<input type="checkbox"/>	Harvard Pilgrim HealthCare	\$331.09	↑	↑	↑	↑	↑	↑
<input type="checkbox"/>	fallon community	\$356.00	↑	↑	↑	↑	↑	↑
Silver Medium Benefits Package 7 plans available		as low as \$288	STANDARD BENEFITS FOR ALL SILVER MEDIUM PLANS					
<input checked="" type="checkbox"/> Hide Plans About Silver Medium			\$500 (ind.) \$1,000 (fam.)	\$2,000 (ind.) \$4,000 (fam.)	\$20 copay	\$15 copay	\$100 copay	annual deductible, then no copay
<input type="checkbox"/>	TUFTS Health Plan	\$288.30	↑	↑	↑	↑	↑	↑

PPACA Exchanges

'American Health Benefit Exchanges'

PPACA Exchanges: What They Are

- Established by each state as government agency or a nonprofit organization
- Full implementation: By 2014, each state is to implement market reforms and establish an exchange
- If state doesn't do it, HHS Secretary will (Secretary makes assessment by January 1, 2013)
- By March 23, 2011, HHS Secretary starts allotting grant money for creating exchanges (uncapped appropriation)
- No grants after 1/1/15; exchanges to be self-sustaining (e.g., fee/tax on premiums)



PPACA Exchanges: What They'll Do

- Permit purchase of Qualified Health Plans (QHPs) by individuals and 'small employers,'
 - Before 2016, states choose: up to 50 or up to 100 employees
 - 2016: up to 100
- Certify plans as QHPs if plans meet numerous requirements [§1311(c)(1), (e)]
- Exchange requirements [§1311(c)(3-6), (d)(4)]
 - 'Screen and enroll': If people are screened & found eligible for Medicaid or CHIP, enroll them.
 - Certify exemptions from individual mandate (FYI, penalty will usually be 1% of income in 2014)
 - Coordinate with HHS, DHS, Treasury, state Medicaid offices



PPACA Exchanges: Who Is Eligible

'Qualified Individual'

- Seeks to enroll in a QHP thru an exchange, not thru an employer
- Resides in that exchange's state
- Not incarcerated, except pending disposition of charges
- Lawfully present
- Unless eligible for premium tax credit (or free choice voucher), you pay 100% of the premium
- Plus, "Members of Congress and Congressional staff ... employed by the official office of a Member ... "



PPACA Exchanges: Who Is Eligible

'Qualified Employers'

- 'Small' employers (except states may choose to extend to large employers beginning 2017)
- Must make all full-time employees (30+ hours) eligible for exchange coverage
- "may provide support for coverage of employees under [an exchange plan] by selecting any level of coverage" (e.g., bronze or silver)

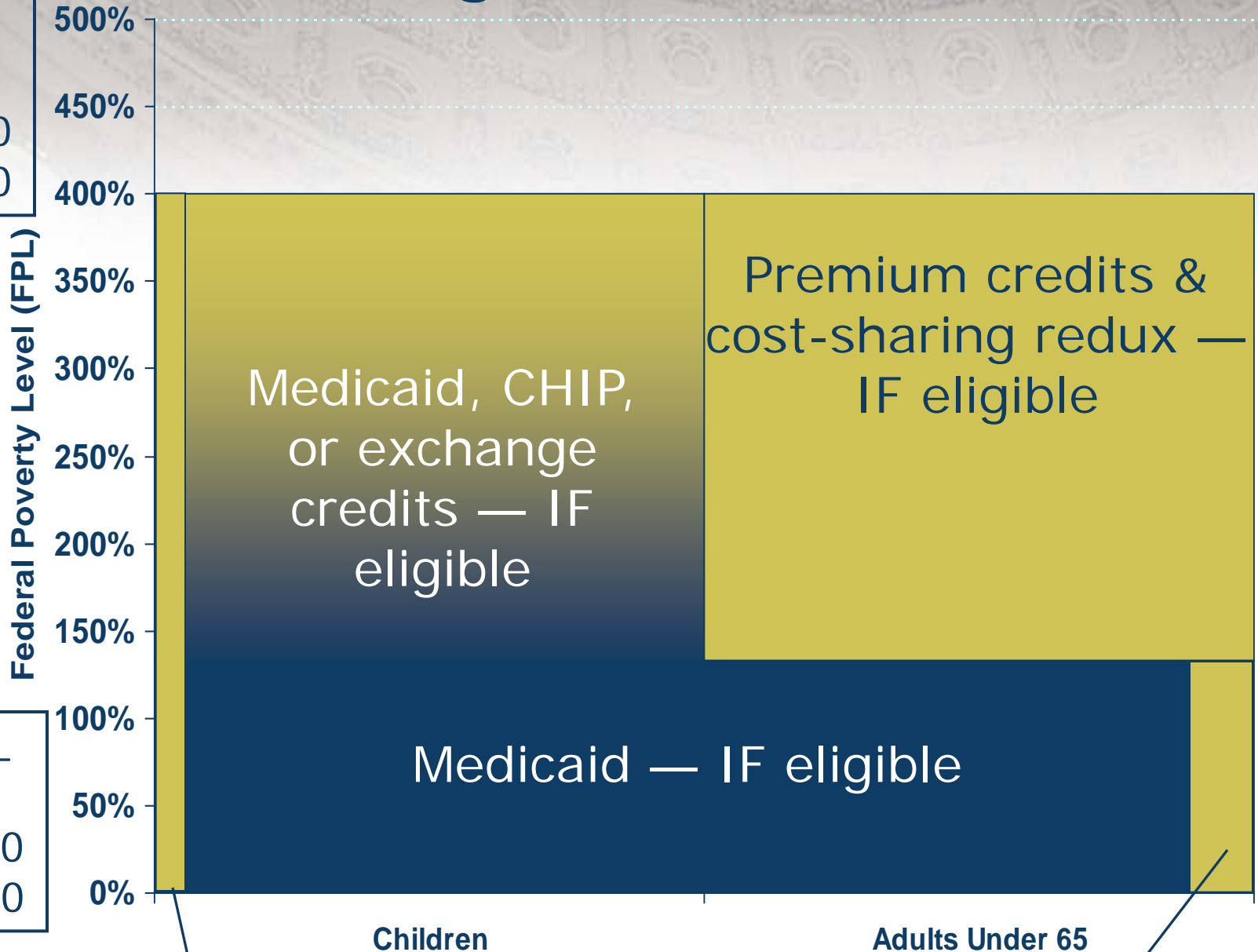


2014: PPACA Premium Credits

... and cost-sharing subsidies

2014: Who Is Eligible for Subsidies

400% FPL
Family of
1: \$43,320
4: \$88,200

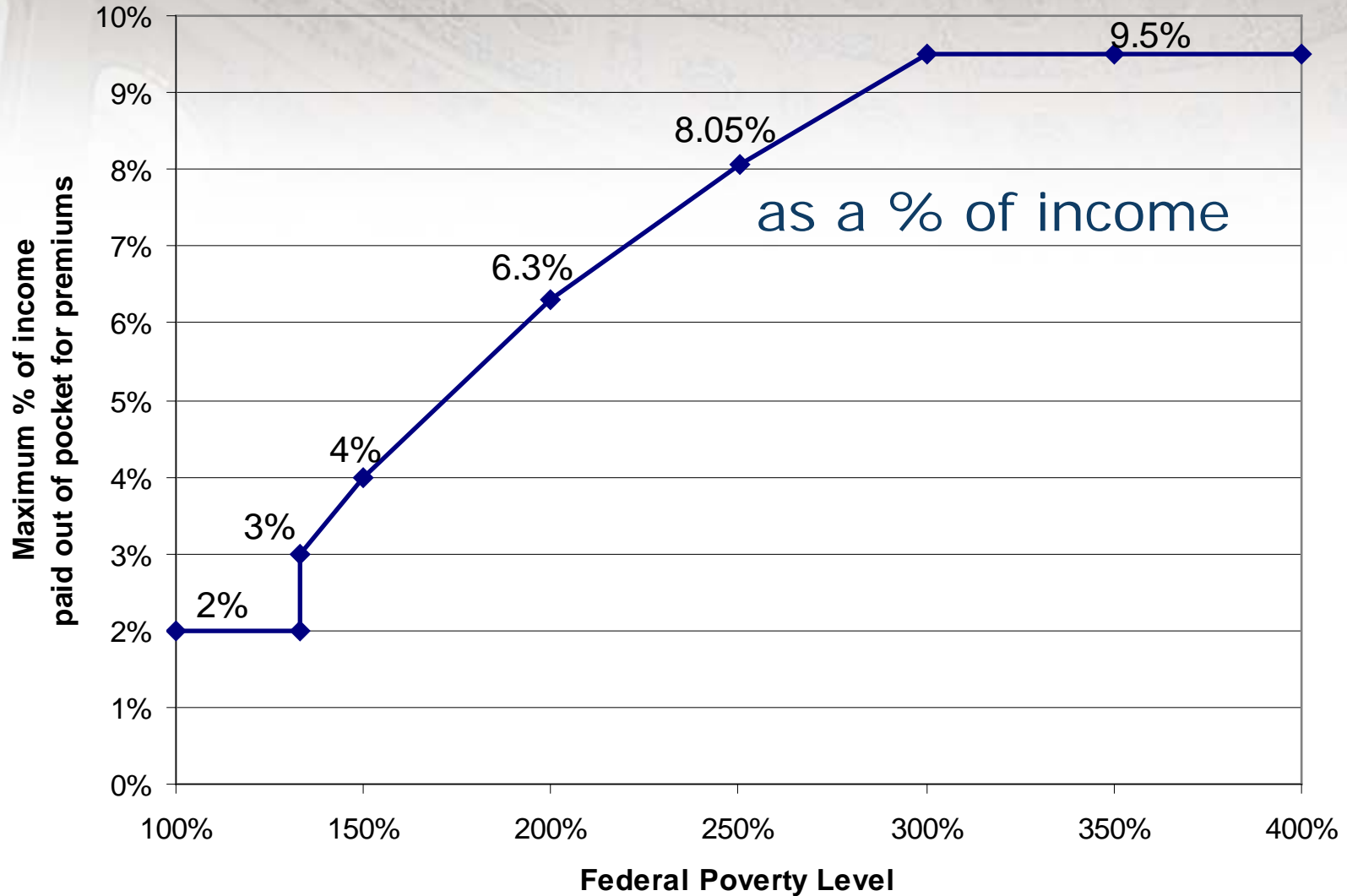


133% FPL
Family of
1: \$14,400
4: \$29,400



Legally present alien, but not qualified alien

For those eligible for premium credits, maximum out-of-pocket premium



Premium credit covers the rest for *2nd-lowest cost silver exchange plan*

For those eligible for premium credits, maximum out-of-pocket premium

\$ if available today, though not available until 2014

FPL	Max % income	Family of 1	Family of 4
100% or less	2%	\$217	\$441
133.00%	2%	\$288	\$587
133.01%	3%	\$487	\$992
200%	6.3%	\$1,365	\$2,778
300%	9.5%	\$3,087	\$6,284
399.99%	9.5%	\$4,115	\$8,379

Premium credit covers the rest for *2nd-lowest cost silver exchange plan*:

CBO says, \$5,200 & \$14,100 in 2016



PPACA Premium Credits: Who Is Eligible (2014)

'Applicable taxpayer' in a 'coverage month'

- Part of a tax-filing unit (because it's a tax credit)
- Enrolled in an exchange plan. Tax credit is only available thru an exchange; can't combine with employer contribution.
- Income less than 400% of poverty
- Not ELIGIBLE for other "acceptable coverage" (i.e., just about anything), including employer-sponsored insurance (ESI)



PPACA Premium Credits: Who Is Eligible, p. 2

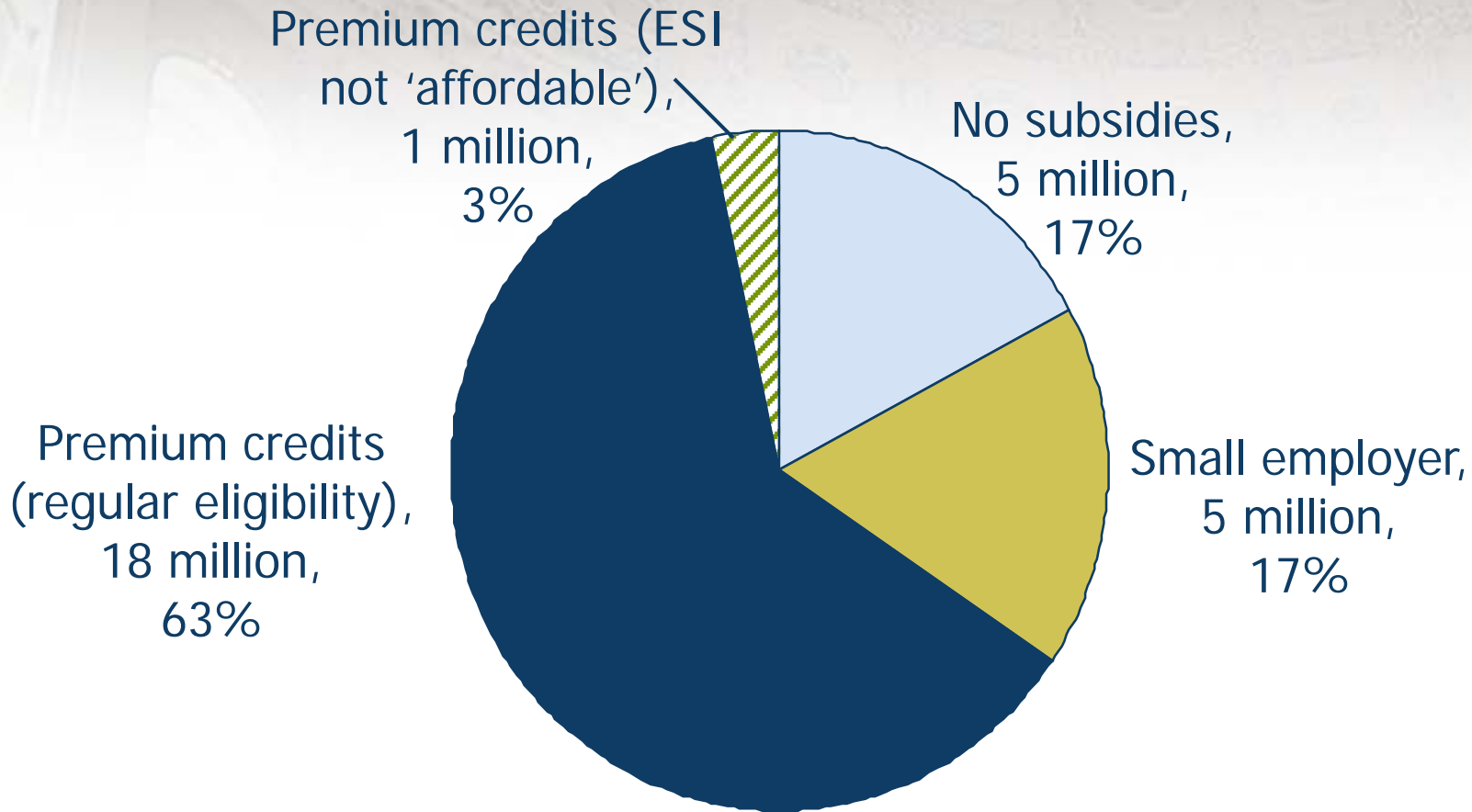
ESI exceptions: My employer offers coverage, but I can still get a premium credit IF I'm not enrolled in the ESI and either of these is true:

- Not 'affordable' — My contribution to the ESI premium for **self-only** coverage is 9.5%+ of my household income
- Does not provide 'minimum value' — Plan pays for less than 60% of covered expenses (actuarial value); must be at least bronze-like

Note: Large employers may be subject to a penalty ONLY if a full-time employee obtains a premium credit.



CBO: 2019 Projected Exchange Enrollment (29 million)



Among nonelderly (under age 65). 'Exchanges' include 5M that CBO counted as 'Employer' rather than exchange coverage. CBO did not publish an estimate of the number of people obtaining credits due to ESI not providing 'minimum value,' but that number is probably small.

Source: Final PPACA CBO cost estimate. 3/20/10



Other important stuff

- If a state mandates benefits beyond those federally required, the state must pay exchange enrollees/plans for those additional costs
- Individuals receiving premium credits in a silver plan will also be eligible for cost-sharing subsidies to reduce deductibles, copays, etc.
- \$ for premium credits and cost-sharing reductions go directly to insurers
- Employers & insurers are to provide IRS and individuals with 'health insurance W-2s'
- If exchange finds individual is credit-eligible, IRS and employer are notified

