

The Affordable Care Act and the Maryland Health Insurance Marketplace In 2014

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The Affordable Care Act

- Establishes the Health Insurance Marketplace to help individuals obtain health insurance coverage (including stand-alone dental) and to help small businesses to purchase insurance through the Small Business Health Options Program or SHOP.
- Provides premium tax credits and cost-sharing reductions to help eligible low-income and middle-income individuals purchase health insurance through a Marketplace.
- Provides a small business health care tax credit to eligible employers.
- Provides new opportunities for State Medicaid programs to cover additional adults and children with low incomes.

Individual Mandate

- The ACA requires every U.S. citizen and legal resident to have health insurance.
- Individuals without health insurance coverage will be required to pay a tax penalty.
- Fine: Flat Fee or Percentage of Taxable Income
2014 - Greater of \$95 per adult and \$47.50 per child under age 18, maximum of \$285 per family, or 1% of income over the tax-filing threshold
2015 - \$325/\$162.50/Maximum of \$975 or 2%
2016 - \$695/\$347.50/Maximum of \$2,085 or 2.5%

The Health Insurance Marketplace in Maryland

The Maryland Health Connection

- A marketplace where individuals and small businesses explore, compare and enroll in health insurance and public assistance programs as well as access federal tax credits and cost-sharing subsidies
- One single entry point for a variety of insurance options, both Medicaid and Commercial insurance

Why is the Maryland Health Connection important to Maryland?

Expands access to health insurance for 730,000 Marylanders (13% of population currently without health insurance)

- One half are Medicaid eligible
- 365,00 that need to buy insurance or pay a tax penalty
- Of the 365,000 – half, 182,500, are Maryland subsidy eligible
- The other 182,500 are employer subsidy eligible

Marketplace for Individuals and Families

- Individuals and families have access to **Medicaid and commercial plans**
- Offers **tax subsidies and cost sharing reductions** to individuals and families who don't have access to health insurance coverage that qualifies as "minimum essential coverage".
- Federal government will pay a portion of costs for health insurance for people who earn between 100% and 400% of the Family Poverty Level (\$45,960 for an individual and \$94,200 for a family of 4 in 2013)
- Cost sharing reductions are available to individuals with income between 100% (\$11,490 for an individual and \$23,550 for a family of 4 in 2013) and 250% FPL (\$28,725 for an individual and \$58,875 for a family of 4 in 2013).
- Individual Open Enrollment: October 1, 2013 - March 31, 2014 for Coverage Effective: January 1, 2014
- Annual open enrollment occurs starting in October of each year

Metallic Coverage Levels in 2014

- BRONZE – 60% of the actuarial value of the covered benefits
- SILVER – 70%
- GOLD – 80%
- PLATINUM – 90%

Essential Health Benefits

Qualified Health Plans cover Essential Health Benefits which include at least these 10 categories

Ambulatory patient services	Prescription drugs
Emergency services	Rehabilitative and habilitative services and devices
Hospitalization	Laboratory services
Maternity and newborn care	Preventive and wellness services and chronic disease management
Mental health and substance use disorder services, including behavioral health treatment	Pediatric services, including oral and vision care

Marketplace for Small Businesses

- Maryland Health Connection will have a Small Business Health Options Program (SHOP) for small businesses and their employees
- The Small Business Health Options Program (SHOP) is a competitive private health insurance marketplace where small businesses and their employees will have access to affordable coverage and a choice of insurance plans
- Small businesses with up to 50 employees may participate
- In 2016, the ACA modifies the definition of small group to 100 employees
- SHOP supplements the existing market...SHOP does not replace it!!
- Small employers will still be able to purchase insurance outside of the SHOP

Marketplace for Small Businesses

- The ability to continue to work with brokers and TPAs
- Small employers with up to 25 full time equivalents (FTEs) will qualify for tax credits
- Coverage Effective: April 1, 2014
- Annual open enrollment is based on the renewal date of the small business

How to Determine “Full Time Equivalent” Employee in 2014

- Full Time Employees – 30 hours or more per week
- Part Time Employees – Full Time Equivalent
 - Total Monthly Hours Worked (all PT Employees) / 120 hours = Full Time Equivalent
 - A sole proprietor, a partner in a partnership, a shareholder owning more than 2 percent of an S Corporation and an owner of more than 5 percent of other businesses is not considered an employee for purposes of the credit.

Small Business Tax Credit

- Only applies to employers buying coverage through the SHOP Exchange
- For up to Two Years starting in 2014
- Eligible small business (fewer than 25 full-time equivalent employees with average annual wages below \$50,000) and pay at least 50 percent of the premium cost of a single (not family) may receive a tax credit of up to 50% of the contribution.
- Employers with 10 or fewer FTEs and average annual wages of less than \$25,000 are also eligible for the maximum tax credit.

SHOP Exchange in 2014

- Employer's decision to go through the Maryland Health Connection SHOP or not
- If through the SHOP, employer can choose
 - "Employer Choice" model (any plan/metal offered by a single carrier)
 - "Employee Choice" model (any carrier and one metal level)
- Carrier rates for the Metallic plans are the same inside and outside the SHOP Exchange

2014 Small Group Rating Completely Different

- 2013: Rates are "Composite" with specific rates for Singles, Couples, Parent/Child/Children, and Families based on average age of enrolled employees
- 2014: PPACA requires rates to be built by employee, based on specific data for each dependent
 - Age of Employee
 - Age of Spouse
 - Number of children 0- 20 (capped at 3 per family for rating purposes)
 - Age of each dependent child 21 – 26 (not capped)

2014 Small Group Rates

- Tier distinctions like Single, Husband/Wife, Parent/Child/Children and Family mean less in 2014
- To determine a rate for a family you must add the rate for the employee and the rate for each covered member of the family
- Each plan design, renewal month, geography will have its own rate table
- 2014 Rate Tables include 45 separate rate bands

Rate for a sample plan in a sample county in a sample month. Age banded rates.

Age	Rates	Age	Rates	Age	Rates	Age	Rates	Age	Rates
0-20	\$141.45	30	\$252.82	40	\$284.87	50	\$397.83	60	\$604.54
21	\$222.75	31	\$258.17	41	\$290.02	51	\$415.43	61	\$625.93
22	\$222.75	32	\$263.51	42	\$295.14	52	\$434.81	62	\$639.96
23	\$222.75	33	\$266.85	43	\$302.27	53	\$454.41	63	\$657.56
24	\$222.75	34	\$270.42	44	\$311.18	54	\$475.57	>63	\$668.25
25	\$223.64	35	\$272.20	45	\$321.65	55	\$496.73		
26	\$226.10	36	\$273.98	46	\$334.13	56	\$519.68		
27	\$233.44	37	\$275.76	47	\$348.16	57	\$542.84		
28	\$242.13	38	\$277.55	48	\$364.20	58	\$567.57		
29	\$249.26	39	\$281.11	49	\$380.01	59	\$579.82		

2014 Small Group Rate Illustration

Family	Age	Premium	
Mary (Family)	51	\$1,782.01	Two 61 year olds with Family coverage: different rates
Bill (H/W)	62	\$639.96	
John (Family)	51	\$905.04	61 year old with Family
Anne (Parent /Child)	28	\$988.48	28 year old has higher PIC rate than older EE with PIC
Harry (P/C)	37	\$417.21	37 year old with PIC
Jane (Single)	28	\$242.13	Only same age employees will have true same rate
Sue (Single)	28	\$242.13	
Total Monthly Premium		\$5,923.12	

Pricing in 2014 – Mary's Family Rate Illustration

Family	Age	Premium
Mary	51	\$415.43
John (Spouse)	55	\$496.73
Child #1	24	\$222.75
Child #2	23	\$222.75
Child #3	20	\$141.45
Child #4	15	\$141.45
Child #5	10	\$141.45
Mary's Family Premium		\$1,782.01

Pricing in 2014 – John's Family Rate Illustration

Family	Age	Premium
John	51	\$415.43
Jane (Spouse)	47	\$348.16
Child #1	16	\$141.45
John's Family Premium		\$905.04

Employer Contributions in 2014

The Maryland Health Progress Act of 2013 establishes three defined contribution options for small employers who purchase from the SHOP:

- **No Contribution – potential participation issue**
- **Percent defined contribution** - Small businesses could elect to make a percentage contribution based on a reference plan at the desired metal level in the SHOP.
- **Employees pay the same amount** -Small employers could select a reference plan and then make a contribution to each employee that would ensure all employees contribute the same amount by coverage level and job class.

90-Day Waiting Period in 2014

- The 90-day waiting period limit applies to all group health plans, fully-insured and self-funded, grandfathered and non-grandfathered, for the plan year on or after January 1, 2014.
- **Non-Compliant waiting periods**
 - Greater than 90 days (1st of the month following 90 days)
 - Greater than 60 days if first of the month administration
 - Waiting period greater than 2 months

Other Points To Remember in 2014

- Summary of Benefits of Coverage (SBC)
 - For all enrollees and newly eligible
- Flexible Spending Accounts have a \$2,500 maximum
- IRS released Notice 2013-71 – modifies the “Use-Or-Lose” Rule to allow carry-over up to \$500 of unused dollars
- Voluntary Policies - GAP insurance

Resources

- www.marylandhealthconnection.gov
- www.irs.gov
- www.dol.gov/ebs/healthreform
- www.healthcare.gov
- <http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>
- www.cms.gov/ccio/index.html

THANK YOU!

- No Cost Consultative Insurance Review
Provided by the Med Chi Insurance Agency
the only Benefits Broker “Inside the House of
Medicine.”


