

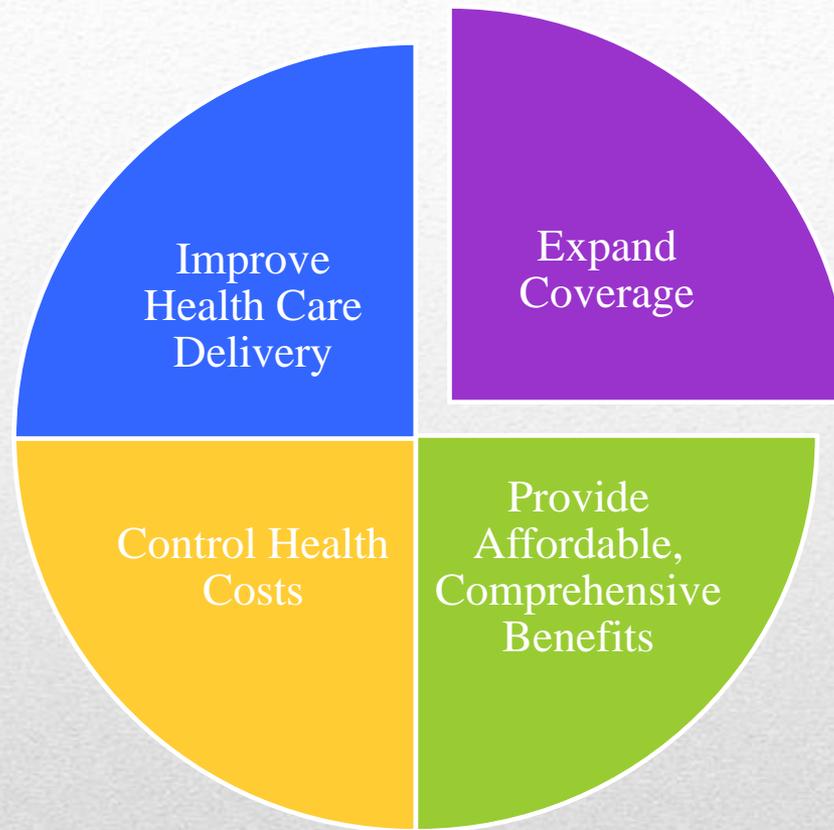


The New Health Care Law

An Overview

ATU 2013 Convention Training Academy
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Affordable Care Act Goals

Individual Mandate

Medicaid
Expansion

Reformed
Individual
Health
Insurance
Marketplaces

Employment-
based
Coverage w/
Limited Pay
or Play

**How the ACA
Expands Coverage**

- Money for Individual Coverage - Premium Tax Credits and Cost-Sharing Subsidies
- Health Coverage Reforms - Coverage of children to age 26, preventive services, cost-sharing limits, no annual or lifetime limits, guaranteed issue, limits to age-weighting of premiums
- Essential Health Benefits – Minimum standards for the benefits package a plan must cover

How the ACA Provides Affordable Comprehensive Benefits

- Payment Reform - Medicare Provider Payment changes
 - Efforts to move away from fee for service
- Delivery Reform - Grants for innovations in delivery, such as greater coordination among health care providers

How the ACA Improves Health Care Delivery

- ✓ Your Current Benefits
- ✓ Bargaining for Future Benefits
- ✓ Your Members and their Families
- ✓ Your Community

How Does the ACA Affect You?

- Coverage for adult children to age 26
- No lifetime (now) or annual limits (begin '14) on essential health benefits
- No pre-existing condition limitations for children under age 19
- No-cost Preventive Care Benefits (in some cases)
- Cap Flexible Spending Account contributions to \$2,500 per year (from \$5,000)

Your Current Benefits

- How do the ACA's incentives affect decisions about workplace plans?
 - Individual marketplaces, premium tax credits, and cost-sharing subsidies change the landscape for active workers and retirees
 - Employer responsibility rules with peculiar results
 - “Cadillac tax”
- Who pays for new costs?
 - New fees on health plans
 - ACA-mandated Benefit Improvements
- Does the ACA set new, lower benchmarks compared to existing bargained plans?
 - Higher premium share for workers
 - Higher out-of-pocket costs

Bargaining for Future Benefits

“Local Governments Cutting Hours over Obamacare Costs”

– *The Washington Post*
Aug. 22, 2013

“U.P.S. to End Health Benefits for Spouses of Some Workers” –

The New York Times
Aug. 21, 2013



“But make no mistake—the costs imposed on Delta and our employees are very real and they are escalating. The costs...when combined with normal medical inflation and the end of the [early retiree program] mean that the cost...will increase by nearly \$100,000,000 next year.”



- Letter from United Air Lines, Inc., to Obama Administration official, June 13, 2013

“Frontier [Communications, Inc.], like a lot of companies, is likely to at least consider dropping health-care benefits” in 2014

- Maggie Wilderotter, Chief Executive Officer, Frontier Communications, Inc., on www.bloomberg.com, Dec. 5, 2012

Employers Are Acting Now

- Marketplaces—with federal subsidies for individuals—will provide coverage options for members who lose access to your plan
 - COBRA less attractive for many, compared to subsidized coverage in new marketplaces
 - An option for pre-Medicare Retirees
 - An option for members on sick leave without pay
- Medicaid, in states that have expanded it, for anyone with income under 138% of the poverty level (\$32,999 for a 4-person family)

Your Members and their Families

- Connecting community members with sources of help/partnering with community organizations providing direct assistance
- Consider applying for Navigator Grants
- Consider sending members to Navigator training in your communities

HealthCare.gov



Visit Covered California's
consumer-friendly homepage
www.CoveredCA.com
or call us, toll-free:
888-975-1142

Your Community

- What are employers saying to you?
- What questions are your members asking you?
- What are your family and community members saying?

What are you hearing?

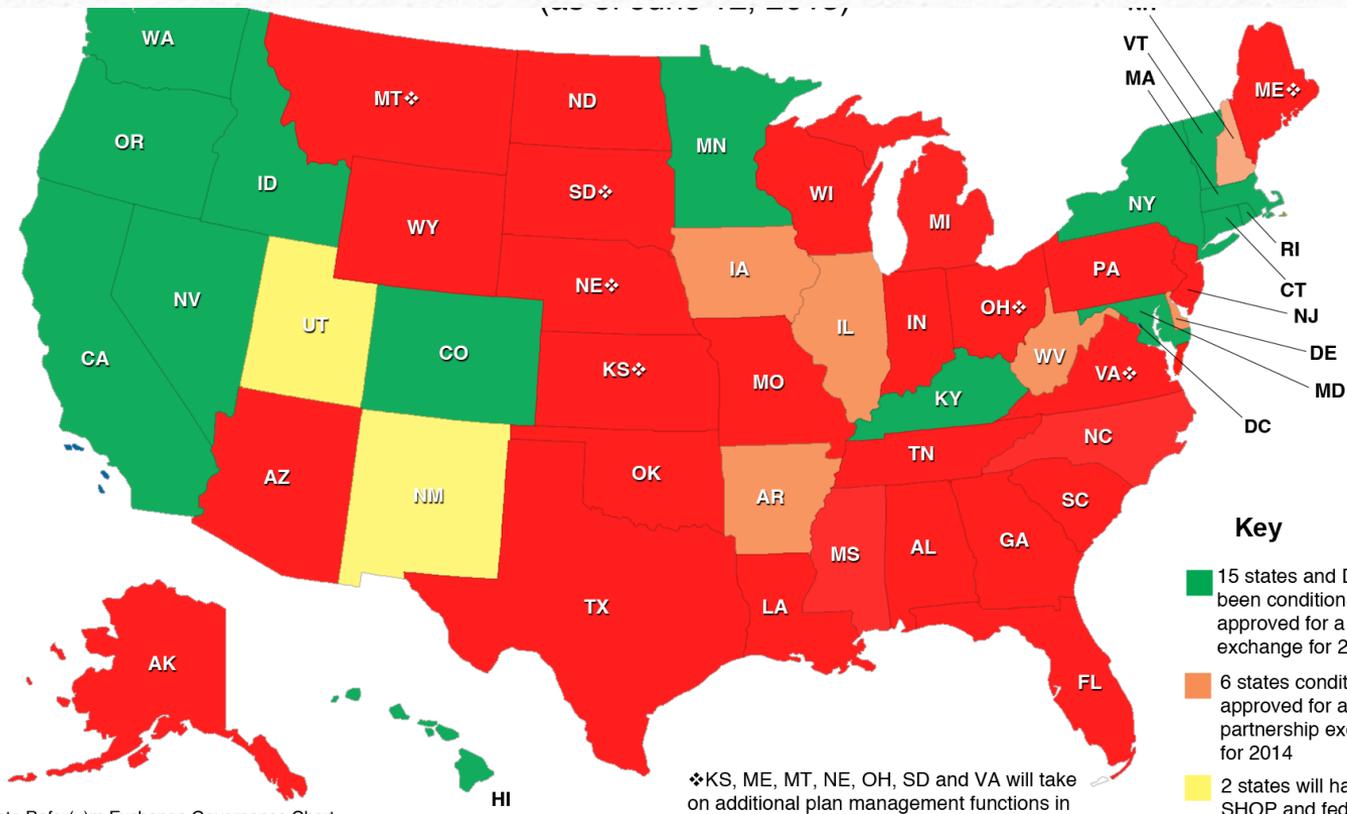
- The Affordable Care Act (ACA), or
- “Obamacare”
- Coverage expansion: Jan. 1, 2014



The New Health Care Law

- Affordable Care Act envisioned each state running its own Exchange
- Reality is only 17 states and DC established their own Exchanges
- 33 states with Federally Facilitated Exchanges
 - 7 State Partnership Exchanges
 - 7 State Marketplace Plan Management
 - States could change to state-based exchange in future

Expand Coverage Exchange Implementation



Source: State Referral Exchange Governance Chart

Expand Coverage – Exchange Map

- On-line shopping for health insurance
- Standardized plan designs and cost-sharing
- Individuals may qualify for premium tax credits if household is between 100 and 400% of Federal Poverty Level
- Small Business Health Options Program (SHOP) for small employers (100 or fewer employees)

Expand Coverage – How Exchanges Work

- QHPs offered in the Exchange at different “metal levels”
 - Platinum: 90% actuarial value
 - Gold: 80% actuarial value
 - Silver: 70% actuarial value
 - Bronze: 60% actuarial value
 - Young Invincible: catastrophic plan for those under 30

Expand Coverage – Exchange Benefit Levels

- If Employer **does not** offer coverage
- Employer Penalty is **\$2,000** (annualized) times the **TOTAL** number of full-time employees (minus the first 30)
- If the employer offers coverage BUT
 - It is not good enough
 - It is not cheap enough
- One full-time employee receives premium tax credit through the Exchange
- Employer Penalty is **\$3,000** (annualized) times the number of full-time employees receiving credits

Employer Free Rider Penalty

Different Penalties

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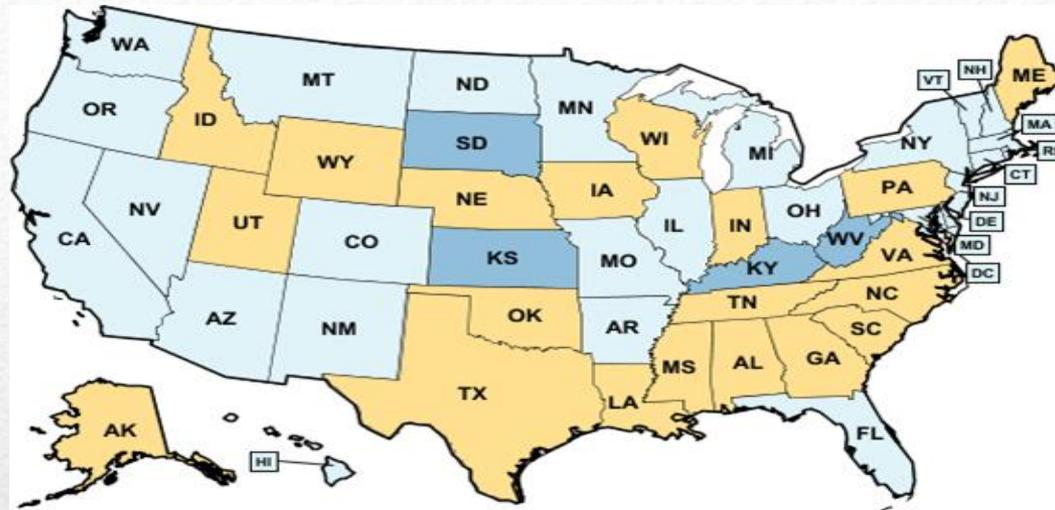
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Expand Coverage – Exchange Benefit Levels

Federal Poverty Level	Annual Income	Family of Four	Individual	% of Income	Actuarial Value
100-133%	\$ 23,550 – \$ 31,322	\$39 - \$52		2%	94%
	\$ 11,490 - \$ 15,282		\$19 - \$25		
200–250%	\$ 47,100 – \$ 58,875	\$247 - \$395		6.3% - 8.1%	73%
	\$22,980 – \$28,725		\$121 - \$193		
350–400%	\$82,425 – \$94,200	\$652 - \$745		9.5%	70%
	\$40,215 – \$45,960				

- Make individual and small group health insurance coverage more accessible and affordable
- Market reforms include:
 - Guaranteed issue and no pre-existing conditions exclusions
 - No health status or gender discrimination
 - Limit age rating to 3:1
 - Limit tobacco use adjustment to 1.5:1
 - Can take family size and geography into account
- Market reforms apply both in and outside the Exchange



Opposes
 Weighing Options

 Supports

State Decisions for Creating Health Insurance Exchanges and Expanding Medicaid, as of April 16, 2013: Medicaid Expansion Decision Executive Activity



statehealthfacts.org
Your source for state health data

Expand Coverage – Medicaid Expansion Map

- Medicaid expansion to cover **ALL** with modified adjusted gross income below 138% of Federal Poverty Level (FPL)
- *Regular Medicaid is 100% of FPL and limited to designated groups*
- Supreme Court's 2012 decision upholding the Affordable Care Act made Medicaid expansion optional for states
- As of April 16, 2013, 27 governors supported adopting the Medicaid expansion, 20 opposed and 4 were weighing options

- Employers with 50 or more full-time employees
 - Aggregate hours of part-time employees and calculate FTEs to determine employer size
 - Full-time employee defined as someone averaging 30 hours of service per week
 - Employer size determined on controlled group basis (includes related employers)
 - Special rule if over 50 employees for 120 days or less and employees over 50 are seasonal

Employer Free Rider Penalty

Large Employers

- Employer coverage offer must include dependent children, but not spouse
- Offer of dependent coverage does not have to be affordable (Worker can be charged more than 9.5% of household income)
- Offer of unaffordable dependent coverage will disqualify children from premium tax credits through the Exchange and will not result in employer penalty

Employer Free Rider Penalty “The Kids’ Glitch”

- Individuals of all ages (including children) required to maintain minimum essential coverage or pay a penalty
- Statutory Exemptions include religious conscience, health care sharing ministry, members of federally recognized Indian tribes, coverage gaps for less than 3 months, unaffordable coverage (more than 8% of household income) and certified hardship
- Penalty amount phases-in over 2014-2016
 - In 2014, greater of (1) \$95 per family member or (2) 1% of income over tax-filing threshold
 - In 2015, greater of (1) \$325 per family member or (2) 2% of income over tax-filing threshold
 - In 2016, greater of (1) \$695 per family member or (2) 2.5% of income over tax-filing threshold
 - Special rules for flat dollar amounts: 50% of applicable amount for those under age 18 and family cap of 300% of the applicable amount

- Patient Center Outcomes Research Institute
 - For 2013-2018, annual fee \$2 per covered life
- Transitional Reinsurance Fee
 - For 2013, \$63 per covered life
 - Lower amounts expected in 2014 and 2015
- Insurance Provider Fee

- Effective in 2018
- Threshold for Actives
 - \$10,200 Single/\$27,500 Family
- Threshold for Retirees and High-Risk Professions
 - \$11,850 Single/\$30,950 Family
- Excise tax of 40% on value above the threshold
- Tax paid by insurer or employer but financial effect likely to be passed on to workers
- Expect plan design changes to lower value of plan (increase deductibles, co-payments, coinsurance)