



## KEY DEVELOPMENTS ON IMPLEMENTATION OF THE AFFORDABLE CARE ACT

Statewide Family and Consumer Networks Technical Assistance Center

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### Health Insurance Exchanges

Many Americans currently have health coverage through health insurance plans. That coverage will continue under the health care reform law, the Affordable Care Act (ACA). Those insured under Medicaid will continue to be covered as well.

Those who do not have health insurance will have the option to purchase coverage from a health insurance exchange. Health insurance exchanges will operate as online marketplaces where individuals and small employers can shop for insurance coverage. The exchange will offer a choice of four health plans that provide a package of essential health benefits: bronze, silver, gold, and platinum, with platinum plans providing the most comprehensive coverage at a higher cost. Small employers will have a choice among plans and insurers at a lower cost, the way large employers do now.

The online health insurance exchanges will offer to individuals and small employers:

- Comprehensive information to review and compare private health plans
- Answers to questions about health coverage options
- Information about eligibility for
  - » Medicaid and Children's Health Insurance Program (CHIP)
  - » Tax credits and subsidies based on family income that will help pay for health insurance coverage
- Additional resources and tools, including a toll-free hotline that will help individuals and small employers choose a plan and determine eligibility for Medicaid enrollment and federal subsidies and tax credits
- The opportunity to choose and enroll in a health plan

The ACA gives states three options when it comes to operating a health insurance exchange:

1. Set up and operate a state-based health insurance exchange;
2. Partner with the federal government to run an exchange; or
3. Have the federal government operate the exchange for the state.

States have until February 15, 2013, to notify the U.S. Department of Health and Human Services (HHS) about their intention to run a state-based exchange or apply for a partnership with the federal government.

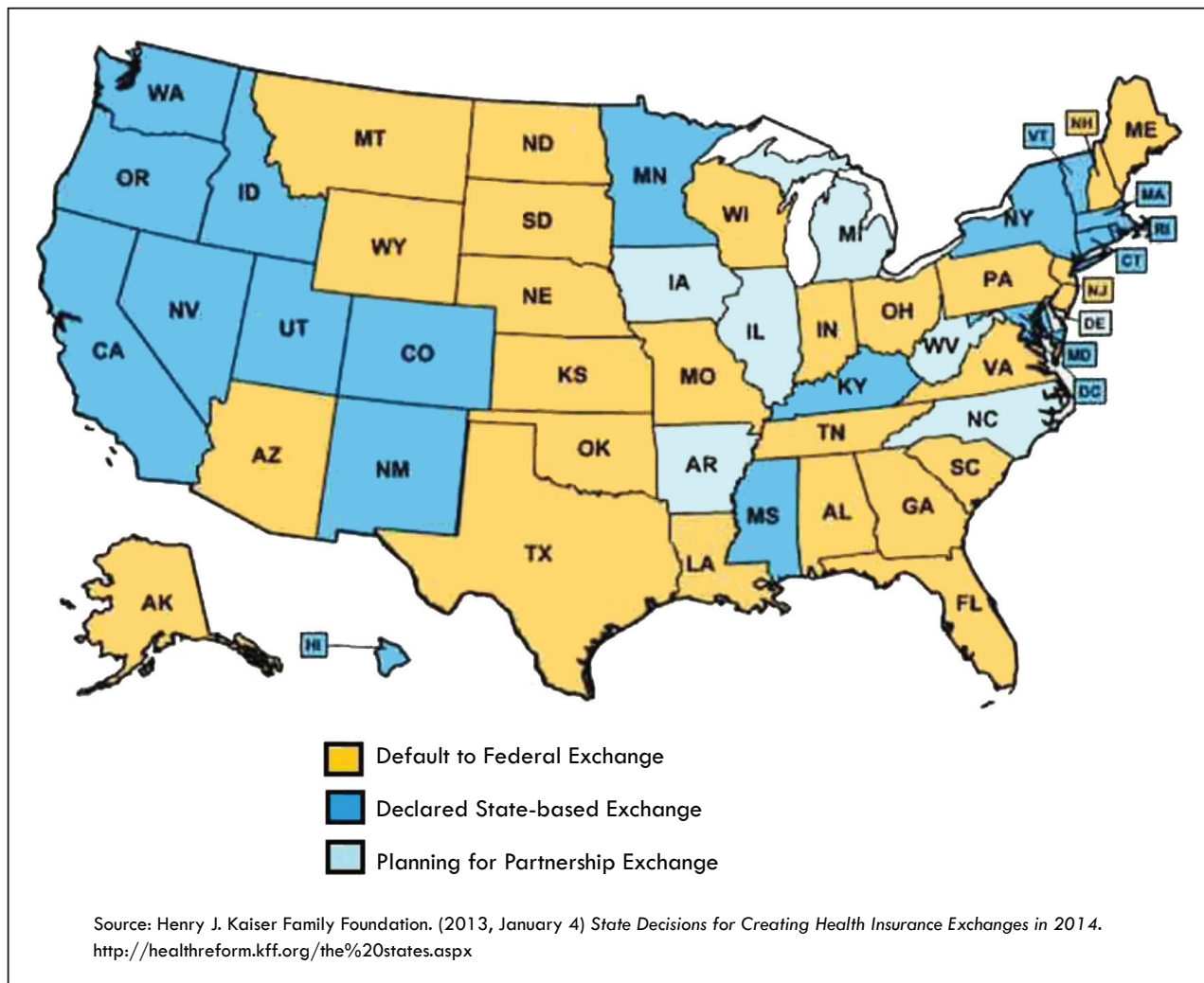
Figure 1 on page 2 illustrates how states have decided, as of January 4, 2013, to operate their health insurance exchange: 24 states are defaulting to the federal exchange, 20 states are creating a state-based exchange, and 6 states are planning to partner with the federal government to run an exchange.

### Improving Preventive Health Coverage

The health insurance exchanges will be in place by October 1, 2013, to allow individuals and small employers to select health insurance that will go into effect on January 1, 2014. Plans can be purchased through the health insurance exchange portals. Promoting Individual Responsibility Subsidies and tax credits will be available for eligible individuals and families with incomes from 100 to 400 percent of the federal poverty level (FPL).

#### *Medicaid Expansion*

In 2014, the ACA allows – but does not require – states to offer Medicaid coverage to individuals and families with incomes at or below 138 percent of the FPL. Medicaid expansion will allow adults below age 65 whose income falls between 100 percent and 138 percent of the FPL, to qualify for Medicaid. Expansion will benefit low-income childless adults who do not currently qualify for Medicaid and low income parents who don't currently qualify even if



**Figure 1. State Decisions for Creating Health Insurance Exchanges in 2014 (as of January 4, 2013)**

their children do. The federal government has created incentives for states to expand Medicaid eligibility by providing a higher match rate for Medicaid coverage.

The ACA provides that federal funding will be available for all newly eligible Medicaid enrollees according to the following schedule:

- 2014-2016: federal government contribution is 100 percent
- 2017: federal government contribution is 95 percent and state contribution is 5 percent
- 2018: federal government contribution is 94 percent and state contribution is 6 percent
- 2019: federal government contribution is 93 percent and state contribution is 7 percent

- 2020 and beyond: federal government contribution is 90 percent and state contribution is 10 percent

Despite these incentives, a number of states have not committed to expanding Medicaid eligibility citing high administrative and coverage costs.

As of January 10, 2013, 18 states and the District of Columbia have announced that they will expand their Medicaid programs. They are: AR, AZ, CA, CO, CT, DE, DC, HI, IL, MD, MA, MN, MO, NV, NM, OR, RI, VT, WA. The remaining states have either indicated that they will not expand their Medicaid program or remain undecided.

### ***How Can You Get Involved?***

***Health Insurance Exchanges:*** Below are three ways you can help to ensure that the health insurance exchanges work well for families:

1. Find out which state agency is involved with the health insurance exchanges and contact that agency to get involved. The agencies likely to be involved are your state's Insurance, Health and Human Services, Finance, or related agencies. You can also contact the Governor's office to learn more. Your input is essential to ensure that the system works for youth and families. There is likely a coalition in your state that is already working on these issues, so contact other health advocacy organizations to learn about updates.
2. Offer to test drive online exchanges before they go live on October 1 to help ensure that they address the needs of families.
3. Monitor implementation and create a feedback loop through your website or your information and referral line so that families can provide feedback on how the exchanges are working for them.

***Essential Health Benefits:*** The ACA provides 10 broad categories of health benefits that must be covered by health plans offered through the exchanges, including care for mental health conditions and substance use disorders. Review the essential health benefits offered by plans participating in the exchange to ensure the services and supports meet the needs of youth and families.

***Medicaid Expansion:*** If your state does not plan to expand Medicaid or has not decided whether it will, consider joining a coalition or task force working to help educate state officials about the importance of Medicaid expansion to address the health insurance needs of adults who do not currently qualify for Medicaid and would not be financially able to purchase health insurance coverage on the exchanges. To find out about existing coalitions, contact advocacy organizations representing other health conditions, such as cancer or heart disease, and social justice organizations that represent the interests of low-income individuals.

***Learn All You Can:*** Families will be coming to you with questions, concerns, and feedback very likely starting around October 1. Helpful online resources regarding the multiple provisions of the law are listed at the end of this resource. Also, please share questions you cannot answer with the Statewide Family Network TA center and we will help you to find answers to those questions. We will also compile "Frequently Asked Questions" fact sheets related to ACA implementation to share with all grantees.

### ***What Questions Will Families Likely Have?***

***Do I have to buy health insurance?*** If you are not currently insured, beginning in 2014 you must be enrolled in a health insurance plan or face a financial penalty. There are narrow exceptions for extreme financial hardship and religious objection. Individuals will be required to report insurance coverage on their tax forms. Those who do not enroll in an insurance plan in 2014 will be subject to a penalty of \$695 for an individual or up to \$2,085 for a family or 2.5 percent of household income, whichever is greater.

***How much will health insurance coverage cost?*** Health insurance premiums will vary depending on the type of plan purchased through online health insurance exchanges. There will be four levels of insurance coverage ranging from bronze plans, costing the least and offering a minimum level of coverage, to platinum plans, costing the most and offering the most comprehensive coverage. Insurers are prohibited from basing the cost of health insurance on gender or pre-existing medical conditions but are allowed to charge more to older individuals.

***What if I cannot afford to purchase health insurance coverage?*** In states that opt for Medicaid expansion, all adults who earn less than 138 percent of the federal poverty level (FPL) will qualify for Medicaid. Subsidies and/or tax credits are available on a sliding scale to those who have an income between 100 and 400 percent of the FPL.

***What are the differences between the state and federally operated exchanges?*** There will be little difference between state and federally operated health insurance exchanges. States operating exchanges will

be designing the exchange and will make decisions about which insurers may participate, what benefits to require above and beyond those required by federal law, and related issues. The federally operated exchanges will accept all health plans that qualify to participate.

***If my state is not opting for Medicaid expansion, what options exist for low-income families?***

Low-income individuals and families may qualify for federal tax credits and subsidies that can be used to purchase health insurance coverage from the health insurance exchanges. These tax credits and subsidies will be available to individuals with incomes between 100 and 400 percent of the FPL who do not qualify for Medicaid.

## Resources

Review key provisions of the ACA:

[http://www.policyresearchinc.org/fcnhome/SiteAssets/pdfs/SFN\\_ACA\\_Resource\\_11\\_12.pdf](http://www.policyresearchinc.org/fcnhome/SiteAssets/pdfs/SFN_ACA_Resource_11_12.pdf)

Visit the HHS Center for Consumer Information and Insurance Oversight website for reliable and up-to-date information:

<http://cciio.cms.gov>

Stay on top of ACA implementation in your state:

<http://healthreform.kff.org/the-states.aspx>

Focus on ACA implementation for children:

<http://www.kidscampaign.org/state-profiles>

<http://reform.healthfoundation.org>

Visit the U.S. Department of Health and Human Services website on the ACA for helpful resources for families:

[www.healthcare.gov/](http://www.healthcare.gov/)

Know how the ACA affects your organization as a nonprofit employer. Learn about tax credits for small employers:

<http://healthreformgps.org/resources/tax-credits-for-small-employers/>

<http://www.councilofnonprofits.org/node/6394>

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