



Patient Protection and Affordable Care Act

Health Reform

Obamacare

What the Affordable Care Act means for young adults

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Today's Agenda

- Why health care reform
- What is The Affordable Care Act
- How does it impact young adults
- What are your next steps and choices



The Basics

Research & Analysis

Public Opinion

The States

Topics

The Scan

Quick Links



Health Reform Hits Main Street

Confused about how the new health reform law really works? This short, animated movie -- featuring the "YouToons" -- explains the problems with the current health care system, the changes that are happening now, and the big changes coming in 2014. Learn more about how the health reform law will affect the health insurance coverage options for individuals, families and businesses with the interactive feature **"Illustrating Health Reform: How Health Insurance Coverage Will Work."**

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The Basics

Understanding Health Reform

Confused by health reform? Get the basics on this complex legislation and its impact.

[More »](#)

Frequently Asked Questions

Get answers to common questions about health care reform.

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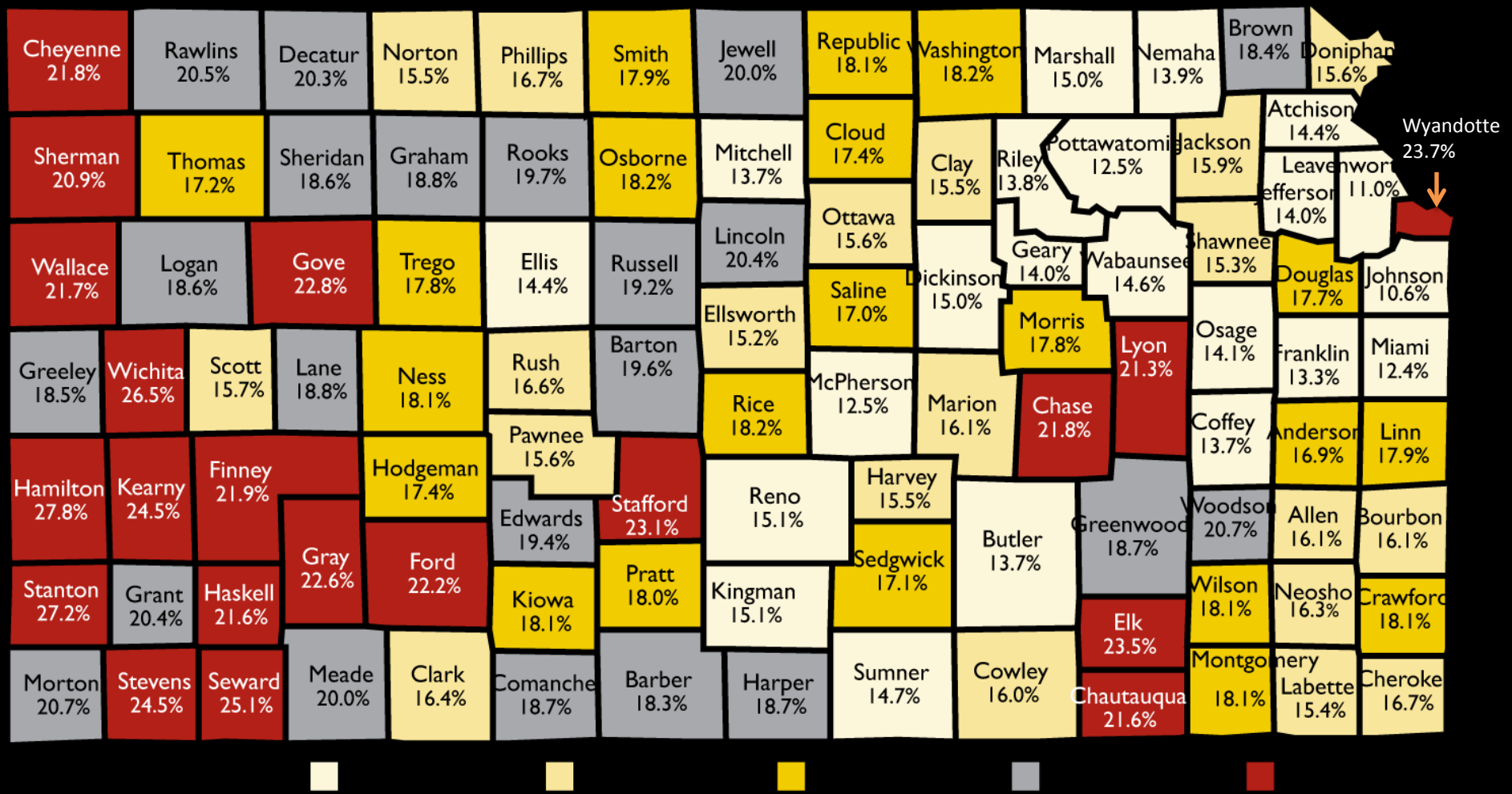


Timeline

Health Reform Explained Video: "Health Reform H..."



Percent of Kansans Age 0-64 Uninsured by County (2010)



Source: Kansas Health Institute, **Annual Insurance Update 2012**, April 2013

How to respond?

To solve problems of

Costs, quality and access

- ❖ Research based evidence
- ❖ Mixed with messy political process brought us

The Affordable Care Act

ObamaCare



- ❖ Not the only possible response to problems of costs, quality and access but it is
- ❖ The one we got and in broad terms
- ❖ This is what it is set to do:

ACA: Intertwined Goals

- ❖ Make better health insurance coverage more available and affordable for *legal* residents
- ❖ Reform health care delivery and financing to provide better quality and outcomes, more cost effective care

ACA: Key features

- ❖ What it does
 - ❖ Regulates (Mandates) the insurance industry to make more stable and affordable health insurance plans available for all.
 - ❖ Creates large purchasing pools where those previously unable to buy insurance through their places of employment can now purchase plans(Exchanges)
 - ❖ Makes large employers part of the game mandating their participation
 - ❖ Tried to expand Medicaid to cover those most vulnerable
 - ❖ Mandates that individuals have some type of insurance

ACA: Key features

❖ What it doesn't do

- ❖ Does **not** create “government-controlled” or “socialized” health care
- ❖ Does **not** create “death panels”
- ❖ Does **not** turn the system over to insurance companies

Is ACA here to stay?

- ❖ Passed into law on March 23, 2010
- ❖ SCOTUS ruled on challenge June 2012
 - ❖ mandate to be insured upheld
 - ❖ Medicaid Expansion penalties not upheld
- ❖ As with any law, there may be future challenges or changes.
- ❖ Some provisions already in effect.
- ❖ Major implementation January 1, 2014
- ❖ But yes, attempts to repeal or defund ongoing



Even superheros need health care



Why insurance matters to young adults

- Young adults are healthier overall but many have asthma or diabetes pre-existing conditions that were previously barriers to purchasing insurance
 - *Individual marketplace was also very expensive. As car insurance, it was rated individually.*
 - *Young adults without insurance more likely than other age groups to delay needed care.*
 - *More likely to put themselves and their families at risk of bankruptcy, not being able to pay back student loans*

Why insurance matters to young adults: cont'd.

- **BEFORE:** All at risk of being one major accident/illness away from being uninsured, uninsurable and bankrupt
 - *An ER visit without health insurance can cost thousands, as can an x-ray to check out a broken arm*

How can young adults get insured?

- While in school, Student Health Plan (KSU plan is creditable, meets individual mandate requirement)
- May be on parents' plans if under age 26
- Pivotal times for students to lose coverage had been
 - High school graduation
 - College graduation
- NOW: lots of options
- And you can continually change jobs because you can always buy in Marketplace



The Three-legged Stool Approach

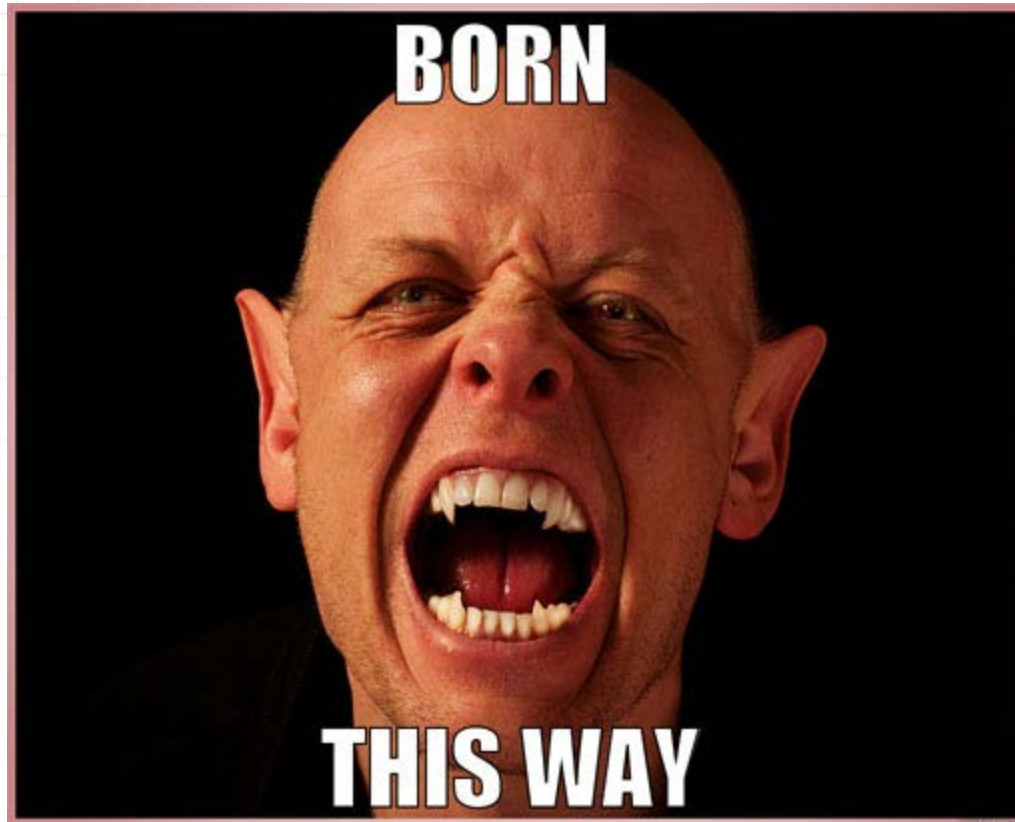


Employer
Coverage

Marketplace/Exchange
Coverage

Public Programs
(Medicaid/CHIP/Medicare)

Insurance companies are no longer allowed to charge you more, or drop you, because of chronic health issues.



Insurance Companies' Mandate: Regulations

- No more exclusions for consumers who have pre-existing conditions (*already in place for children under 19, for all ages starting Jan 1, 2014*)
- No more cancellation of policies for someone being too sick (*already in effect*)
- No more lifetime maximums on the amount paid for care for essential benefits (*already in effect*)
- No more annual maximums on the amount paid for care for essential benefits (*starting Jan 1, 2014*)
- Coverage of Preventive Services (*already in effect*)
- Coverage of Essential Benefits (*Jan 1, 2014*)

- *Some exceptions for grandfathered plans*

Essential Health Benefits

Qualified Health Plans in the Marketplace must cover:

ambulatory patient services	maternity and newborn care
emergency services	prescription drugs
mental health and substance use disorder services	pediatric services, including oral and vision care
rehabilitative and habilitative services and devices	laboratory services
preventive and wellness services	chronic disease management

To control costs the law controls insurance company expenditures

BEFORE, insurance companies spent as much as 40 cents of every premium dollar on overhead, marketing, and CEO salaries.



TODAY, the new 80/20 rule says insurance companies must spend at least 80 cents of your premium dollar on your health care or improvements to care.



If they don't, they must repay the money.

ACA “Pay or Play” Rules

- **Individual Mandate:** “Everyone must have health insurance.....or pay a federal government penalty” (certain exceptions apply)
- **Employer Mandate:** “Employers (including farms) must offer their workers adequate and affordable insurance if they have 50 or more employees, including seasonal ones, working 30 hours a week for more than 120 days.....or pay a federal government penalty”

Insurance Affordability

Insurance is deemed affordable if the annual premium for a self-only plan (not a family plan) costs less than 9.5% of a person's annual household gross income.



Insurance Adequacy

- Insurance is deemed adequate if it is a 60/40 plan. That is no more than 40% of the total health care costs in a year would be expected to be paid by the average person insured in this type of plan. Many current employer provided plans are 50/50 or even less.

ACA Provisions for Consumers: Individual Mandate

- Starting January 1, 2014, Americans must be enrolled in a health insurance plan
- With few exceptions, if you are not insured, and your income is over 138% of the FPL (\$15,856 for an individual; \$32,499 for family of four) you will be required to pay a penalty (tax).
 - Penalty for no coverage will rise from \$95 for adults (\$47.50 children) or 1% of income, whichever is greater (2014) to \$695...(2016) <http://kff.org/infographic/the-requirement-to-buy-coverage-under-the-affordable-care-act/>

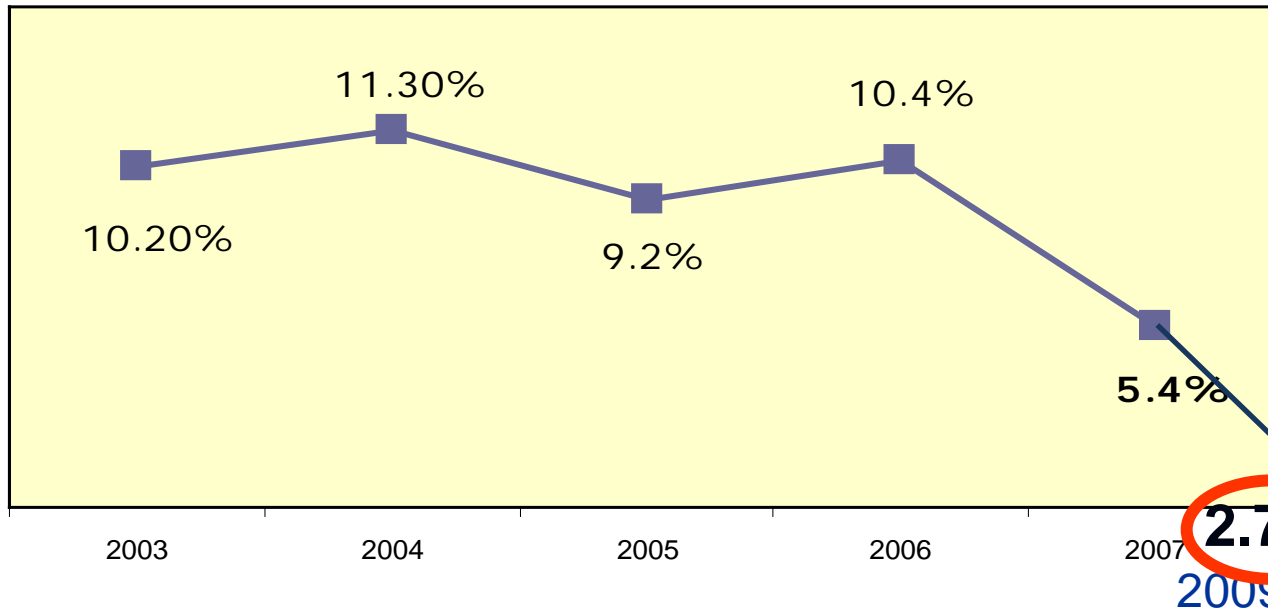
The Individual Mandate: Exemptions

Some people may be **exempt**, including:

- Religious conscience;
- Membership in a health care sharing ministry;
- Member of an Indian tribe;
- Hardship (based on personal circumstance or a lack of affordable coverage); and
- Ineligible for Medicaid based on a state's decision not to expand

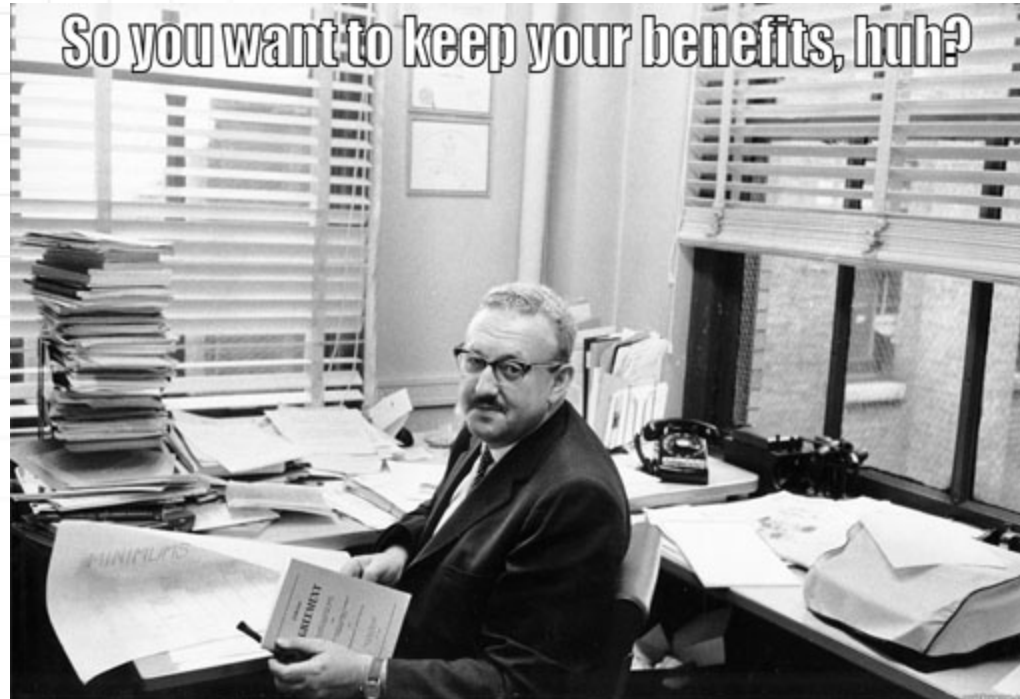
Do mandates work?

Massachusetts: Uninsured as % of Population



Source: Current Population Survey, 2003-2008, US Census Bureau

Employer Mandate for businesses over 50 FTE (30 hrs/week)



*Has to be adequate (60/40) and
affordable (< 9.5% income)
But plans and costs can change*

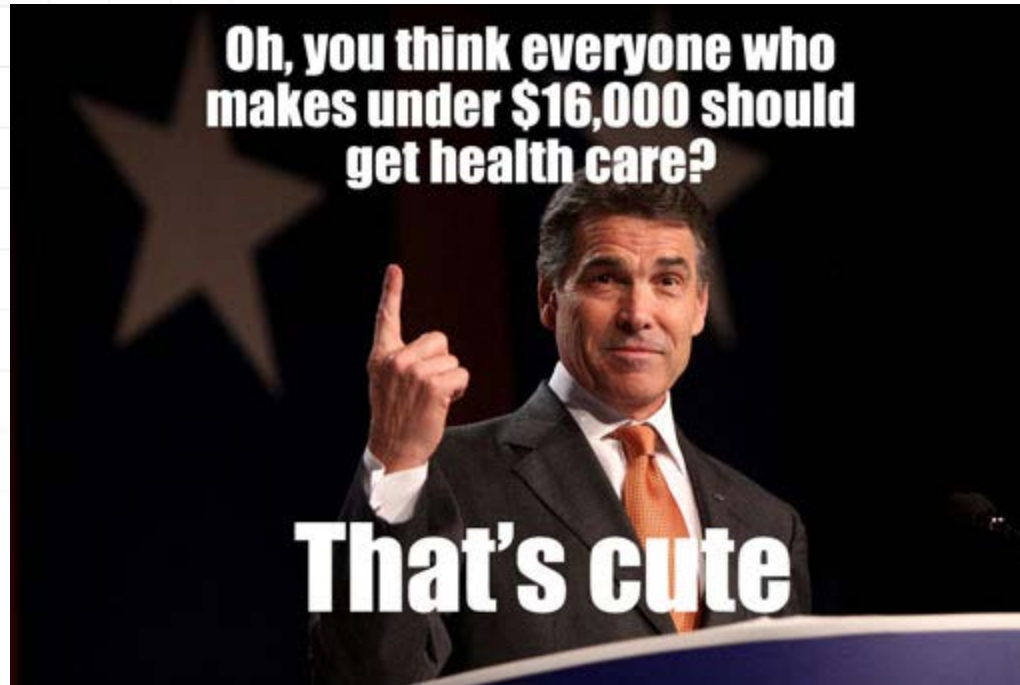
How to get insured?

- **NOW:** Mandates on insurers, employers and individuals means most will be insured
 - Student health insurance will qualify so you won't face a penalty
 - So does employer based insurance, Medicaid, VA, Tri-Care, Medicare
- **BEFORE:** many could stay on parent's family insurance plans til they graduated (usually 22)

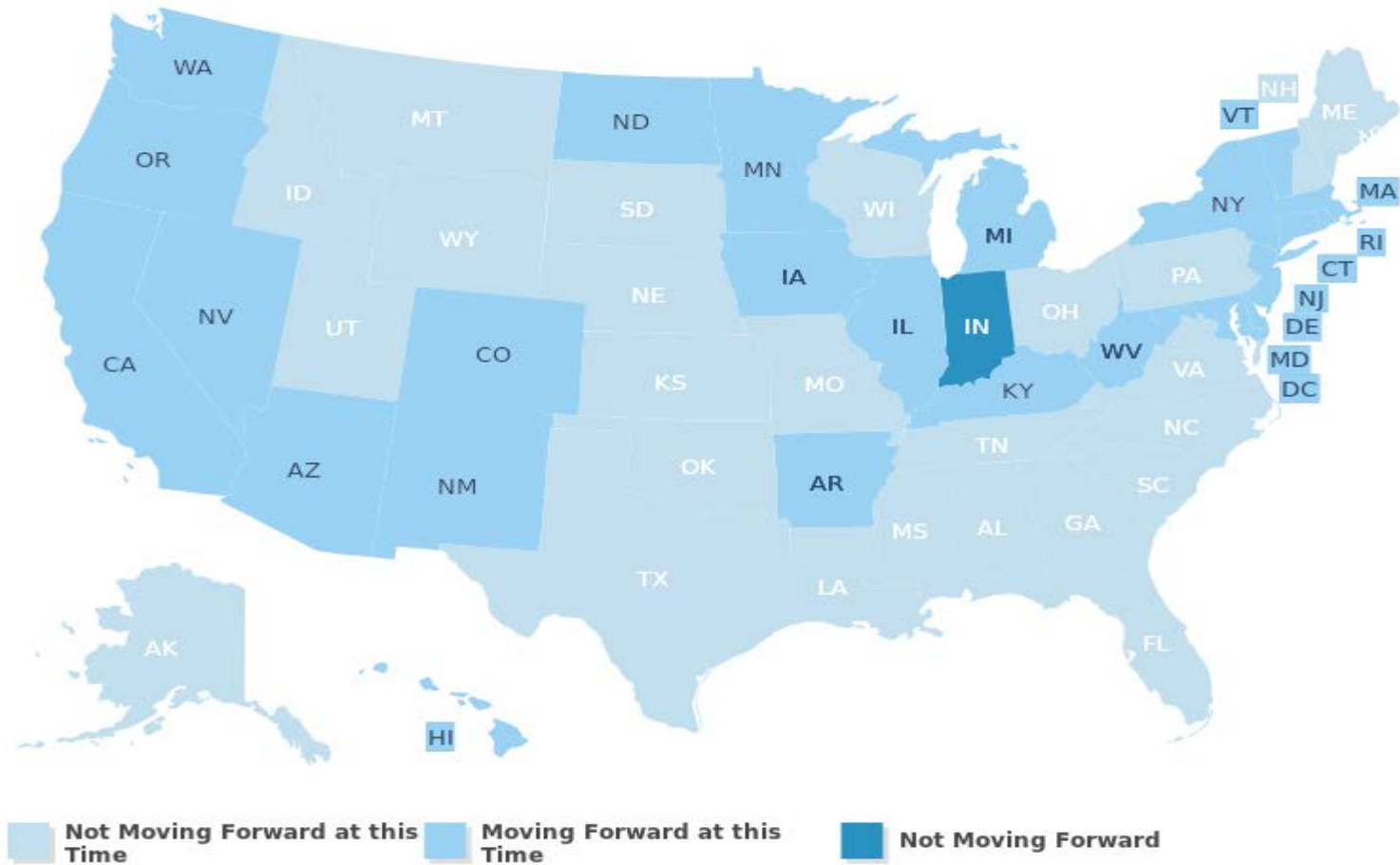
How to get insured? Cont'd.

- NOW...will be able to stay on parent's family plan til age 26
 - Even if you are married (though spouse and children do not qualify)
 - Even if you are financially independent
 - Even if you no longer live with parents
- NOW: if parents don't have family plan, and you are not working for employer with adequate and affordable coverage, Marketplace is the option
- NOW: even if parents have family plan, Marketplace may be better option?
 - Network of providers close to where you live
 - Tax credits might make your own plan in Marketplace more affordable
 - Option for catastrophic plan low cost plan

Other factors determine coverage like where you live



States decisions about expanding Medicaid



Geography defines coverage



Here are some terms that may trip you up:

- *Premiums* -- The money you shell out each month for your health care insurance, regardless of how much you used or didn't use.
- Out of pocket expenses that count toward max
 - *Deductibles* -- What you have to pay for care before your insurance begins to pay at least part of your bill.
 - *Copayments* – The part of your bill that you pay out of your own pocket when you get medical care
 - Could be a percentage of cost of each service (20%) or
 - Flat fee for each service. (\$10 prescription drug)



2014: A New Marketplace/Exchange

Started October 1, 2013 for plans to begin Jan 1, 2014:

Individuals and small businesses can **shop in a new health insurance marketplace** featuring:

- Standardized insurance products (and better peace of mind);
- Tools for comparing options and finding the best plans; and
- Strong insurer oversight



<http://www.healthcare.gov/marketplace/index.html>

Obamacare Marketplaces are a little bit like shopping online—and we know you're good at that



The Marketplace/Exchange

- Marketplaces are managed either by the state or federal government
- Will be housed at www.healthcare.gov
- Starting October 1, 2013, people can apply:
 - Online, Over the phone, With a paper application, In-person
- A 24-hour call center has recently been established by the federal government and is now open: 1-800-318-2596
- If applying online, there is a chat feature to help someone walk through the application
- Open enrollment is guaranteed to be Oct 1- Dec 15 of each year, with extension to March 31, 2014 for first enrollment period (3 month grace period for being uninsured so by April 1 must be)
- Qualifying events are reasons for enrolling out of usual schedule

The Marketplace Eligibility

People can access the Marketplace, if they:

- Are currently uninsured
- Are not incarcerated
- Do not have access to adequate or affordable insurance through their employers
- Have affordable employer-sponsored coverage, but would like to explore their options (Note: not eligible for tax credits)

Marketplace plans

- Up to age 30 (and others in hardship) may buy catastrophic plans that will cover only minimal services til deductible of about \$6400
- After deductible is met covers 10 essential benefits
- Other plans, the metal tiers

Different Levels of Plans

- 4 Levels of Coverage – Bronze, Silver, Gold, and Platinum
 - Each has a different value for level of coverage
 - Bronze: 60%. **Silver: 70%**. Gold: 80%. Platinum: 90% (adequacy values, how much plan vs. insured pays)
 - Any costs not covered by the plan are paid by individuals through deductibles, co-pays, co-insurance (not including monthly premium)
- Each plan level must cover the same set of minimum essential health benefits
 - What differs is amount of cost-sharing required
 - Example: The bronze plan will have the least generous coverage (60%) with more out-of-pocket costs
- No health plan can apply a deductible or any cost-sharing for certain preventive health services.

Purchasing through the Marketplace/Exchange

- ❖ No one can be turned down for insurance
 - ❖ minimal rating system
 - ❖ max 3X for age, group/geographic, single/family, smoking status
 - ❖ (some state based Exchanges are not allowing smoking rating)
 - ❖ ***NO MEDICAL HISTORY FORMS***

The Kansas Marketplace/Exchange

- Four insurance companies offering 65 plans
 - Blue Cross- Blue Shield of Kansas
 - Blue Cross- Blue Shield of Kansas City
 - Coventry Health Care of Kansas
 - Coventry Health and Life Insurance
- at four coverage levels, or “tiers,” in addition to low-cost catastrophic plans to individuals and families
 - 8 catastrophic (30s and under, hardship)
 - 16 Bronze
 - 24 Silver
 - 15 Gold
 - 2 Platinum



The Kansas Exchange: cont'd.

- In each Kansas county, at least **two** companies sell insurance through the Marketplace/Exchange.
- Average number of plans
 - **Kansas 37**
 - **US 53**
- The average monthly premium for the “benchmark” insurance plan — a middle-of-the-road plan in terms of covered benefits and cost —
 - **Kansas \$260** (lower than all but 4 other states)
 - **US \$328**

MONTHLY PREMIUMS FOR BENCHMARK PLAN BY RATING AREA



YOUNG INDIVIDUAL

Single person, age 28.
Income over \$45,960.



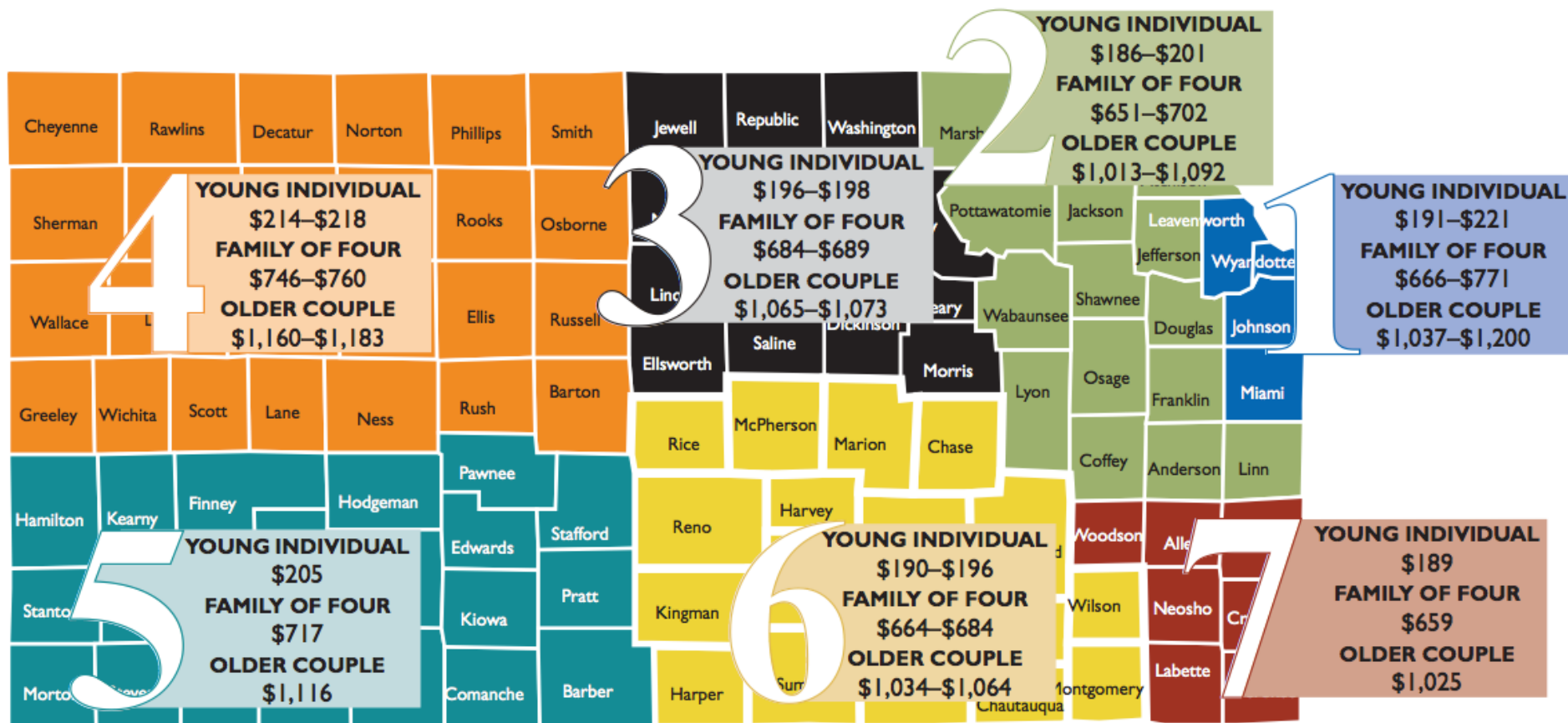
FAMILY OF FOUR

Parents ages 40 and 38, two children
under age 19. Income over \$94,200.



OLDER COUPLE

Couple, both age 63.
Income over \$62,040.



Source: KHI analysis of data provided by the Kansas Insurance Department.

Purchasing through the marketplace/Exchange: cont'd.

- ❖ For those 100-400% FPL (\$15,856-\$45,960 individual, 2013)
 - ❖ Individual pays 2-9.5% of income toward premium costs, government gives tax credit to cover balance of premium, determined at time of enrollment or with income tax filing
 - ❖ Smokers have to pay the difference of their additional premiums charged without tax credit help
- ❖ Policies will at least meet essential benefit package coverage though other features may vary and OOPS may vary

Premium Assistance Tax Credits

Federal Poverty Level	% of income premium costs	Maximum income for an individual (salary), 2013 FPL
Up to 133% FPL	2% of income	\$15,282
133 - 150% FPL	3 - 4% of income	\$17,235
150 - 200% FPL	4 - 6.3% of income	\$22,980
200 - 250% FPL	6.3 - 8.05% of income	\$28,725
250 - 300% FPL	8.05 - 9.5% of income	\$34,470
350 - 400% FPL	9.5% of income	\$45,960

Table 1. Young Individual — Single Person, Age 28, Living in Rating Area 2

Annual Income	Percent of Federal Poverty Level	Monthly Premium for Benchmark Plan	Monthly Premium Tax Credit	Monthly Cost to Consumer for Benchmark Plan after Tax Credit
less than \$11,490	less than 100%	\$201	\$0	\$201
\$12,000	104%	\$201	\$181	\$20
\$25,000	218%	\$201	\$57	\$144
\$40,000	348%	\$201	\$0	\$201
more than \$45,960	more than 400%	\$201	\$0	\$201

Notes: The plans and the prices offered are not always the same in all counties within a rating area. The premium shown is the actual premium in Jackson County. Jackson County has the median-priced benchmark plan in Rating Area 2, the median-priced Rating Area in the state.

Source: KHI analysis of data provided by the Kansas Insurance Department.

Limits on Out-of-Pocket Costs

Starting in January 2014, there will be a limit on out-of-pocket costs:

- NOW: \$6,350 for an individual and \$12,700 for a family
- BEFORE, no maximums

Source: http://101.communitycatalyst.org/aca_provisions/subsidies

This is not the amount you have to pay before insurance kicks in and starts sharing costs. That amount is the *deductible!*

Out-of-Pocket Maximums

- How this works
 - You pay monthly premium. That's not counted in OOPs.
 - After you meet deductible, your insurance starts to copay for services.
 - Preventive services are free.
 - Your out-of-pocket costs includes
 - what you pay up front as your deductible (maybe first \$500 of expenses) and
 - the sum of all the copays(e.g. \$10 per office visit, 20% prescription drug)
 - Add those together and you get your total out-of-pocket expenses per year
- *People with incomes below 250% FPL will get subsidies to lower those limits and copays, based on their income*
- **Exception:** Some plans won't be required to implement this until 2015



ACA Deadlines

- Almost all are still subject to ACA individual mandate in 2014
- Six-month enrollment period for Exchanges:
October 1, 2013-March 31, 2014
- Subsequent enrollment dates:
October to December with specific dates to be determined (allowable qualifying events out of sync).
- Employer mandate enforcement delayed until 2015

March 31, 2014 new deadline



Navigators to the rescue: the GPS of health care



Consumer Assistance

- ❖ Toll-free hotline 1-800-318-2596
- ❖ Navigators/Certified Application Counselors
 - Community and consumer-focused nonprofits, professional associations, others
 - Selected and trained by federal government
 - Provide outreach and impartial information
- ❖ Agents/brokers
 - Licensed by states, additional ACA training required

Choices to Make

- Are you going to make sure that you have health insurance or are you going to leave yourself and your family vulnerable to high medical bills and pay a penalty?
- If you want to be insured, which plans are your best options
 - Is KSU health plan sufficient for your needs
 - Do you live in Manhattan most of the year or do you spend a good deal of time back in your hometown
 - Impacts choice of network of providers
- Are you under 26
 - Does one of your parents have a family plan that you can stay on?
 - How much does the addition of you on that family plan cost compared to your gaining coverage in the Marketplace?
 - Is a catastrophic plan a reasonable option?

Know your plan



Know your plan: Lots of choice

- Is it bronze, silver, gold, platinum? Changes premium and out of pocket costs
- Is the Network of providers adequate?
- What beyond Essential Benefits are covered?
- What is deductible and what are copays?

The media hype vs the truth

- The Marketplace is a failure because healthcare.gov isn't working well. **false**
 - There are insurance policies being offered in all states, the Exchanges behind the scenes
 - State Exchanges are up and running and enrolling consumers
 - Healthcare.gov is not operating but it is only one portal
 - Folks can still apply by phone, mail or in person

The media hype vs the truth: cont'd.

Policies are being cancelled

- True, Obama promised what was never possible in the individual market **BUT**
- Policies were always cancelled, and often at times of high medical need and expenses
- With ACA that can no longer happen **AND because**
- No one can be denied health insurance
- There are many options for new insurance **AND**
- The new policies are much more substantial than the ones being cancelled. Lots of policies were almost worthless. **AND**
- The costs, especially with the subsidies are much more affordable **AND**
- People are no longer job locked.

What's the alternative?

- Without some type of plan to try to get more of us insured
 - Health care is rationed between those who have health insurance and those who do not
 - And more were at risk of losing insurance than they understood
 - People are dying prematurely because they don't have health insurance
 - The insured are picking up the tab for the uninsured
 - Families are going bankrupt
 - The economy suffers from lost worker productivity

ObamaCare



Questions, Discussion

