

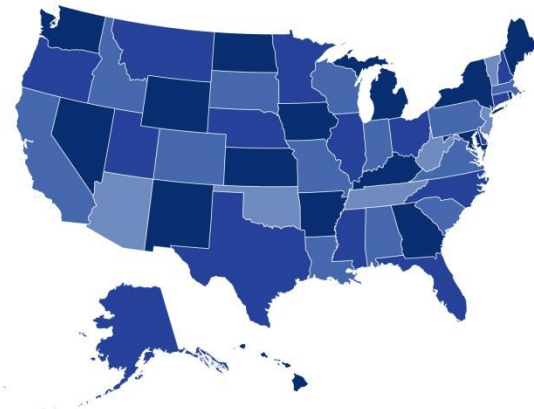


Alliance for Health Reform

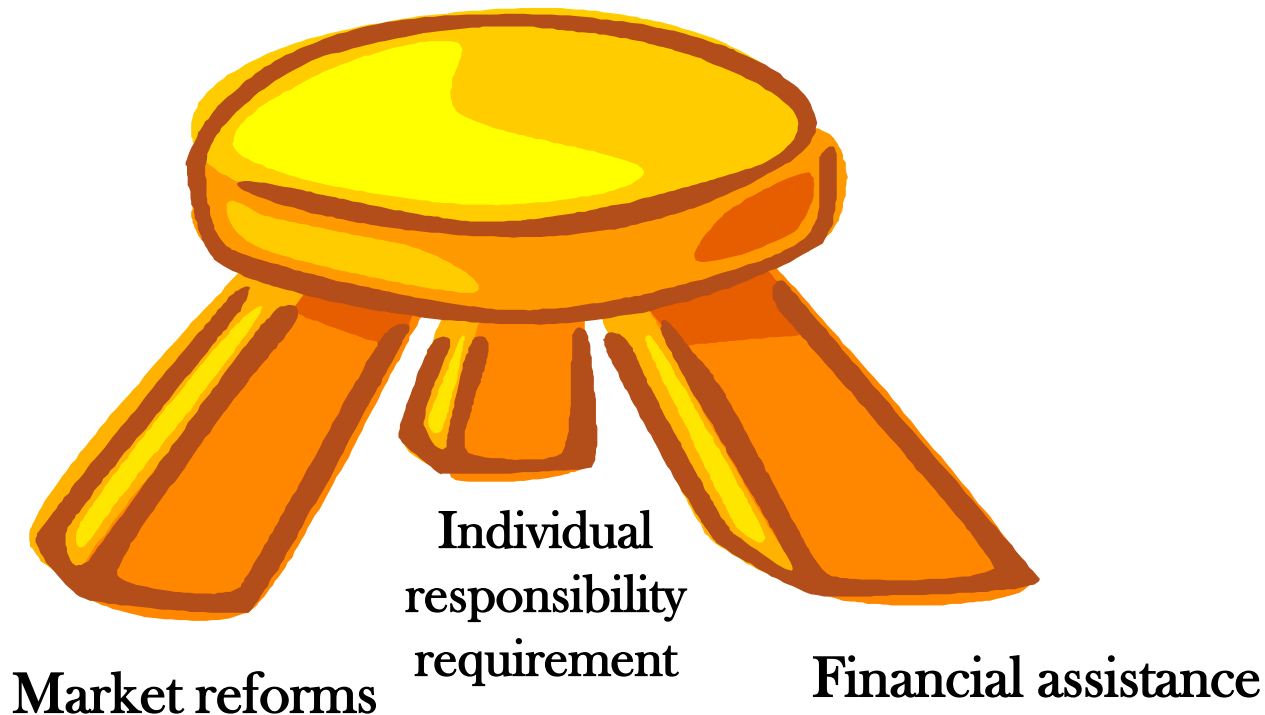
The Affordable Care Act 101

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Affordable Care Act: Three Essential Legs



The Affordable Care Act: Insurance Market Reforms

- Implemented in phases:

2010 - Early Market Reforms

- Lifetime and annual caps
- Preexisting condition exclusions for children under 19
- Free preventive care
- Dependent coverage to age 26
- Appeals
- Medical loss ratio standards
- Rate review

2014 - Heavy Lifting

- Guaranteed issue
- Preexisting condition exclusions
- Essential health benefits
- Modified community rating
- Out-of-pocket max
- Coverage levels



Individual Mandate

- Individuals must maintain minimum essential coverage or pay a fine (tax)
- Penalty for 2014 = greater of
 - \$95/adult, \$47.50/child OR
 - 1% of family income, minus tax filing threshold
 - Increases to \$695/adult or 2.5% of income in 2016
 - Indexed to inflation after that
- Exemption examples
 - Can't afford
 - Not a citizen
 - Medicaid coverage gap

Marketplace Basics

- Health Insurance Marketplace (formerly known as the Exchange)
- State-based, Partnership, Federally facilitated
 - “Supported” state-based
- Compare private insurance plans based on price, benefits, quality, and other features
- Most people will get a break on costs (APTCs, CSRs)
- “No wrong door” with Medicaid and CHIP



How the Premium Tax Credit Works

<u>Income</u>	<u>Individual Contribution</u>
100% FPL	2% of income
133% FPL	3% of income
150% FPL	4% of income
200% FPL	6.3% of income
250% FPL	8.05% of income
300-400% FPL	9.5% of income

Tax credit = Premium for 2nd lowest cost silver plan minus individual contribution

Example: 40 year old with income at 250% of the poverty level (\$28,725)

Benchmark Silver Plan (national average)

Unsubsidized premium = \$3,240 per year; Individual contribution = \$2,312 (8.05% of income); Tax credit = \$928



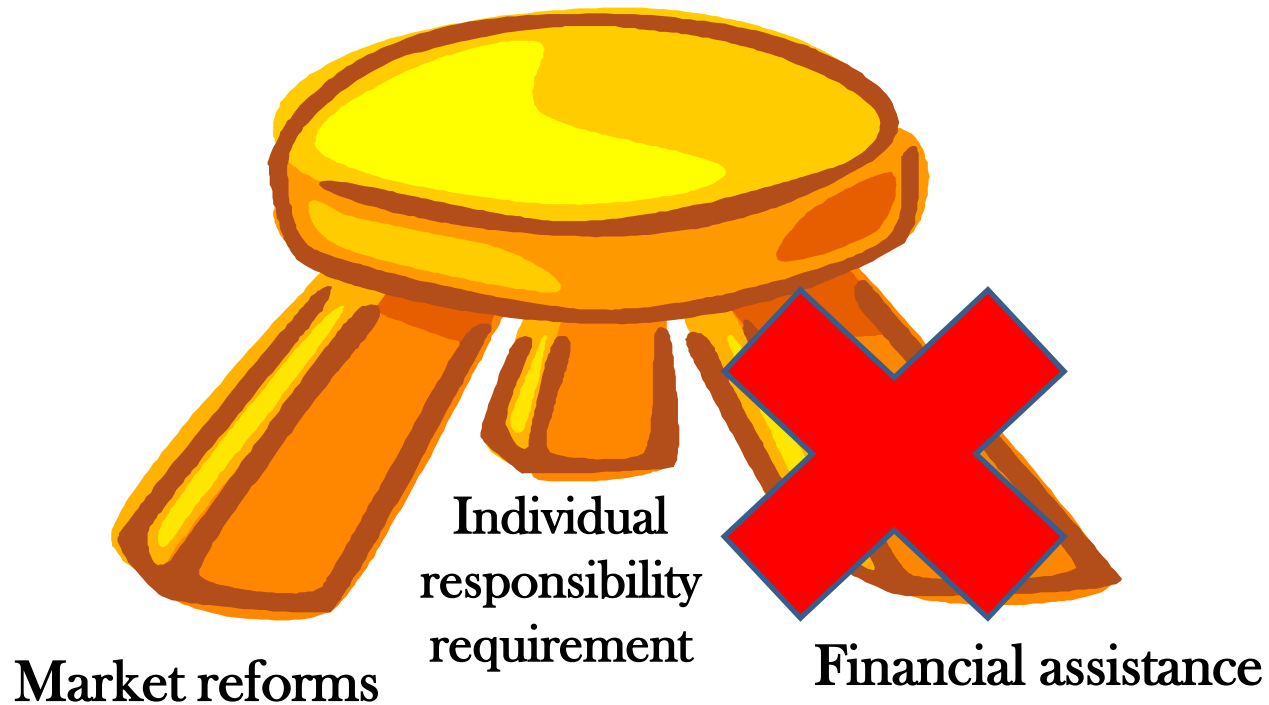
The Center on
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Georgetown University Health Policy Institute

Subsidies to Reduce Deductibles, Copays Also Available

- Cost sharing subsidies available to individuals and families with incomes 100% - 250% FPL
- Only available through Silver plans
 - Modified versions of Silver plans have reduced deductibles, copays, out-of-pocket limits on cost sharing
 - Federal government will reimburse insurers for value of cost sharing reductions
- Unlike premium tax credits, cost sharing subsidies do not need to be repaid if people mis-estimate their income



King v. Burwell



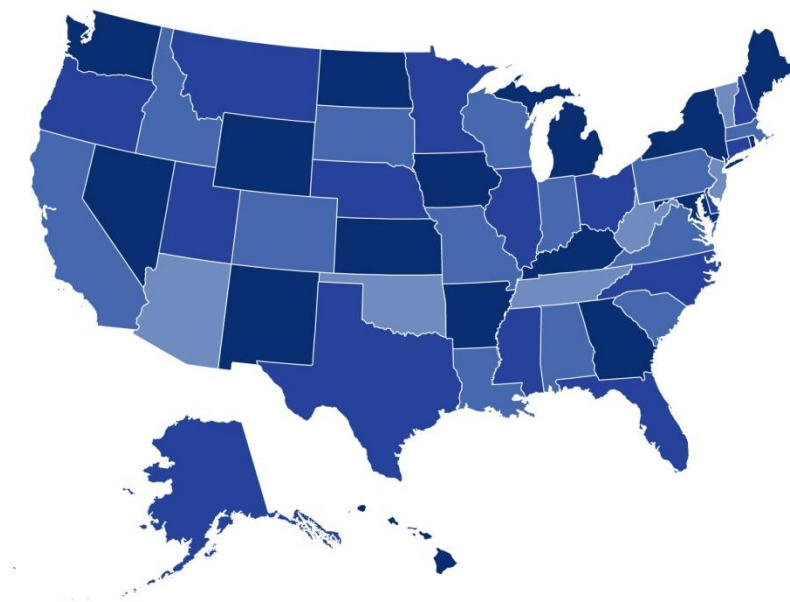
Questions?

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