The New Health Insurance Marketplace

Choices and Opportunities for Small Groups
What is the Affordable Care Act?

• The Patient Protection and Affordable Care Act (ACA) was signed into law on March 23, 2010

• Market and Coverage Reform:
  – Increases choice of plans and products
  – Expands access to coverage

• Opportunity for employers to re-think, re-structure, expand their current product offerings
How does ACA standardize choice and coverage?

All small group and individual plans must offer Essential Health Benefits (EHBs) beginning in 2014

- Ambulatory Patient Services
- Emergency Services
- Hospitalization
- Maternity and Newborn Care
- Mental Health and Substance Use Disorder Services, including Behavioral Health Treatment
- Prescription Drugs
- Rehabilitative and Habilitative Services and Devices
- Laboratory Services
- Preventive and Wellness Services and Chronic Disease Management
- Pediatric Services, Including Oral and Vision Care
How does ACA standardize choice and coverage?

Four Levels of Products

- **Bronze**
  - 60% Actuarial Value

- **Silver**
  - 70% Actuarial Value

- **Gold**
  - 80% Actuarial Value

- **Platinum**
  - 90% Actuarial Value

**Actuarial Value**
- Measures the overall share of medical spending the plan pays
- As the actuarial value decreases, the member pays a greater portion of the overall medical costs
New Taxes and Fees

• **Health insurance tax**
  – An annual fee to fund premium subsidies and Medicaid expansion – $8 billion in 2014, increasing each year after – estimated to be 2.1% of premium in 2014

• **Patient Centered Outcome Research Institute (PCORI)**
  – $1 per member in 2013; $2 per member in 2014
  – Adjusted for expenditures from 2015-19

• **Reinsurance Fee**
  – A fee to fund reinsurance payments to cover high-cost individuals; estimated at $5.25 per person monthly (through 2016)

• **Risk Adjustment Program User Fee**
  – $1 per person yearly (only on small and individual plans inside and outside Exchange)

• **Total impact** of taxes and fees to premium is **approximately 3.5%**
What is an Exchange?

- Web-based marketplace that enables individuals and employers to buy health coverage

- Private Exchange run by insurance brokers, benefit consultants or insurers
  — Available for employer groups only

- Public Exchange run by New York State opens in October for coverage beginning January 2014:
  — New York Health Benefits Exchange for individuals
  — Small Business Health Options Program (SHOP)
What are my purchase options for 2014?

**Individual Options**
- Use the New York State Benefits Exchange
- Subsidies available up to 400% of federal poverty level: $45,960 for individuals and $94,200 for a family of four
- Not get coverage and pay a tax
- Purchase coverage as done today

**Small Group Options**
- Purchase coverage through health plan or broker
- Use a private exchange
- Use the NYS Small Business Health Options Program (SHOP) on public exchange
- Not offer coverage: employees can use the state individual Exchange

**Large Group Options**
- Provide coverage as done today
- Not offer coverage: employees can use the state Exchange
- Use a private exchange
Am I a small business?

Defined as 50 or less Full-Time Equivalent (FTE) employees

<table>
<thead>
<tr>
<th>Employee Category</th>
<th>How is category calculated?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time</td>
<td>Based on an average 30-hour work week</td>
</tr>
<tr>
<td>Part-time</td>
<td>Prorated (Hours worked by PT employees in a month, divided by 120)</td>
</tr>
<tr>
<td>Seasonal</td>
<td>Not counted for those working up to 120 days per year</td>
</tr>
<tr>
<td>Temporary Agency Employees</td>
<td>Generally counted as an employee of the temp. agency.</td>
</tr>
<tr>
<td>Franchise employees/Common Ownership</td>
<td>All employees across the entities are counted in one sum.</td>
</tr>
</tbody>
</table>
Am I a small business?

Example: XYZ Garden Center with 60 employees

Full-time: 30 (working an average 30 hours per week)
Part-time: 20 (working 20 hrs/week, 80 hrs/month)
Seasonal: 10 (working 30 hrs/week for 3 months)

Full-time: 30
Part-time: \[20 \text{ employees} \times 80 \text{ hours} \div 120 = 13.3\]
Seasonal: \(n/a\)
Total FTEs: 43.3

According to ACA, this is a small group
Small Groups: What are my purchase options?

What are my options for providing coverage?

Here are your options as a small group employer with 50 or fewer employees:

**YOU CAN**

- **STAY THE COURSE**
  Continue offering health care coverage just as you have been.

- **OFFER COVERAGE THROUGH A PRIVATE EXCHANGE**
  Private Exchanges offer health benefits through websites operated by private companies or organizations such as brokers.

- **CHOOSE THE NYS SMALL BUSINESS HEALTH OPTIONS PROGRAM (SHOP) THROUGH THE PUBLIC EXCHANGE**
  NYS will provide you with an opportunity to offer health benefits through a state-managed website.

- **NOT OFFER COVERAGE**
  You are not required to offer health coverage.
  Choosing not to offer health benefits allows your employees to be eligible to buy health benefits on the NYS Exchange website for individual consumers.
Option: Purchase directly from health plan/broker

- Continue to offer defined contribution to employees
- Familiar process and administration
- Seamless transition from current to new plan
- Beginning 1/1/14, all small group products must conform with Essential Health Benefits
Option: Purchase through Private Exchange

• **Already in existence**
  - Independent Health has partnered with Bright Choices

• **Ability to offer defined contribution and defined benefits to employees**

• **Offer additional benefits: life, disability, HSA, FSA, etc.**

• **Administrative efficiency – online selection, group billing**
Web-based Private Exchange

Plan Comparison Guide

<table>
<thead>
<tr>
<th>Provider</th>
<th>Recommended Independent Health</th>
<th>Independent Health</th>
<th>Independent Health</th>
<th>Independent Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan Name</td>
<td>iDirect 1</td>
<td>iDirect 3</td>
<td>iDirect 2</td>
<td>Passport Select 8</td>
</tr>
<tr>
<td>Member Rating</td>
<td>⭐⭐⭐⭐⭐</td>
<td>⭐⭐⭐⭐⭐</td>
<td>⭐⭐⭐⭐⭐</td>
<td>⭐⭐⭐⭐⭐</td>
</tr>
<tr>
<td>HSA Qualified</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Network Coverage Rating</td>
<td>⭐⭐⭐⭐⭐</td>
<td>⭐⭐⭐⭐⭐</td>
<td>⭐⭐⭐⭐⭐</td>
<td>⭐⭐⭐⭐⭐</td>
</tr>
<tr>
<td>Gated Medical Plan</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>Calendar Year Deductible</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>Includes HRA</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
</tr>
<tr>
<td>Out-of-Network Coverage</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
</tr>
</tbody>
</table>
Option: Purchase through the SHOP

- Operated by New York State through a public exchange
- Can offer limited or multiple carriers as well as limited or multiple metal tier products
- SHOP sends one monthly bill for all offerings
- Ability to offer defined contribution
- Small Business Tax Credit available for two consecutive years
Small Business Tax Credit

• Businesses with <25 full time equivalent employees (FTE) for the calendar year are eligible

• Average annual wages of less than $50,000 per FTE

• Employer pays at least 50% of the premium cost for health plans

• Credit up to 50% of employer contribution and limited to two consecutive years when purchased through SHOP
Web-based Public Exchanges (example)
## What are the penalties?

<table>
<thead>
<tr>
<th>Individuals</th>
<th>Small Employers (&lt;50 FTEs)</th>
<th>Large Employers (&gt;50 FTEs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Penalty for not having minimum coverage</td>
<td>• No penalty for not offering coverage</td>
<td>• 2014: No penalties</td>
</tr>
<tr>
<td>• Some exemptions apply</td>
<td></td>
<td><strong>Beginning in 2015</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Penalty for not offering coverage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Penalty if coverage is unaffordable or does not meet minimum value</td>
</tr>
</tbody>
</table>
Penalties for Large Groups (2015)

1. Penalty for no coverage offered
   $2,000 \times \left[ \text{Number of FT employees} - 30 \right] \div 12

2. Penalty for inadequate or unaffordable coverage
   The lesser of:
   $3,000 \times \left[ \text{No. of FT employees who receive credit for Exchange coverage} \right] \div 12
   or
   $2,000 \times \left[ \text{Number of FT employees} - 30 \right] \div 12

NOTE: Penalties are assessed monthly
Penalties for Individuals

Individuals must have minimum essential coverage or pay a penalty:

• In 2014, **1% of the individual’s yearly income** or **$95 per person** for the year, whichever is higher. (up to a cap)

• In 2015, it is **2% of income** or **$325 per person**, whichever is higher.

• In 2016 it is **2.5% of income** or **$695 per person**, whichever is higher.

• In 2014 the fee for uninsured children is **$47.50 per child**.
  – A family of 4 would have to pay a minimum **$285**.

• Exemptions for religious conscience, undocumented immigrants, Native Americans, incarceration, unavailable affordable coverage, among others.
Key Dates for the New Marketplace

- Initial Open Enrollment begins on **October 1, 2013**
- Coverage begins after **January 1, 2014**
- SHOP enrollment is rolling, based on group’s annual renewal date
- Individual enrollment period for 2014 ends on **March 31, 2014**
How should I prepare for 2014?

• Consider your current plan and how it works for you and your employees

• If you don’t offer coverage, consider what benefits you’d like to provide

• Talk with:
  – Your health plan
  – Tax advisor
  – Insurance broker
Three Things To Ask Your Health Plan

1. **Is the Doctor In?**
   - Independent Health is physician-led: no other health plan in WNY has this focus on care
   - Not all health plans have the same network: Nearly 100% of all local physicians already partner with Independent Health
   - Independent Health has better relationships with physicians, which means better care at the right place and time
   - Physicians have collaborated on innovative products and services that other plans cannot match
Three Things To Ask Your Health Plan

2. **Who will be there for my employees?**
   - As the only truly local health plan, our focus has always been here. And we always will be, no matter what way you choose to offer benefits.
   - The satisfaction our RedShirts® provide has earned the trust of our members which means we are more effective at helping them get the most out of their plan.

Independent Health has been awarded “Highest Member Satisfaction among Commercial Health Plans in the New York-New Jersey Region, Four Years in a Row” by J.D. Power and Associates.
Three Things To Ask Your Health Plan

3. Are all health plans the same?
   - No. Health insurance is more complex than ever. That’s why you need more than a plan – you need a partner to help you, your employees and the community
   - Compare costs and quality. Choose a plan with the best balance high quality care and affordability to make sure you get the most out of your plan
   - No other health plan can match Independent Health’s track record for high quality and member satisfaction
Your Partner – Today and Tomorrow

• We understand the ACA provides changes and new opportunities

• No matter what avenue you pursue, Independent Health will be here providing personalized and dedicated service

• Whether your employees are offered Independent Health through you or the Exchange, they’ll continue to receive the RedShirt Treatment

• We will continue to lead the way in partnering with physicians and providers to make the health system less complex and keep you well... informed
Helpful Websites

New York State: HealthBenefitExchange.ny.gov

Federal government: Healthcare.gov

Kaiser Family Foundation: Kff.org

Questions?
Call your Account Manager
Or
E-mail HealthReform@independentthealth.com