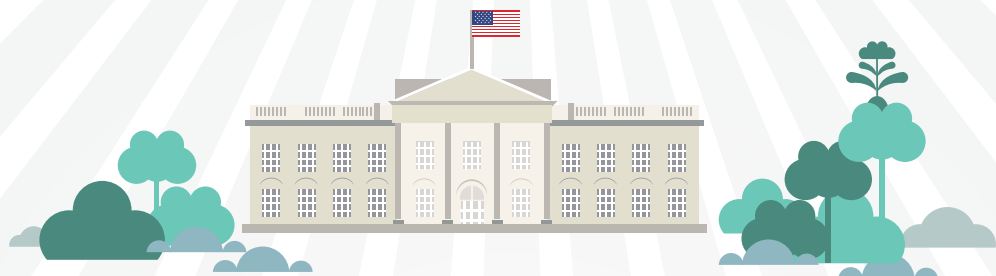
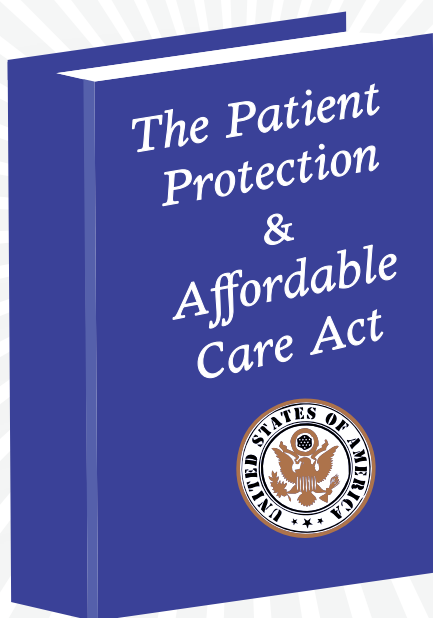


5 STEPS TO UNDERSTANDING OBAMACARE





5

STEPS TO
UNDERSTANDING
OBAMACARE

Want to know more about the health reform law and what it means for people without employer-based health insurance? The Affordable Care Act (ACA) is a complex piece of legislation but we've compiled this workbook to help you understand the basics. We'll walk you through it all in five steps.

WHAT'S INSIDE

Introduction

4

Step 1

Does your current health insurance plan need to change?

6

Step 2

How will you pay for health insurance in 2014?

10

Step 3

What do you need to know about America's new health insurance plans sold on and off exchanges?

16

Step 4

What types of insurance will be available – in addition to QHPs – that will be sold on and off government exchanges?

18

Step 5

Did you know when you can buy coverage for 2014, and when you can't?

22

INTRODUCTION

FAMILIARIZE YOURSELF WITH THE OPPORTUNITIES AND RESPONSIBILITIES:

Step 1 Does your current health insurance plan need to change?

When the ACA was signed into law, it effectively created three classes of health insurance plans: grandfathered plans, transitional plans, and reformed plans. People with grandfathered plans don't have to change their coverage in 2014, nor do some people with transitional plans. That said, changing to a reformed plan may be the best option for many people. Consumers who understand what a reformed plan covers can make better decisions about their health insurance.

Step 2 How will you pay for health insurance in 2014?

The ACA tries to reduce the amount of uncompensated care the average U.S. family pays for by requiring everyone to have health insurance or pay a tax penalty. The ACA's new tax penalties for people without insurance are designed, in part, to offset the cost of paying for the health care of people without health insurance. If you earn a lower income, you may be able to qualify for subsidies that make insurance more affordable. If you understand how the subsidies and tax penalties work, you'll be in a better position to purchase the product that suits you best.

BECOME FAMILIAR WITH NEW HEALTH INSURANCE PRODUCTS:

Step 3 What do you need to know about America's new health insurance plans sold on and off exchanges?

The way health insurance benefits are structured will change in 2014. To shop smart, you'll want to understand what those changes are. Each plan must cover 10 essential health benefits (EHBs) and must have a metallic benefit level (bronze, silver, gold, or platinum) starting at a minimum of 60% of the actuarial value, or average annual costs, per person. Catastrophic plans for people under age 30 with fewer benefits will also be available. The law limits out-of-pocket costs, deductibles, and other forms of cost-sharing, based in part on your household income.

Step 4 What types of insurance will be available – in addition to QHPs – that will be sold on and off government exchanges?

The ACA doesn't create a one-size-fits-all health insurance market. Websites like eHealth.com will offer a broad range of QHPs and other types of health insurance products from a number of different insurance companies. Plans sold off government exchanges will also have varying deductibles and metallic benefit levels, tiered provider networks, and varying benefits not covered by major medical health insurance plans, like vision, dental, accident, short-term, and critical illness insurance. The price of insurance may vary based on the number of choices you want when choosing a doctor or drug coverage.

LEARN HOW AND WHEN YOU CAN OBTAIN HEALTH COVERAGE:

Step 5 Did you know when you can buy coverage for 2014, and when you can't?

The new **open enrollment** period when you can start to shop for newly reformed health insurance plans begins in October 2013 and runs through March of 2014. If you don't buy health insurance during open enrollment, it may be difficult to buy health insurance unless you have a **qualifying event**. Qualifying events include things like the loss of a job, a move to a new coverage area, the birth of a child, or loss of existing coverage – usually because of marriage, divorce, or turning 26 and no longer being able to stay on a parent's plan. Without health insurance you could face tax penalties and unfunded medical bills if you get sick or injured.

Let's look at each of these steps in more detail...

STEP

1

UNDERSTAND IF YOUR CURRENT HEALTH INSURANCE PLAN NEED TO CHANGE IN 2014

When the ACA was signed into law, it effectively created three classes of individually purchased major medical health insurance plans:

Grandfathered plans – If you bought health insurance with coverage starting before March 23, 2010 – when the ACA was signed into law—you may have a grandfathered plan, which does not have to meet all the requirements of the law (unless the plan's coverage has changed significantly since you purchased it).

Non-grandfathered plans – If you bought major medical health insurance after March 23, 2010, with coverage starting before January 1, 2014, you have a non-grandfathered plan. These purchases took place during the transition to a federally regulated individual health insurance market. All non-grandfathered plans meet some of the new benefit standards required by the ACA, and some plans include them all. Plans that don't meet all of the new benefit standards may need to be updated at some point in 2014.

New, fully reformed, plans – If you buy insurance with coverage starting on January 1, 2014 or later, your plan meets all of the mandatory benefits required by the ACA.

The table below shows how the three types of plans may differ in their treatment of ACA-mandated benefits.

Mandated plan benefits	Grand-fathered plans	Non-grand-fathered plans	New plans
No lifetime coverage limits: No lifetime dollar limits on essential benefits.	Yes	Yes	Yes
Rescission protection: Insurers cannot rescind coverage unless intentional fraud is committed.	Yes	Yes	Yes
Children up to age 25: Adults under 26 may stay enrolled on a parent's plan under certain circumstances.	Yes	Yes	Yes
No annual coverage limits: Annual dollar limits on coverage no longer apply.	Not required	Yes	Yes
No cost-sharing for preventive services: Insurers are required to cover certain preventive medical services without cost sharing.	Not required	Yes	Yes
Community rating: Plans are no longer priced individually based on a person's health.	Not required	Not required	Yes
Guaranteed issue: An individual's application for insurance can't be declined because of a pre-existing medical condition.	Not required	Not required	Yes
Essential health benefits: Each plan must cover health benefits in 10 categories deemed to be essential.	Not required	Not required	Yes
Actuarial values: Plans cover at least 60% of the total average annual costs an insurer expects to incur per customer.	Not required	Not required	Yes

CHANGES FOR NON-GRANDFATHERED POLICY HOLDERS

Although the timing is uncertain, the new health care law requires non-grandfathered plans to be updated to new benefit standards. The information below outlines how, why, and when some people in non-grandfathered plans may need to update their coverage:



WHY

Reasons You May Need To Change Your Plan



It Doesn't Cover All Essential Health Benefits

Starting in 2014, people on non-grandfathered plans that do not cover all 10 essential health benefits may be subject to a penalty on their federal taxes.

It Doesn't Meet Actuarial Value Requirements

Starting in 2014, all non-grandfathered plans must cover at least 60% of the total average annual costs an insurer expects to incur per average customer. If a plan doesn't cover at least 60% of this "actuarial value," it may need to be updated for policy holders to avoid the federal tax penalty.

HOW

Changes May Be Implemented In Three Ways



Passive Re-enrollment

Some insurers may choose to proactively move customers to new plans that meet ACA requirements without requiring policy holder to actively re-enroll in a new plan.

Active Re-enrollment

Some insurers may require customers to actively opt in to a new plan.

Active Communication, Non-enrollment

It's possible that some insurers could allow customers keep their existing plan, but make them aware that they may be subject to the federal tax penalty.

WHEN

Timing Of Plan Changes May Vary



During the Open Enrollment Period

Some insurers may use passive re-enrollment or active re-enrollment to transition people from non-grandfathered plans to new plans during the six month open enrollment period for 2014 (October 2013 through March 2014).

On a Plan's Renewal Date/Anniversary

Some insurers may conduct an active or passive re-enrollment when the plan's coverage anniversary arrives. Adoption of this approach may vary from insurer to insurer and from state to state, based in part upon that state's regulations.

STEP

2

UNDERSTAND HOW YOU WILL PAY FOR HEALTH INSURANCE IN 2014

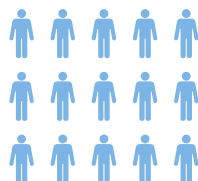
In 2014 the ACA requires most people without employer-based health insurance (and who do not qualify for government-sponsored health insurance like Medicare or Medicaid) to purchase coverage on their own or face a possible tax penalty. In order to help ensure that coverage is more affordable for lower-income household, the **ACA also provides government subsidies for those who qualify**. Knowing how subsidies and tax penalties work will help you understand what your 2014 health insurance costs may be and how you'll pay for your coverage.



THE
ACA



PROVIDE GOVERNMENT
SUBSIDIES



FOR THOSE WHO
QUALIFY

QUALIFYING FOR SUBSIDIES

According to the ACA you may qualify for government health insurance subsidies if you meet the following criteria:



1. You must live in the United States of America.



2. You must be a U.S. citizen or U.S. national, or otherwise lawfully present in the United States.



3. You may not be incarcerated.



4. You don't have access to affordable minimum essential coverage (like employer-based insurance, or Medicare)

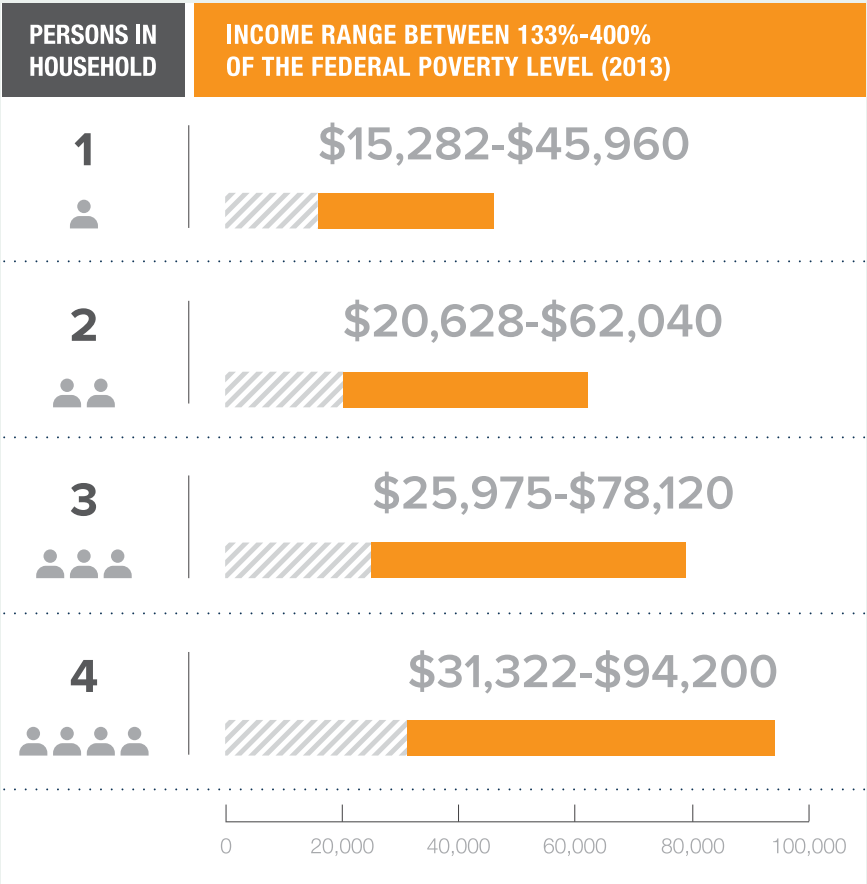
Eligibility for 2014 health insurance subsidies takes into consideration your...

**HOUSEHOLD SIZE**

&


**ADJUSTED ANNUAL INCOME RANGE (APPROX.)**

Using 2013 income data, households with income in the following ranges may possibly qualify for subsidies in 2014:



HOW SUBSIDIES (PREMIUM TAX CREDITS) WORK

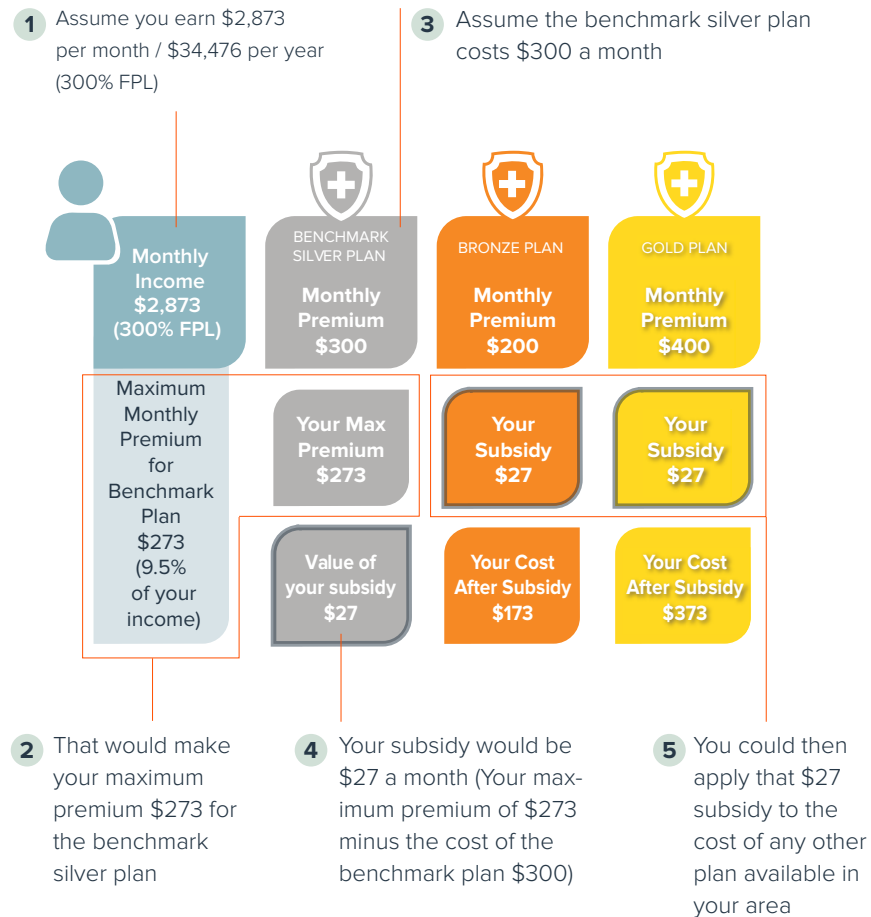
The subsidies (also called Premium Tax Credits) will work on a sliding scale so that your monthly health insurance premium cannot be more than a certain percentage of your income if you buy the second least expensive silver level plan (a plan that covers 70% of the average cost) available in your area; what we refer to here as a “benchmark plan.”

 SILVER	2013 Monthly Income As A Percentage of the Federal Poverty Level (FPL)				
	133% FPL	150% FPL	200% FPL	300% FPL	400% FPL
Monthly Income (Household Size 1)	\$1,273	\$1,437	\$1,915	\$2,873	\$3,832
Limit on Your Monthly Premium*	3% of taxable income = \$38*	4% of taxable income = \$57*	6.3% of taxable income = \$121*	9.5% of taxable income = \$273*	9.5% of taxable income = \$364*
Your maximum Premium for “Benchmark Plan”	\$38	\$57	\$121	\$273	\$364

* The “Benchmark Plan” is the second least expensive silver plan available in your area. Example is based on household size of one person and premium limits and subsidies vary depending on where you live as well as household size.

HOW MUCH IS YOUR SUBSIDY WORTH?

Under the law, your subsidy will be worth the difference between the cost of the benchmark plan and your maximum monthly premium.



NOTE:

- **You would not receive a subsidy**, if the monthly premium for that benchmark plan is less than the fixed percentage of your income.
- **You would receive a subsidy**, if the monthly premium for that benchmark plan is more than the fixed percentage of your income.

POTENTIAL TAX PENALTIES

If you don't have major medical health insurance that meets minimum federal standards for more than three months in a row, you may incur a tax penalty. You'd pay that penalty when you file your federal income taxes for 2014, in 2015.

Tax penalties are prorated by the number of months you're uninsured. Penalties are also phased in over three years, beginning in 2014, when the penalty is 1.0% of your household income. In 2015, the penalty increases to 2.0% of your income, and by 2016 the penalty is calculated at 2.5% of your taxable income.

The maximum tax penalty can't exceed three times the minimum penalty, or the national average price for a bronze-level plan, within a given year.

Tax Penalties

	2014	2015	2016	Annual Cost-of-Living Increases
Taxable Income	1%	2%	2.5%	
	OR	OR	OR	
Penalty Per Adult & Child	Adult = \$95.00 Child = \$47.50	Adult = \$325.00 Child = \$162.50	Adult = \$695.00 Child = \$347.50	
Maximum Per Family	\$285	\$975	\$2,085	

STEP

3

GET TO KNOW THE FEATURES OF AMERICA'S NEW HEALTH INSURANCE PLANS

In 2014 the way health insurance benefits are structured will be changed forever. To shop smart, consumers need to understand what benefits every plan they enroll in must have in order to help them avoid the mandate tax. Each new, reformed health insurance plan will cover at least **10 health benefits deemed to be essential under the Affordable Care Act. These include:**



Laboratory services



Emergency services



Prescription drugs



Mental health & substance-use disorder services



Maternity & newborn care



Pediatric services, including oral & vision care



Rehabilitative & habilitative services & devices



Ambulatory patient services



Preventive & wellness services & chronic disease management



Hospitalization

HOW MUCH IS COVERED?

All new reformed plans will have a “metallic” benefit level designed to allow consumers to make more informed decisions when comparing plans. The metallic benefit levels start at a minimum of 60% and go up to 90% of the plan’s “actuarial value.” The actuarial value is equal to the percentage of total average costs for covered benefits that a plan will pay.

A plan with a 60% actuarial value would pay for an average of 60% of all covered medical costs and the customer would be responsible for 40% of covered medical costs. Insurers may also offer catastrophic-only plans to eligible individuals, which would have higher cost-sharing than the standard metallic plans:

These are the metallic designations and corresponding actuarial values:



60%
Bronze



70%
Silver



80%
Gold



90%
Platinum

HOW WILL COST-SHARING WORK?

Out-of-pocket costs like co-pays, coinsurance, and deductibles will also be limited under the law. The ACA restricts the maximum out-of-pocket limits on all plans to no more than \$6,350 for an individual and \$12,700 for a family in 2014. These numbers may seem high, but if your income is at or below 400% of the Federal Poverty Level then your out-of-pocket liability may be reduced.

STEP

4

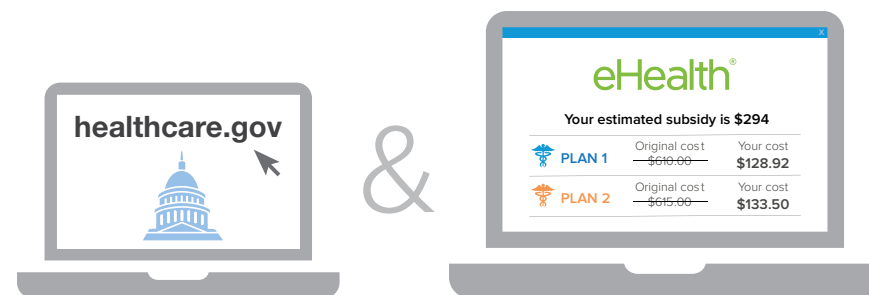
LEARN ABOUT WHERE TO BUY HEALTH INSURANCE FOR 2014

As mentioned above, if you're uninsured or buy your own health insurance, you may need to buy new coverage in 2014 that meets minimum coverage standards to avoid paying a penalty on your 2014 federal taxes.

A new **open enrollment period** when you can shop for these new plans is scheduled to begin in

Oct. 2013 and run through Mar. 2014

This open enrollment will be your first opportunity to research and compare new health insurance plans that meet federal standards for major medical health coverage.



health insurance exchanges
or marketplaces

private online marketplaces
like eHealth.com

STATE EXCHANGES AND LICENSED PRIVATE EXCHANGES

The ACA gives consumers more ways to purchase health insurance. In addition to buying from licensed agents or direct from the insurance company, you'll also be able to purchase certain kinds of plans through state-based **health insurance exchanges or marketplaces**. Some states are creating their own exchanges while the federal government is building exchanges for others.

In addition to state exchanges, **private online marketplaces like eHealth.com** will offer a broad range of plans from a number of different insurance companies to meet your individual needs. Depending on where you live, you may be able to purchase certain types of plans, using a subsidy, for 2014 through a private online marketplace licensed in your state, or through your state's government-run exchange.

Private marketplaces like eHealth.com may also offer other plans that meet Affordable Care Act standards, but that cannot be bought with a subsidy and will not be available on a state exchanges.

WHAT TYPES OF REFORMED HEALTH INSURANCE PLANS WILL BE AVAILABLE IN 2014?

Major Medical Plans

Qualified Health Plans (QHPs) – – (eligible for purchase with a subsidy)

Under the Affordable Care Act (ACA), a plan that can be bought with a subsidy is a Qualified Health Plan (QHP). A QHP must cover 10 Essential Health Benefits (EHBs); provide a minimum actuarial value of 60% and be certified by an exchange.

Non-QHPs With Essential Health Benefits – (cannot be purchased with a subsidy)

Under the ACA, all major medical health plans will cover 10 EHBs and a minimum 60% actuarial value. But, you do not have to buy a QHP. Other plans – these non-QHPs – will be another option for consumers who do not qualify for, or want, to use a subsidy.

Catastrophic Health Insurance Plans – Catastrophic plans for people under age 30 will also be available. These exempt those who qualify to purchase them from the tax penalty but provide fewer benefits.

Supplemental Plans – Many consumers want benefits beyond what's provided in a major medical health insurance plan. Benefits like life, dental, vision, critical illness, and accident insurance are a popular part of benefits packages offered by employers and will be available for individuals on private exchanges. Some government exchanges may offer some of these products as well.

Gap Insurance – The ACA allows people to be uninsured for up to 3 months without being subject to a tax penalty. The ACA also creates new enrollment periods when a person can enroll in major medical insurance. Outside of an enrollment period, people may have to wait to get coverage. Gap insurance products like short-term medical insurance may be helpful if you need limited coverage outside of the enrollment window.

WHERE CAN YOU BUY THESE DIFFERENT TYPES OF PLANS?



Types of Plans	Government Exchanges	Private Exchanges Like eHealth
Qualified Health Plans	Yes	Yes
Non-QHPs with Essential Health Benefits	Yes	Yes
Catastrophic Health Insurance Plans	Yes	Yes
Supplemental Insurance	Possibly	Yes
Gap Insurance	Possibly	Yes

FAQ About the Plans	Qualified Health Plans (QHPs)	Non-QHPs with Essential Health Benefits Plans
1. When can my coverage start?	No sooner than Jan. 1, 2014	No sooner than Jan. 1, 2014
2. Will I be subject to a tax penalty in 2014?	No*	No*
3. Can I buy it on a state exchange?	Yes	No
4. Will it cover ACA-mandated benefits?	Yes	Yes
5. Can my application be declined because I have a pre-existing medical condition?	No	No
6. Eligible for purchase with a government subsidy?	Yes	No
7. What types of plans are available?	47% HMO**	95% PPO***

* Assumes you do not have a lapse in minimum essential coverage of three or more consecutive months in a year.

** McKinsey & Company analysis of 955 consumer exchange plan filings (source WSJ)

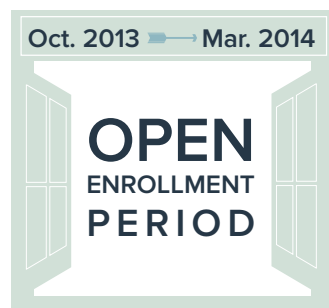
*** eHealth, Inc.'s 2012 Cost and Benefits Report

STEP

5

KNOW WHEN YOU CAN BUY COVERAGE FOR 2014, AND WHEN YOU CAN'T

Though no one can be turned down for health insurance in 2014 based on personal medical history of a pre-existing condition, people who buy coverage on their own will need to enroll during **an open enrollment period** or when they've experienced a **"qualifying event."**



OR



OPEN ENROLLMENT

In its first year, the new ACA open enrollment period is scheduled to begin in October 2013 and run through March 2014. During this time you cannot be turned down for coverage under new reformed health insurance plans, though your coverage under a reformed plan can begin no sooner than January 1, 2014. Open enrollment for 2015 will be substantially shorter. But it's important to note that individual states and individual insurers may choose to have their own open enrollment periods at different times throughout the year.

QUALIFYING EVENTS FOR SPECIAL ENROLLMENT PERIODS

Outside of open enrollment in 2014 it may be more difficult to enroll in a health insurance plan – and without coverage you could face tax penalties, not to mention large medical bills, if you get sick or injured. However, an exception occurs when you experience a **qualifying life event**. A qualifying event may trigger a "special enrollment period" for you. Here are a few examples of qualifying events:

Loss of essential health coverage – If you lose, or have one of your dependents lose health coverage that meets minimum government standards.

Change of family structure – If you gain a dependent or become a dependent because of a marriage, death in the family, birth or adoption of a child.

Change of citizenship status – If you become a U.S. citizen, national, or gain lawful status in the U.S.

Government error – If you lose, change or enroll in coverage because of an error committed by an officer, employee or agent of the Exchange or the Department of Health and Human Services as determined by the Exchange.

Change in subsidy eligibility – If you are determined newly eligible or newly ineligible for subsidies (advance payments of the premium tax credit or cost sharing reductions).

Move to a new coverage area – If you permanently move to a new area and gain access to new qualified health plans.

CONCLUSION

We hope you learned something about health reform with our Five Steps to Understanding Obamacare Workbook. Please feel free to share it with friends or relatives and when you're ready to explore your health insurance options and enroll in coverage, visit us at **eHealth.com!**



eHealth is the nation's first and largest health insurance marketplace for individuals, families and small businesses. Through our online marketplace, **eHealthInsurance.com**, we can help you research, compare and enroll in the nation's largest selection of individual and family health insurance products. Our customer care center is staffed with licensed health insurance agents and knowledgeable representatives, ready to assist you.

Individuals & Families:

1-800-977-8860

Mon - Fri, 5am-9pm PST.

Sat - Sun, 7am- 4pm PST.
(excluding holidays)

Small Businesses:

877-456-6670

Mon - Fri, 9am-7pm EST.

Medicare:

1-800-299-3116

(TTY User: 711)

Mon - Fri, 8am - 8pm ET
Sat, 9am - 6pm ET

Authors:

Nate Purpura, Doug Dalrymple,
Carrie McLean, Amir Mostafaie

Designed by Jodie Li

