TO UNDERSTANDING THE AFFORDABLE CARE ACT

eHealth®

STEPS TO UNDERSTANDING
THE AFFORDABLE CARE ACT (ACA)

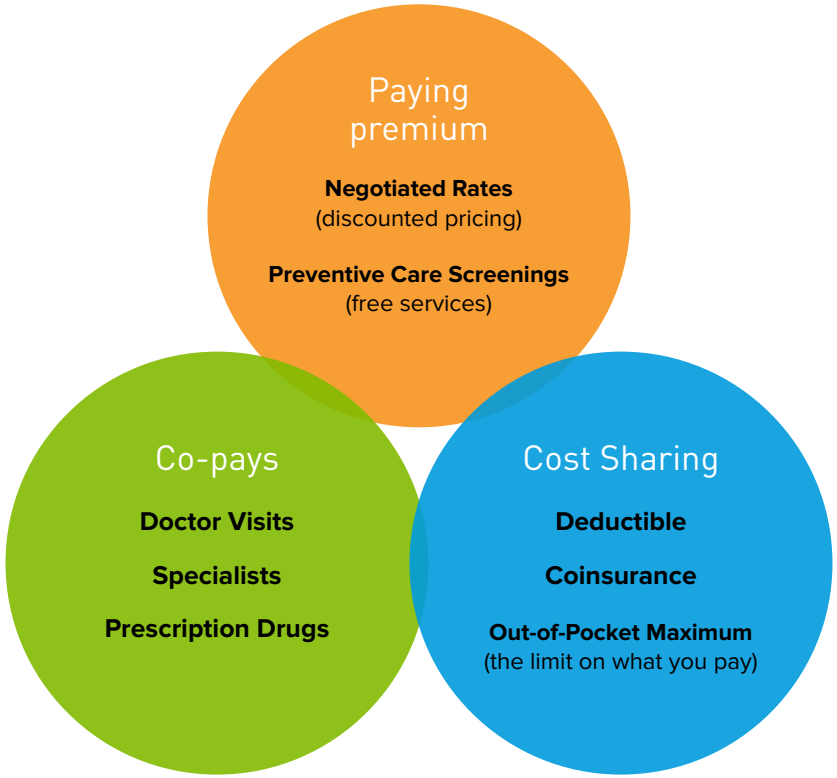
Want to know more about the health reform law and what it means for people without employer-based health insurance? The Affordable Care Act (ACA) is a complex piece of legislation but we've compiled this workbook to help you understand the basics. We'll walk you through it all in three steps.

What's Inside

STEP 1

Understand What You're Buying

The three pillars of a health insurance plan



What do you get for paying monthly premiums?

Negotiated Rates: It's not unheard of for hospitals to charge $1.50 for one Tylenol (an entire bottle costs $1.49 on Amazon.com); or $1,200 an hour for a nurse's services. When you have health insurance, your insurance company has negotiated prices between hospitals, doctors and insurance companies and can typically lower the initial bill anywhere from 20%-50%. (Statistic courtesy of Bills.com)

Preventive Care Screenings: All new major medical heath plans provide certain specific screenings and benefits with no out-of-pocket costs, like dietary counseling and screenings for weight management, tobacco and alcohol screenings, counseling and help quitting, and recommended mental health and illness prevention tests and screenings -- to name a few.

Co-pays

Co-pays are not available on every plan, but in most areas you'll have plans that include them as an option.

What's a co-pay?: A co-pay is a flat rate you'll pay for a specific service. Once the co-pay is paid, an insurance company usually handles the remainder of the covered medical expenses.

How does a co-pay work?: In 2015, the average cost of doctor's office visit for a new patient without insurance was $160, according to John Hopkins Bloomberg School of Public Health. If your medical plan includes $25 doctor visit co-pays, you'll be responsible for the $25 co-pay and the insurance company would pay the rest.

[illegible]

Deductible: The first and usually the most critical item you want to look at when shopping for a health plan is the deductible. A deductible is the amount of money that you must pay before the insurance company will start to assist with your medical bill.

Coinsurance: Some plans have coinsurance, a cost-sharing requirement you're responsible for once your deductible has been met. It's usually defined as a percentage of the covered cost of your medical expenses. The insurance company pays the remaining percentage of the covered medical expenses.

Out-of-Pocket Maximum: For 2017, the Affordable Care Act limits out-of-pocket maximums to $7,150 for individual coverage and $14,300 for family coverage. Therefore, once a deductible is met, an individual is only responsible for the coinsurance percentage until the out-of-pocket maximum is reached.

Here is an example of how insurance cost-sharing works:

Let's assume you have health plan with a $1,000 deductible, 20% coinsurance, and a $6,000 out-of-pocket maximum.

$1,000
Deductible

1 Deductible

If you incur a $50,000 medical bill, you will first need to pay your $1,000 deductible. That would leave you with $5,000 left before you reach your $6,000 out-of-pocket maximum.

20%
Coinsurance

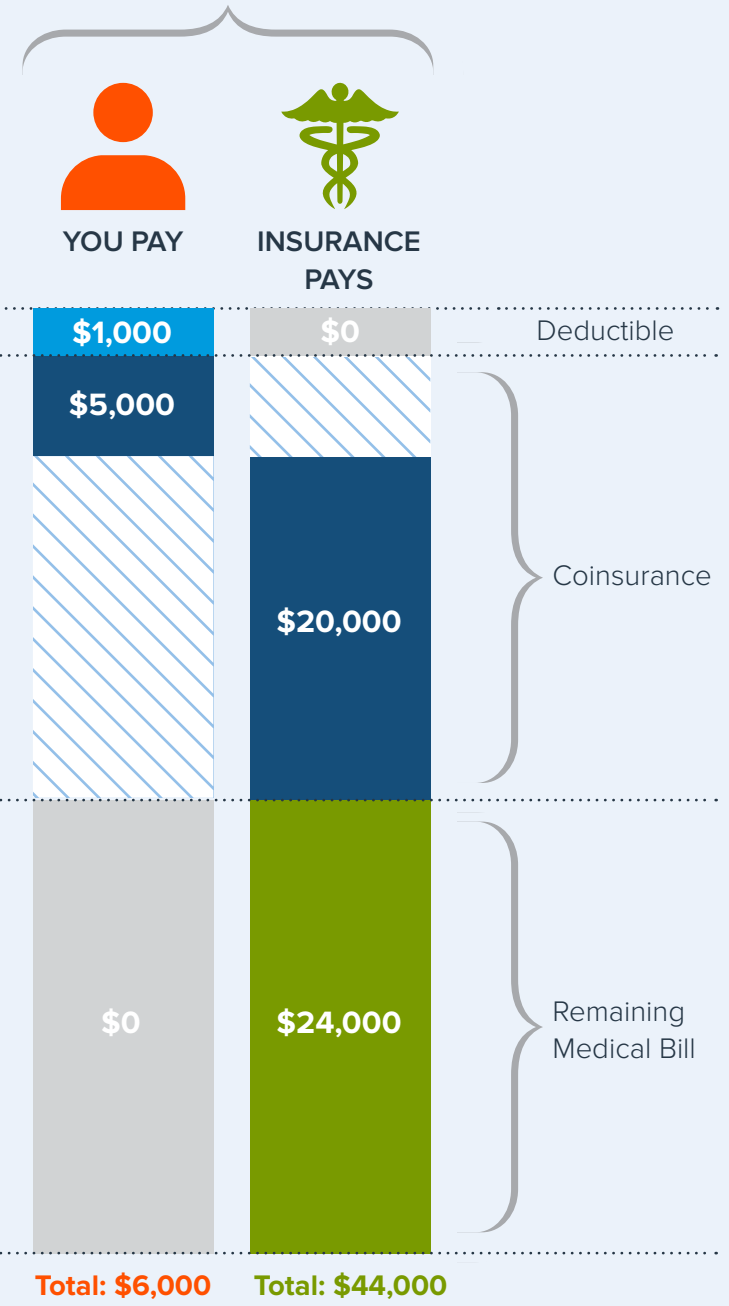
2 Coinsurance

With 20% coinsurance, you would pay $1,000 for every $4,000 paid by your insurance company. That means, for the next $25,000 in covered medical expenses you would pay $5,000 and your insurer would pay $20,000.

$6,000
Out-of-Pocket Maximum

3 Out-of-Pocket Maximum

Once you've paid your $1,000 deductible and $5,000 in coinsurance, you've reached your $6,000 out of pocket maximum. Altogether, with this $50,000 medical bill, you will have paid $6,000 and your insurer will have paid the remaining $44,000.



What's covered by Major Medical Health Insurance plans and "Qualified Health Plans" (QHPs):

What do you need to know?

The Affordable Care Act (ACA) requires each plan to cover **" 10 Essential Health Benefits" (EHBs)** and have a "metallic" benefit level starting at a minimum of 60% of their "actuarial value" or average annual costs, per person. Catastrophic plans for people under 30 with fewer benefits will also be available.

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

Copays and deductibles may apply to certain services.

The law also limits out-of-pocket costs, deductibles and other forms of cost-sharing, based, in part, on your household income.

What's covered?

The Affordable Care Act requires all major medical health insurance plans to provide coverage for these "10 Essential Health Benefits."

ACA 10 Essential Health Benefits
Laboratory Services
Emergency Services
Prescription Drugs
Mental Health & Substance Use Disorder Services
Maternity & Newborn Care
Pediatric Services, Inlcluding Oral & Vision Care
Rehabilitative & Habilitative Services & Devices
Ambulatory Patient Services
Preventive & Wellness Services & Chronic Disease Management
Hospitalization

How much coverage is provided?

All of the new reformed plans will have a "metallic" benefit level designed to allow consumers to make more informed decisions when comparing plans.

These metallic benefit levels start with a minimum benefit level 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."*

If your plan has a 60% actuarial value your insurer would pay an average of 60% of all of the covered medical costs on that plan and you would be responsible for 40% of covered medical costs, until you reach your plan's cost-sharing or "out-of-pocket" limit.

These are the metallic designations:

Catastrophic	Bronze	Silver	Gold	Platinum
actuarial value	actuarial value	actuarial value	actuarial value	actuarial value
60%	**60%**	**70%**	**80%**	**90%**

How does cost-sharing work?

The law also limits out-of-pocket costs like coinsurance, co-pays and deductibles. If your income is below 400% of the Federal Poverty Level (FPL), the ACA places tighter restrictions on your cost-sharing and uses additional subsidies to cap your out-of-pocket costs.

The ACA restricts the out-of-pocket limit on all plan's to the amount allowed for health plans with Health Savings Accounts (HSAs): $7,150 for an individual and $14,300 for a family in 2017.

These numbers may seem high, but if your income is at or below 251% of FPL then your out-of-pocket liability is capped. Cost-sharing that exceeds the limits set for your household income may be subsidized at the levels outlined in this chart:

2016 Federal Poverty Level Income*	Reduction in Out-of-Pocket Liability*
138 - 200% FPL	**Reduced to approximately:**
Individual Income: $16,394 to $23,760	Max Out-of-Pocket: $2,437
Family of Four Income: $33,543 to $48,600	Max Out-of-Pocket: $4,875
200 - 250% FPL	**Reduced to approximately:**
Individual Income: $23,760 to $29,700	Max Out-of-Pocket: $5,904
Family of Four Income: $48,600 to $60,750	Max Out-of-Pocket: $11,809
Over 250% FPL	**No cost-sharing reduction**
Individual Income: $29,700 +	Max Out-of-Pocket: $7,150
Family of Four Income: $60,750 +	Max Out-of-Pocket: $14,300

*This table uses 2016 FPL income levels.

These reductions in out-of-pocket liability will be achieved in new plans through a variety of cost-sharing methods, including co-pays, deductibles, and coinsurance.

What types of health insurance plans can you buy?

Major Medical Plans
plans not eligible for subsidies

Qualified Health Plans

Catastrophic Plans

Supplemental Plans

Gap (Short-Term) Plans

Plans that help you **avoid the tax penalty**

Under the ACA, people who do not qualify for or want a subsidy, but who want to avoid the tax penalty, can buy major medical health plans that meet ACA coverage standards on or off of government-run state exchanges.

Qualified Health Plans (QHPs) are major medical health insurance plans that are eligible for purchase with an Obamacare subsidy.

People who qualify for and want to use a subsidy to pay for a QHP will be able to research QHP plan data on some private exchanges and enroll in a plan if the private exchange meets the requirements for offering QHP plans. In some states it is anticipated that you'll be able to do this online, while in others a person may have to help you enroll offline. You can also purchase a QHP through your state's government-run health insurance exchange or marketplace.

Catastrophic plans for people under age 30 are also available. These plans cannot be purchased with a subsidy. Those who buy a catastrophic plan will not have to pay tax penalties for being uninsured but their plans provide the bare minimum benefits allowed under the law.

Plans that **fill gaps** in coverage

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.

- **Life Insurance**
- **Dental Insurance**
- **Vision Insurance**
- **Critical Illness Insurance**
- **Accident 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.

What should you KNOW about these different types of products?

	Major Medical Plans	Qualified Health Plans	Catastrophic Plans	Supplemental Plans	Gap (Short-Term) Plans
1. When can coverage start?	Usually within 45 days	Usually within 45 days	Usually within 45 days	Usually within 2 weeks	Usually within 2 weeks
2. Will I be subject to a tax penalty in 2016?	No	No	No	Yes*	Yes
3. Can I buy it on a state exchange?	No	Yes	Yes	In some states	Typically no
4. Can my application be declined for pre-existing conditions?	No	No	No	Yes	Yes
5. Will it cover ACA mandated benefits?	Yes	Yes	Yes	No	No
6. Can it be purchased with a government subsidy?	No	Yes	No	No	No

* In some states a person cannot enroll in certain types of supplemental plans without certifying that they're already enrolled in a major medical health insurance plan or a qualified health plan.

If you like your plan, can you keep it?

You may have major medical health insurance today, but do you know if it needs to change in 2017?

When the Affordable Care Act (ACA) was signed into law, it effectively created

3 **classes of individually-purchased major medical health insurance plans:**

1. Grandfathered Plans:

Health insurance plans that were in effect before March 23, 2010 - when the ACA was signed into law. If you have one of these, you have a grandfathered plan. These plans do not have to meet all the requirements of the law (unless the plan's coverage has changed significantly since you purchased it).

2. Non-grandfathered Plans:

If you bought major medical health insurance after March 23, 2010, with coverage in effect before January 1, 2014 you have a non-grandfathered plan. You bought this plan 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, 2015, 2016 or 2017.

3. New Plans:

If you bought an individual or family health insurance with an effective coverage date of January 1, 2014 or later, your plan meets all of the mandatory benefits required by ACA.

Here's how the three types of plans differ:

Mandated Plan Benefits	Grand-fathered Plans	Non-grand-fathered Plans	New Plans
Access to Lost Coverage Due to Exceeded Limits: Those who lost coverage after exceeding a policy's lifetime limit may re-enroll in the same plan or one comparable.	✓	NA	NA
Lifetime Coverage Limits: No lifetime dollar limits on essential benefits.	✓	✓	✓
Rescission Protection: Insurers cannot rescind coverage unless intentional fraud is committed.	✓	✓	✓
Rescission Appeals: If insurers try to rescind coverage, customers have thirty days to appeal.	✓	✓	✓
Children up to age 25: Adults under 26 may rejoin a parent's plan under certain circumstances.	✓	✓	✓
No Annual Coverage Limits: Annual dollar limits on coverage go away.	✗	✓	✓
No Cost-sharing for Preventive Services: Insurers are required to cover certain preventive medical services without cost-sharing.	✗	✓	✓
Community Rating: Plans are no longer priced individually, based on a person's health.	✗	✗	✓
Guaranteed Issue: An individual's application for insurance can't be declined because of a pre-existing medical condition.	✗	✗	✓
Essential Health Benefits: Each plan must cover health benefits in ten categories deemed to be essential.	✗	✗	✓
Actuarial Values: Plans cover at least 60% of the total average annual costs an insurer expects to incur per customer.	✗	✗	✓

Required: ✓ Not Required: ✗

STEP 2

How Can You Buy Health Insurance?

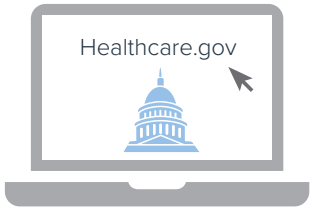
Enrollment

If you're uninsured or buy your own health insurance, the Affordable Care Act (ACA) gives you multiple ways to buy coverage that meets the minimum coverage standards of the law.

The chart below show you what types of plans you can purchase through licensed private exchanges like eHealth versus through government exchanges:

Option 1 Enrollment through licensed private channels:

Under the ACA, consumers can buy health insurance from licensed agents, online or off, or direct from insurance companies. Private enrollment channels are typically staffed with licensed health insurance agents.



Option 2 Enrollment through government exchanges:

Under the ACA, consumers also have the option to purchase certain kinds of health insurance through government run "exchanges" or marketplaces. Some states have created their own exchanges while others use the federal government's exchange. Exchanges are typically staffed with "Navigators."

	Major Medical Plans	Qualified Health Plans	Catastrophic Plans	Supplemental Plans	Gap (Short-Term) Plans
Option 1	✓ Yes	✓ Yes, in some cases	✓ Yes	✓ Yes	✓ Yes
Option 2	✗ No	✓ Yes	✓ Yes	Possibly	Possibly

How do the licensed agents stack up to navigators?

LICENSED AGENTS	VS.	EXCHANGE NAVIGATORS
No	Cost you money to use one?	No
Yes (in ceratin cases)	Help you apply for a subsidy?	Yes
Yes (in ceratin cases)	Help you understand plans on a government exchange?	Yes
Yes	Help you understand plans NOT on a government exchange?	No
Yes	Recommend a plan based on your individual needs?	No
Yes	Act as your advocate if you have a problem with your insurance company?	No
Yes	Required to be licensed in your state?	No (Some states require licensing)
Yes In some states (All eHealth agents undergo background checks)	Undergone criminal background checks?	No
Yes	Passed strict insurance licensing exams?	No

Payment

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. And, if you're 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.

Qualifying for Subsidies

The Affordable Care Act determines whether or not you're eligible for subsidies based on the following criteria:

1.

You live in the United States of America

2.

You're a U.S. citizen, U.S. national or otherwise lawfully present in the United States.

3.

You're not incarcerated

4.

Your combined total household income is between 133% and 400% of the Federal Poverty Level (FPL). People with incomes below 133% of FPL will qualify for Medicaid in most states.

Income Requirements for the Affordable Care Act

Household Size	2016 Annual Income Above the Federal Poverty Level (FPL)					
	100% FPL	138% FPL	150% FPL	200% FPL	300% FPL	400% FPL
1	$11,880	$16,394	$17,820	$23,760	$35,640	$47,520
2	$16,020	$22,107	$24,030	$32,040	$48,060	$64,080
3	$20,160	$27,820	$30,240	$40,320	$60,480	$80,640
4	$24,300	$33,534	$36,450	$48,600	$72,900	$97,200

This table breaks out income levels below 400% of the Federal Poverty Level (FPL).

How Subsidies Work

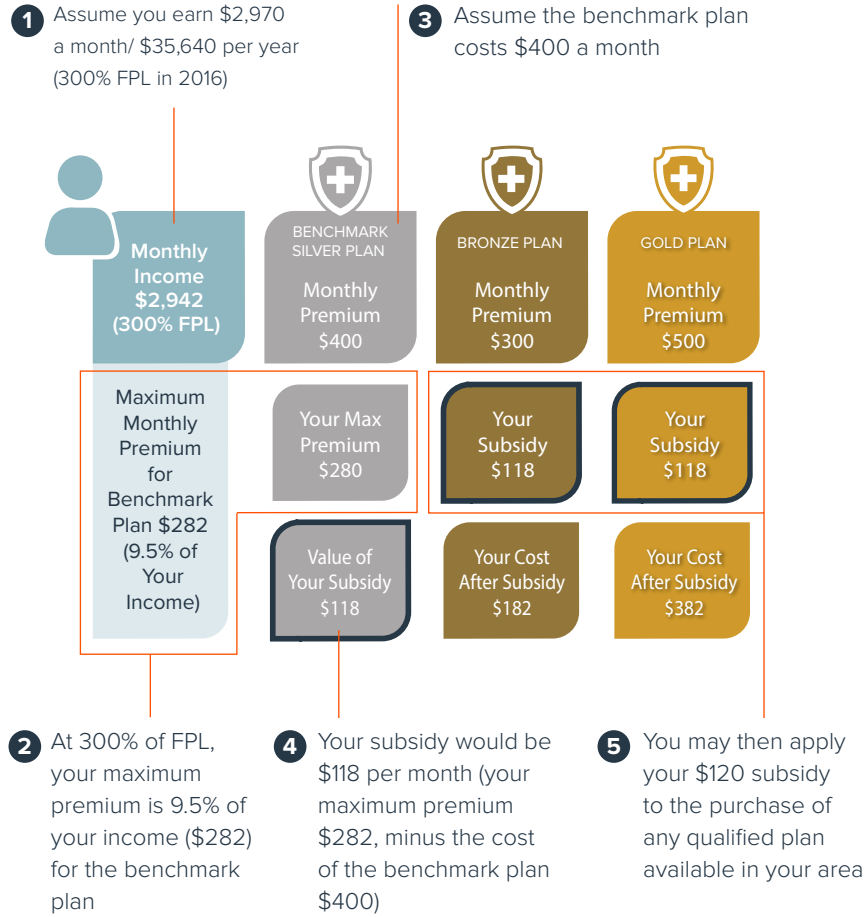
The subsidies (also called Premium Tax Credits) work on a sliding scale that limits your spending on monthly health insurance premiums to a fixed percentage of your annual income if you buy the "benchmark plan," which is the second least expensive plan available in your area.

If that benchmark plan costs more than the fixed percentage of your estimated annual income, you can get a subsidy in the amount of the difference. You may then use that subsidy when you buy a "qualified health plan" (QHP).

Here is the equation that helps you determine your subsidy amount:

1. How much does the "benchmark" plan (the second least expensive "silver-level" plan) cost?
2. Does that benchmark plan cost more than 3% to 9.5% of your modified adjusted gross income (MAGI)?
3. If the benchmark plan costs more than that 3% to 9.5% of your MAGI, the amount over is equal to your subsidy.

How to determine your subsidy amount



Subsidy Amount:

Subsidy amount is based on your household size and income. This table breaks down how the subsidy would be applied based on your modified adjusted gross income (MAGI) relative to the 2016 federal poverty level.

Household Size	Yearly Income (MAGI)	Monthly Income	Cost of "Benchmark Plan"	Limit on Your Monthly Premium for Benchmark Plan	Amount of Your Subsidy
Single Adult 	138% of FPL **$16,394**	**$1,366**	**$400**	**$41** (3% of income)	**$359** ($400-$41=$359)
	150% **$17,820**	**$1,485**	**$400**	**$59** (4% of income)	**$341** ($400-$59=$341)
	200% **$23,760**	**$1,980**	**$400**	**$159** (8.05% of income)	**$241** ($400-$159=$241)
	300% **$35,640**	**$2,970**	**$400**	**$282** (9.5% of income)	**$118** ($400-$282=$118)
	400% **$47,520**	**$3,960**	**$400**	**$376** (9.5% of income)	**$24** ($400-$376=$24)

Tax Penalties

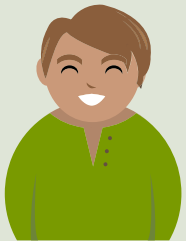
If you don't have major medical health insurance that meets minimum Federal standards for more than three months in a row, you may incur a tax penalty. You'd pay that penalty when you file your income taxes in 2016.

Tax penalties are pro-rated by the number of months your uninsured.

For 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. For the purposes of this table, we've used three times the minimum penalty as the maximum.

This table breaks down how the penalty would be applied for 2016:

Household Size	2016 Annual Income as a Percentage of the Federal Proverty Level (FPL)				
	133% FPL	250% FPL	300% FPL	400% FPL	Above 400%
Yearly Penalty	$15,521 (-$10,150) = $5,371	$29,175 (-$10,150)=$19,025	$35,010 (-$10,150) = $24,860	$46,680 (-$10,150) = $36,530	$46,681+
Single Adult  Minimum: **$695 per adult, $347.50 per child.**	**2.5% = $134.27** You pay = Minimum $695	**2.5% = $475.64** You pay = Minimum $695	**2.5% = $621.50** You pay = Minimum $695	**2.5% = $913.25**	Up to **$4,045** [2]

1 (As published by the IRS: http://www.irs.gov/uac/ACA-Individual-Shared-Responsibility-Provision-Calculating-the-Payment)

2 (As projected by the Tax Policy Center: http://taxpolicycenter.org/taxfacts/acacalculator.cfm)

STEP 3

Know When You Can Buy Coverage for 2017, and When You Can't

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

Open Enrollment Period

In 2017 the open enrollment period is scheduled to begin on November 1, 2017 and run through December 15, 2017. During open enrollment your application for health insurance cannot be turned down.

Qualifying Life Events and Special Enrollment Periods

Under the Affordable Care Act (ACA), you typically cannot get major medical health coverage without a qualifying life event. A qualifying life event triggers a **60 day** "special enrollment period" that will allow you to apply for a plan and guarantee your application is approved.

11/1/2017 through **12/15/2017**

Anyone can apply.

Here are a few examples of Qualifying Life Events (QLEs):

Loss of essential health coverage:
If you or a dependent lose health coverage that meets government standards.

Change of family structure:
If you get married, divorced, have or adopt a child, or have a death in the family.

Change of citizenship status:
If you become a U.S. citizen or national.

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 become eligible or lose eligibility 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.

Conclusion

We hope you learned something about health reform with our Three Steps to Understanding The Affordable Care Act 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®

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:
1-877-456-6670
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