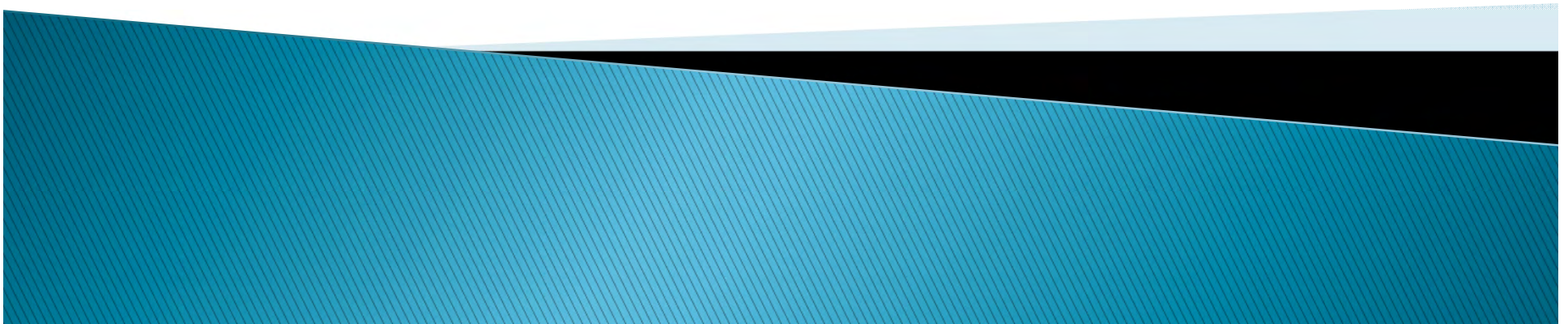


# Patient Protection and Affordable Care Act (PPACA)

Wisconsin Office of the Commissioner of Insurance  
Wisconsin Department of Health Services  
September 2013



**What PPACA market reforms are  
in place today?**



# 2010 PPACA Insurance Market Reforms

## Effective September 23, 2010

- ▶ No lifetime dollar limits on coverage/limitations on annual dollar limits
- ▶ Dependent coverage to age 26
  - WI law in place prior to PPACA
- ▶ Coverage of preventive services without cost sharing
  - Most WI insurers had in place prior to PPACA
- ▶ Insurers are limited in the amount of administrative expenses they can fund with premium dollars
- ▶ No preexisting condition exclusions for children under age 19



**What PPACA health insurance  
market reforms are coming in  
2014?**



# 2014 PPACA Market Reforms (Effective January 1<sup>st</sup>)

## Guaranteed Issue

- ▶ Insurers must sell a health insurance policy to any person who applies for coverage except in cases of fraud.
- ▶ Individuals cannot be denied a policy due to a preexisting health condition.
- ▶ Insurers cannot exclude or limit coverage for a preexisting condition.
- ▶ The Health Insurance Risk-Sharing Plan (HIRSP) currently provides coverage to individuals who cannot obtain health insurance.
- ▶ HIRSP ends December 31, 2013, because all consumers, regardless of their health, have access to coverage in the private market.



# 2014 PPACA Market Reforms (Effective January 1<sup>st</sup>)

Individual and small group plans must cover essential health benefits (EHBs).

Ambulatory patient services	Prescription drugs
Emergency services	Rehabilitative and habilitative services and devices
Hospitalization	Laboratory services
Maternity and newborn care	Preventive and wellness services and chronic disease management
Mental health and substance use disorder services, including behavioral health treatment	Pediatric services, including oral and vision care



# 2014 PPACA Market Reforms (Effective January 1<sup>st</sup>)

Insurers in the individual and small group markets may only take the following into account when pricing their products:

- ▶ Individual or family coverage;
- ▶ The area of the state the policy is sold;
- ▶ Age; and
- ▶ Tobacco Use



# 2014 PPACA Market Reforms (Effective January 1<sup>st</sup>)

## Limited Access to Catastrophic Plans

- ▶ What is catastrophic coverage?
  - Plans with high deductibles and lower premiums.
  - Includes coverage of 3 primary care visits and preventive services with no out-of-pocket costs.
- ▶ Who is eligible?
  - Young adults under 30 years of age.
  - Those who obtain a hardship waiver from the federal exchange.





# 2014 PPACA Market Reforms (Effective January 1<sup>st</sup>)

Individual and small group plans will be categorized into 1 of 4 different metal tiers.

The tiers represent the average portion of expected costs a plan will cover for an average population.

Bronze	60%
Silver	70%
Gold	80%
Platinum	90%



# 2014 PPACA Market Reforms (Effective January 1<sup>st</sup>)

All plans will limit in-network, out-of-pocket expenses to \$6,350 for self only coverage and \$12,700 for family coverage.

- ▶ Out-of-network services do not count toward these limits.
- ▶ For 2014, out-of-pocket expenses tied to prescription drugs will not count toward these out-of-pocket maximums if the prescription drug plan is separate from the medical plan.



# 2014 PPACA Market Reforms (Effective January 1<sup>st</sup>)

Generally, plans in the small group market cannot have deductibles that exceed \$2,000 for individual coverage or \$4,000 for family coverage.

- ▶ A small group plan may exceed those limits if, for example, an employer's contribution to a health savings account is available to offset increases in excess of the \$2,000/\$4,000 limits.



**What are the impacts of these changes on plans and consumers?**



# Impact of 2014 Market Reforms

Health insurance premiums will increase, on average, for the majority of people.

Many consumers in the individual market will be required to “buy up.”

Younger, healthier people will pay more and older individuals with greater health care needs will pay less.



# Impact of 2014 Market Reforms

Few opportunities for consumers to keep their current health insurance plans.

- ▶ Insurers selling in certain areas of the state today will change their service areas in 2014, meaning their plans will not be available in the same areas of the state as they are today.



# Impact of 2014 Market Reforms

Most consumers in the individual market will have one opportunity a year to purchase coverage, unless a special enrollment period is triggered.

- ▶ The initial open enrollment period begins on October 1, 2013, and ends March 31, 2014.
- ▶ Open enrollment is defined as the time when you can sign up for coverage, not when it is effective.
- ▶ If you want coverage effective on January 1, 2014, you must purchase health insurance by December 15, 2013.
- ▶ If you wait until you are sick to purchase coverage and the open enrollment period has ended, you will not be able to purchase a plan until open enrollment in the fall.



# Impact of 2014 Market Reforms

Employers continue to be able to purchase health insurance at anytime during the year.

- ▶ Employers unable to meet contribution or participation requirements may need to wait to purchase coverage until a special enrollment period is available from November 15<sup>th</sup> through December 15<sup>th</sup>.





**Is there a requirement to  
purchase health insurance?**



# Individual Mandate

Beginning January 1, 2014, federal law requires most individuals to have health insurance or pay a penalty.

- ▶ Those who do not have health insurance coverage, or fit within an exemption, will pay a federal tax penalty beginning in 2014.



# Individual Mandate: Penalties

Year	Penalty
2014	Greater of \$95 per adult, or 1% of taxable income.
2015	Greater of \$325 per adult, or 2% of taxable income.
2016	Greater of \$695 per adult, or 2.5% of taxable income.
Post 2016	Penalty increases annually based on a cost-of-living adjustment.



**Are employers required to offer  
health insurance to their  
employees?**



# Employers: Offering Coverage to Full-Time Employees

If an employer offers coverage to its full-time employees, it must offer coverage to employees working at least 30 hours per week or face a penalty of \$100 per day per member.



# Employers: Fewer than 50 Employees

Employers with fewer than 50 full-time equivalent employees are not required to offer health insurance coverage to their employees.



# Employer Shared Responsibility Mandate: Delayed

**PPACA creates Employer Shared Responsibility requirements effective January 1, 2014.**

**The federal government delayed the requirements and associated penalties, without statutory authority, until 2015.**



# Employers: Shared Responsibility Mandate

In 2015, federal law requires employers with 50 or more employees who work the equivalent of 30 or more hours per week to offer affordable health insurance.

## Penalty:

- ▶ Employers who do not offer their employees health insurance coverage face a penalty of \$2,000 per employee (the employer can exempt the first 30 employees).





# Employers Shared Responsibility Mandate

In 2015, employers with 50 or more employees who offer coverage to their employees must offer affordable coverage.

## Penalty:

- ▶ Employers offering coverage that is not affordable face a penalty of \$3,000 for each employee accessing subsidized coverage through the exchange.
- ▶ The total penalty for not offering affordable coverage cannot exceed the penalty for not offering insurance coverage at all.



**Is there a notice employers are  
required to send employees  
about PPACA?**



# Employer Notice

Federal law requires all employers subject to the Fair Labor Standards Act to provide a notice to employees about PPACA by October 1, 2013.

The federal Department of Labor has released model notices on their Web site.

<http://www.dol.gov/ebsa/pdf/FLSAwithoutplans.pdf>

<http://www.dol.gov/ebsa/pdf/FLSAwithplans.pdf>



**What is the federal exchange?**



# Federal Exchange: A Web site

The federal exchange is a federal Web site that will allow consumers to:

- ▶ Check their eligibility for government assistance programs, including subsidies and premium tax credits available to help pay for private health insurance;
- ▶ Compare individual and small group health insurance plans; and
- ▶ Link consumers to insurers for the purchase of health insurance after they choose a plan they are interested in

The initial and annual enrollment periods are the same for the federal exchange as they are for the outside market (off exchange).



# Federal Exchange: On vs. Off Exchange

Throughout this presentation, reference to “on exchange” means plans available for purchase through the federal exchange.

Reference to “off exchange” refers to the private health insurance market offering plans outside of the federal exchange that individuals or employers can purchase.



# Federal Exchange: Not the Only Place to Purchase Coverage

Consumers have the right to purchase coverage either on exchange or from the market outside of the exchange (off exchange).

There are no penalties tied to where coverage is purchased.

Consumers are encouraged to research options off the exchange before committing to a purchase on the exchange.



# What is the federal Health Insurance Premium Tax Credit?





# Federal Health Insurance Premium Tax Credit (PTC)

The PTC is a public assistance provision in the law that artificially reduces the actual premium charged by insurers.

It does not reduce the premium. Rather, through tax dollars, it provides public assistance to offset the premium you will pay.

## Eligibility:

- ▶ Income between 100% and 400% of the Federal Poverty Level (FPL)
  - \$23,550 – \$94,200 for a family of four in 2013.
- ▶ Must purchase a Qualified Health Plan (QHP) on the exchange.
  - All plans offered on the exchange are QHPs.
- ▶ Must be ineligible for government-sponsored coverage or affordable employer-sponsored insurance.



# Federal Health Insurance Premium Tax Credits (PTC)

The PTC can be taken in advance or in the form of a refund at the end of the year.

If taking the tax credit in advance, there is a risk of having to re-pay any overpayments made to you.



# Federal Health Insurance Premium Tax Credits (PTC)

## Advanced PTC Example:

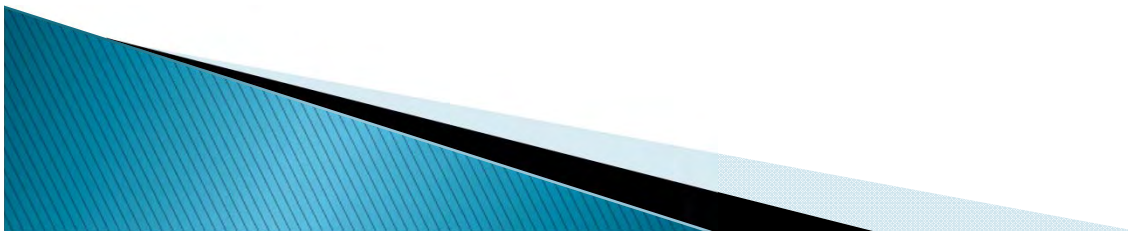
Monthly Premium	\$300
Monthly Tax Credit	<u>-240</u>
New Monthly Cost	\$ 60

## Refundable PTC Example:

Yearly Tax Credit	\$2,880	<i>(240 a month x 12)</i>
Tax Due	<u>- 900</u>	
IRS Refund	\$1,980	



# What are federal Cost-Sharing Subsidies?



# Federal Cost-Sharing Subsidies

Federal Cost-Sharing Subsidies are a form of public assistance that artificially reduce the actual cost-sharing charged by insurers.

The subsidies do not reduce the out-of-pocket expenses required by the plan. Rather, through tax dollars, they provide public assistance to offset your out-of-pocket expenses, such as deductibles, copays and coinsurance.

## Eligibility:

- ▶ Individuals must have income below 250% FPL; and
- ▶ Must purchase a silver level plan on exchange.



**What is the SHOP?**



# SHOP: Web site

Like the federal exchange available to individuals, the Small Business Health Options Program (SHOP) is a federal Web site that will allow employers and employees to compare health insurance plans.

- ▶ Employers with between 2 and 50 full-time employees are eligible to purchase coverage on the SHOP.



# SHOP

Nothing requires employers to purchase coverage on the SHOP and insurers are not required to sell on the SHOP.

Employers should compare plans on and off the SHOP.

Insurers must charge the same for similar plans whether they are sold on or off the SHOP.





# SHOP: Employer Choice

## Employer Choice:

- ▶ In 2014, a small employer choosing to purchase coverage on the SHOP will compare plans and choose a plan that meets their needs.
- ▶ The small employer will offer the plan to its employees, like it does today.



# SHOP: Employee Choice Delayed

## Employee Choice:

- ▶ PPACA requires an employee choice option for 2014, but the federal government has delayed its availability until 2015.
- ▶ Employee choice allows employees to compare and select a plan in the metal tier authorized by their employer.



# SHOP: Participation Rate/Definition of Small Employer

Employers interested in purchasing coverage on the SHOP will need to meet a 70% participation rate.

In 2016, the definition of small employer includes employers with over 50 employees but fewer than 100.



**Are the Small Business Health  
Care Tax Credits still available?**



# Small Business Tax Credit

Beginning in 2014, the small business health care tax credit available today is limited to employers purchasing coverage on the SHOP.

In 2014, the tax credit will increase from a maximum of 35% of an employer's qualified health expenses to a maximum of 50%.

- ▶ Employers with under 10 employees making less than \$25,000 a year will reap most of the benefit from these tax credits.
- ▶ Employers are only eligible for the tax credit for 2 years.



# Small Business Tax Credit

To qualify:

- ▶ The employer must have fewer than 25 full-time employees;
- ▶ The average annual wages of employees must be less than \$50,000; and
- ▶ The employer must pay at least half of the insurance premiums.



# What are Navigators and Certified Application Counselors?



# Navigators

## Navigators:

- ▶ Are funded by the federal government to help individuals apply for public assistance programs and compare health insurance plans sold on the exchange.
- ▶ They will also conduct consumer education and outreach activities.





# Navigators

## Navigators:

- ▶ Cannot legally provide advice to consumers about which health insurance plan to choose and are not permitted to sell insurance.
- ▶ Are to ensure consumers know there are plans available off exchange but are prohibited from helping consumers compare plans off exchange.
- ▶ Must be certified by the federal exchange and be licensed by the state.



# Navigators

Federal grants awarded to six WI organizations totaling approximately \$1.0 million.

- ▶ Partners for Community Development, Inc.
- ▶ Northwest WI Concentrated Employment Program, Inc.
- ▶ Legal Action of WI, Inc./SeniorLAW
- ▶ National Council of Urban Indian Health
- ▶ National Healthy Start Association
- ▶ R&B Receivables Management Corporation



# Certified Application Counselors (CACs)

## Certified Application Counselors:

- ▶ Help individuals apply for public assistance programs and compare health insurance plans sold on the exchange.
- ▶ Are not responsible for outreach and education activities.
- ▶ Are not federally funded.
- ▶ Will work in settings such as hospitals, local health departments, provider offices, etc.
- ▶ Must be affiliated with a CAC organization approved by the exchange and must be registered with the state.



# Navigators / CACs

If you have any doubt or question about whether the person you are working with is a licensed navigator or registered CAC or you know they are but question their conduct, you should contact OCI.

To verify a navigator license, visit:

<https://ociaccess.oci.wi.gov/ProducerInfo/PrdInfo.oci>

To inquire about a CAC or report concerns about navigator or CAC conduct, e-mail OCI at:

[ociagentlicensing@wisconsin.gov](mailto:ociagentlicensing@wisconsin.gov)



**Will health insurance agents  
still be available to help me?**



# Health Insurance Agents

Licensed health insurance agents will be available in 2014 to assist individuals and employers, like they do today.

- ▶ Unlike navigators and CACs, licensed agents are permitted to provide advice in helping individuals assess which health plan best suits their needs.



**What is OCI's role now that  
PPACA is in place?**



# OCI

OCI was created in 1871 to ensure that the insurance industry responsibly and adequately met the insurance needs of Wisconsin citizens.

Even after the passage of PPACA, OCI's mission remains the same and OCI continues to be the primary regulator of the insurance industry in Wisconsin.

Consumers should continue to view OCI as a resource on any issue related to the WI insurance market.





Questions?

