

Obamacare Is Nigh: You and the Exchange



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As you read this article, the Exchange portion of Health Care Reform is days around the corner. The law is formally the Patient Protection & Affordable Care Act (PPACA) and is referred to as Obamacare. The law requires each state to have a public Exchange, also referred to as a Marketplace. The Exchange is scheduled to be operational Oct. 1 for effective dates starting January 2014.

This means that you and every employer, individual and family will start to compare your current plans to what will soon be available. In very simple and high-level terms, here's what to expect.

Exchange Description

What is an Exchange? In Arizona, the public Exchange will be the www.HealthCare.gov website. This is a federally run insurance shopping website for individuals and families. Government tax subsidies will be included in the premium calculations for each individual and family based on personal income, family size and federal poverty levels. The subsidies are only if a person is not eligible for an employer-based group health plan or other subsidized coverage.

Private health insurance companies including Aetna, BlueCross, CIGNA, Health Net, Humana and UofA Healthcare, as well as newly created Meritus, will offer Exchange policies. Health insurance companies can continue to offer policies in Arizona and decide not to participate in the public exchange. UnitedHealthcare Golden Rule has elected to go this route. Exchange policies will be regulated to include 10 essential areas of health coverage, similar to what health insurance covers now. There will be bronze, silver, gold and platinum levels of coverage. The tax subsidy is based on the silver level. Rates and premiums and all other aspects of the Exchange are regulated.

Individuals & Families

Starting in 2014, Health Care Reform includes an individual mandate that everyone have health insurance or pay a tax penalty. Many people will continue to choose to be covered by their employers, the Veterans Administration, the Indian Health Services, Medicare, etc., and these will satisfy the mandate. Others will continue to be covered by Medicaid, called AHCCCS in Arizona. Millions of remaining people will shop on the Exchange to determine their premium and their tax subsidy, if any. With or without a subsidy they can purchase a policy on the Exchange if it improves their situation. Starting in October both insured and uninsured people will start evaluating what they will have under the Exchange.

Small Employer Groups

Employer groups with fewer than 50 employees will not be required to offer group health insurance. Many of these employers will start evaluating their situations in October. Should the group health plan be continued? Or are there better Exchange-oriented

options. In my opinion, these comparisons will result in a wide range of outcomes. Businesses with higher-income employees will be impacted the least.

In group insurance, the employer is required to pay at least 50 percent of the employee premium. Employer groups with lower-paid employees will see the exchange-based premium subsidies are significantly higher than 50 percent. If there is a group plan available to these employees, however, they will not be eligible for the subsidies. There are many who predict such employers will be tempted to terminate the group health plan. They can implement other benefits such as dental and disability that will attract and retain employees. They will leave health insurance to the Exchange.

Large Employer Groups

If you work for an established large employer that offers a good employee benefits package, there will likely be little difference for you in the months ahead. There may be an opportunity to save by moving dependent spouses to the Exchange instead of the group plan. This may or may not be with a tax subsidy. Your Human Resources department will continue to manage and communicate your health insurance and benefit options to you.

Larger employers (those with 50 or more employees) that don't offer benefits or have minimal health insurance plans won't be assessed a penalty until 2015 since the employer reporting portion of Health Care Reform has been delayed. However, these employers and their employees will start evaluating Exchange solutions. The various scenarios are many and complicated. Calculation models and templates exist to help these evaluations.

You and the Exchange

Everyone will ultimately be impacted by Health Care Reform, which is being implemented over many years. The public Exchanges are the heart of the program and are activating Oct. 1. "As the situation unfolds in this next period, both state and federal governments will be required to make short- and long-term adjustments," says Kathy Busby, independent health care consultant and lobbyist. "To navigate Health Care Reform, your best option may be to find a health insurance agent who is closely monitoring and evaluating the regulations and the implementation of the ACA. They will guide your decisions and help you implement the best solution." ■

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