



New York State Senator
District 28th

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Healthcare Update

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Dear Friend,

I know how confusing healthcare and insurance issues can be, and with reforms from the federal government's 2010 Affordable Care Act (ACA) rolling out, things may be even more complicated as we "kick the tires" on this new system. This newsletter is an effort to provide an overview of ACA benefits including New York's new Health Plan Marketplace and answers to some of the main questions my office has received.

The ACA requires states to set up their own health plan marketplaces or access a federal marketplace by 2014. As the marketplaces have opened, there have been some problems in New York, but much more significant problems with the federal marketplace, vindicating the wisdom of New York's decision to participate in the system and set up its own marketplace. Our marketplace, called New York State of Health, is working out the kinks a lot faster than its federal counterpart.

As of November 12th, over 48,000 New Yorkers had enrolled in health plans and 197,000 had completed applications since the October 1st launch. My office has received both positive feedback and calls with concerns. Some of the concerns have been about cancellation of existing insurance plans, technical problems with the website, difficulty making application appointments with health care navigators, and inadequate information provided by marketplace operators. Fortunately, most of the technical issues that initially plagued New York's website have been fixed, and an updated list of navigators was released. I will continue to work to make sure that the State Department of Health is made aware of these issues as they arise and that they are addressed.

I hope the early implementation problems do not discourage New Yorkers from getting insurance through the marketplace and accessing significant benefits. In many cases—particularly for the uninsured, the self-employed and small business owners—this is an opportunity to get quality healthcare at dramatically lower costs than what was formerly available. And applicants cannot be denied coverage on the basis of pre-existing conditions. Among many who have explored their options, feedback has been positive, with comments like: "my small business found a great option for itself and my workers are thrilled" and "my family is saving \$800 and getting better coverage!"

While a number of factors have contributed to the problems with the marketplaces, I believe one major factor is the complexity of the underlying legislation. The ACA is a bit of a Rube Goldberg contraption, in that it tries to address the need for universal healthcare without creating a single-payer system. I continue to believe that the long-term solution to healthcare reform is a universal single-payer system, which has proven to be successful in other countries both in terms of cost-control and access to care.

What is the Health Plan Marketplace?

The Marketplace, NY State of Health, is a new way for individuals, families, and small businesses to find quality health insurance. It can help if you don't have coverage now or if you have insurance, but want to look at other options under certain conditions. You can compare plans based on price, provider network, benefits, quality, and other features.

New York's Marketplace is run by the State Department of Health. The Marketplace offers private plans, though applicants will also be screened for free or low-cost public insurance through Medicaid and Child Health Plus (CHP).

Who Can Get a Marketplace Plan?

- You must live in New York;
- You must be a U.S. citizen, national or lawfully present immigrant (different immigration rules may apply if you are eligible for CHP or Medicaid based on your income); and
- You cannot be currently incarcerated.

When Can I Apply?

- **October 1, 2013 - March 31, 2014:** apply during this open enrollment period for a 2014 plan.
- **Special Enrollment Period:** apply other times of the year if you experience a qualifying event, such as loss of your current coverage, job loss, marriage or divorce. Voluntarily ending your plan or being terminated for not paying premiums doesn't qualify as losing your coverage.

When Does Coverage Start?

- **January 1, 2014:** Apply by December 23rd for coverage effective January 1st.
- **Apply by the 15th of any month** for coverage effective the 1st of the following month.

What Kind of Benefits Do the Plans Have?

Plans sold through the Marketplace (and most health plans sold outside of the Marketplace in the individual and small group markets) must provide a comprehensive package of services. Plans must include at least the ten following **essential health benefits**:

- 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

What Kind of Plans are Available?

The Marketplace offers "Qualified Health Plans." These are plans that have been certified by the Marketplace to provide comprehensive coverage, follow federal limits on premiums and out-of-pocket costs (i.e. expenses that you pay like deductibles, coinsurance, and copayments), and meet other requirements.

There are four categories of plans, called metal tiers: Bronze, Silver, Gold, and Platinum. You can pick a plan from several insurance companies within each category. All plans in the categories offer the same 10 essential health benefits. The categories do not reflect the quality or amount of care the plans provide. Rather, the categories are based on how you and the plan expect to share the costs of care. The category affects how much your monthly premium costs and what portion of the bill you pay out-of-pocket.

Bronze has the lowest premiums but higher out-of-pocket costs when you need care; Platinum has the highest premiums but lower out-of-pocket costs when you need care. If you expect to go to the doctor a lot or get regular prescriptions, you may want a Gold or Platinum plan. If you don't, you may prefer a Bronze or Silver plan. Be mindful that if you have an unexpected health problem, Bronze and Silver plans will require you to pay more of the costs.

In addition, people under 30 (and people with hardship exemptions) are eligible for a **Catastrophic Plan**. These plans

require you to pay all of your medical costs up to a certain amount, but offer protection from high medical bills in emergency situations. They have higher deductibles but lower premiums.



Source: Community Service Society

How Can I Find Out if My Doctor Participates in a Plan?

You can search on the Marketplace website or with a navigator during the application process. Or the Marketplace can give you contact details for each plan (<http://www.healthbenefitexchange.ny.gov/resource/health-plan-provider-networks>)

How Do I Apply?

You can apply by phone, in person, online, or by mail.

By phone: call New York State of Health at 1-855-355-5777 (TTY: 1-800-662-1220), Monday to Friday 8am - 8pm, Saturday 9am - 1pm.

In person: you can meet in person with a navigator who is trained and certified to help you understand your options and enroll in a plan. Navigators help individuals, families and small businesses. You can also get help from a licensed insurance broker. Brokers help with small businesses options, and some are also certified to help individuals. These services are free for you. You can also get help from a certified application counselor, who typically works for a hospital or health plan.

To find someone certified to help you enroll, call the Marketplace, or go to <http://info.nystateofhealth.ny.gov/IPANavigatorSiteSchedule>.

Online: go to <https://nystateofhealth.ny.gov/>. If you need help, use the web chat feature or call the Marketplace.

You will go through a four-step process:

1. **Set up an account.** Go to the website and choose a user name, password, and security questions.
2. **Fill out the online application.** Provide information about your household, such as income and current coverage. If your household files more than one tax return, call the Marketplace before you start an application.
3. **Compare your options.** Find out which plans you qualify for, if you're eligible for financial aid, and details on premiums, out-of-pocket costs, benefits, and the provider network.
4. **Enroll.** Choose a plan and decide how to pay your premiums. You must pay your premium by the date the insurer provides before your coverage can begin.

By Mail: (for individuals and families) fill out a paper application and mail it in, though this is a lengthy process. Call the Marketplace at 1-855-355-5777 for an application.

How Much Will I Have to Pay?

This depends on the coverage you choose and your income. Insurers can also charge different premiums based on location.

For example, monthly premiums for Silver plans in Manhattan range from \$359 to \$636 depending on the carrier. This premium may be lower if you are eligible for financial aid.

Is Financial Aid Available?

Many individuals and families will be eligible for financial aid to reduce the cost of coverage. Financial aid is estimated when you apply. It is available in two forms:

- Tax credits will reduce the cost of premiums for most single adults earning up to \$45,960, families of 2 earning up to \$62,040 and families of 4 earning up to \$94,200 (income is based on 2013 numbers for 400% of the federal poverty level and is likely to be slightly higher in 2014).
- Cost-sharing reductions will lower out-of-pocket costs for single adults earning up to \$28,725, families of 2 earning up to \$38,775, and families of 4 earning up to \$58,875 (income is based on 2013 numbers and is likely to be slightly higher in 2014). You must choose a Silver plan to get this benefit.

For people earning below 400% of the federal poverty level, the ACA also lays out the maximum amount health insurance can cost and be considered "affordable." It caps premiums and out-of-pocket costs. The maximum out-of-pocket cost for a Marketplace plan in 2014 is \$6,350 for an individual plan and \$12,700 for a family plan.

People who earn more than 400% of the federal poverty level can purchase a Marketplace plan, but they will not be eligible for financial aid.

What Counts as Income?

This is your household's modified adjusted gross income, or generally your adjusted gross income plus any tax-exempt Social Security, interest, or foreign income. This includes wages, tips, salaries, net income from self-employment or business, unemployment compensation, Social Security payments (including disability, but not SSI), and alimony. It also includes income from things like retirement, pensions, investments, rentals, and other taxable income like prizes. The Marketplace can help you determine what counts as income.

Am I Eligible for Free Health Care?

You qualify for Medicaid (free or low-cost care) based on income and family size. If you're eligible, you don't need to buy a Marketplace plan. ACA allowed New York to expand the Medicaid eligibility rules, so more people are eligible in 2014.

Medicaid is for individuals earning up to \$15,857, households of two earning up to \$21,404, or families of 4 earning up to \$32,499 (income is based on 2013 numbers and is likely to be slightly higher in 2014).

Marketplace applicants will also be screened for Child Health Plus, New York's insurance plan for kids (premiums are based on income).

What If I Have Health Care Now?

Most people who have insurance now will keep their same plan (through their employer, Medicaid, or Medicare). However, you have a right to see if the Marketplace provides better options. In some cases, you will experience the benefits of ACA reforms in your current plan (see below).

What If I Pay for My Own Health Plan?

You can check if the Marketplace offers you better options. Check with your insurance company to see if you need to wait until the end of your policy year before you cancel your plan.

What If I Have Insurance Through My Employer?

Keeping insurance through your employer may be the best option for you, since your employer is likely helping you pay for coverage. However, if your employer insurance is unaffordable and doesn't meet a minimum value, you may be eligible for financial aid for insurance through the Marketplace. Under the ACA, your coverage is considered unaffordable if your share of the premium is more than 9.5% of your yearly household income.

Does the ACA Help Me If I Already Have Insurance?

There were reforms made to existing insurance plans under the ACA. However, some "grandfathered" plans don't need to adhere to ACA reforms, so check with your carrier to see if these reforms apply to your plan.

Some of these benefits are:

- Requires insurance companies to cover people with pre-existing conditions.
- Makes it illegal for insurance companies to arbitrarily cancel your plan because you get sick.
- Provides free preventive care - includes contraception, vaccines, and screenings like blood pressure and cholesterol tests, mammograms, colonoscopies, and more.
- Helps you understand your coverage by providing an easy-to-understand plan summary.
- Requires a rate review to protect you from unreasonable rate increases.
- Protects your choice of doctors - choose the doctor you want from your plan's provider network and use an out-of-network emergency room without penalty.
- Covers young adults under 26 through their parent's plan if that plan covers dependents.
- Ends lifetime and yearly dollar limits on coverage of essential health benefits.
- Guarantees your right to an appeal.
- Requires insurance companies to spend at least 80% of the money they get from premiums on your health care and quality improvement activities.

Is There a Penalty for Not Having Health Care?

If you can afford health care but choose not to have coverage, you may have to pay a fee, or penalty. The first fee is paid when you file taxes for 2014, and it increases each year. The penalty in 2014 is whichever of these amounts is higher:

- 1% of your annual household income; or
- \$95 per person for the year (\$47.50 per child).

If you're uninsured for part of the year, 1/12 of the yearly penalty applies to each month you're uninsured. If you enroll in a Marketplace plan by March 31, 2014, you won't have to pay the fee for any month before your coverage begins.

There are several exemptions from paying the fee, including if you're uninsured for less than 3 months of the year, the lowest-priced coverage available to you would cost more than 8% of your household income, or if you don't have to file a tax return because your income is too low. You can also qualify for a "hardship exemption" for circumstances that affected your ability to obtain insurance, like a recent eviction, bankruptcy filing, or domestic violence incident.

For a full list of exemptions and to check if you need to apply for one, contact the Marketplace.

Why Was My Insurance Plan Cancelled?

There are different reasons this may have happened. The ACA requires that upgrades be made to most plans by 2014 (grandfathered plans don't need to offer ACA upgrades). Insurance companies offering individual plans have two choices:

1. Upgrade plans to provide these benefits, or
2. Cancel plans and offer other individual plans with the new upgrades. If your plan was cancelled or replaced with one that costs more, check if the Marketplace has a better option for you.

On November 14, 2013, in response to people's complaints about plan cancellations, President Obama announced that insurance companies could allow consumers to renew plans for 2014 without making ACA upgrades. At the time of this update, Governor Cuomo had stated that since the NY Marketplace is working well, there aren't plans to extend cancelled policies, but the state will re-evaluate this if needed. It may not have ACA protections and you may still want to explore Marketplace options.

What If I Lose My Job?

If you lose your job and your job-based health plan, you qualify for a special enrollment period to apply for a Marketplace plan (a private plan or Medicaid). You may also have the option of keeping your health plan for a limited time through a program called COBRA continuation coverage, but you may have to pay the full monthly premium, including the part that your employer

had contributed. A plan purchased through the marketplace may be more affordable.

What Are Options for Young Adults?

You can explore Marketplace plans. In addition, under the ACA, if a plan covers dependents, you can be added or kept on your parent's plan until you turn **26 years old**. You are covered on your parent's plan even if you are married, don't live with your parents, go to school, are financially independent, or eligible to enroll in your employer's plan (as of 2014).

In New York, employees may add or keep dependents on their plan through **the age of 29**, as long as their plan covers dependents. The dependent must be unmarried and not eligible for comprehensive employer coverage. Depending on the plan, you may have to pay the full premium rate for the young adult option, or pay a family premium rate.

What If I Have Medicare?

Medicare isn't part of the new Marketplace, so you don't need to do anything. The Marketplace won't affect your Medicare choices, and your benefits won't be disrupted.

Fortunately, ACA strengthens Medicare. Here's a couple of improvements:

- **Prescription drug costs are lowered.** If you have Medicare Part D, and you reach the coverage gap or "doughnut hole," you will get more than a 50% discount on brand name prescription drugs and more than a 20% discount on generic drugs while you are in the coverage gap. The discounts will continue to grow until 2020 when the gap will be a thing of the past.
- **More preventive care is covered.** Medicare now covers a yearly wellness visit and more preventive care. This includes immunizations, diet counseling, and screenings for cancer, cholesterol, diabetes and more.

What Are My Options as a Small Business Owner or Non-Profit?

The Marketplace is a new way for small business owners to provide their employees with affordable, robust health plans. It is open to employers with 50 or fewer full-time equivalent employees (FTEs), and increases to 100 FTEs in 2016. You control the coverage you offer, how much you pay toward employee premiums, and how your contribution is structured. You can compare health plans online on an apples-to-apples basis.

How Do I Apply?

This is a two-step process. You must first register, decide on an offering, and then invite the employees to enroll in the plan. For help applying, contact the Marketplace, or talk to a certified navigator or licensed broker (see Marketplace "Do I Apply" section).

When Do I Apply?

Apply by the end of a month for coverage to take effect about a month later (apply by Dec. 31 for coverage to take effect Feb. 1, etc.).

What Are My Options for Employer Coverage?

- Select among Qualified Health Plans (QHPs) offered by a specific carrier;
- Select specific QHPs offered by multiple carriers;
- Select a metal tier of coverage; or
- Allow employees to select any QHP.

Is My Business Eligible for a Tax Credit?

You may qualify for a small business tax credit worth up to 50% of your premium costs. You can still deduct the rest of your premium costs not covered by the tax credit from your taxes. In 2014, the tax credit is only available through the Marketplace. You may be eligible if:

- You have fewer than 25 full-time equivalent employees (two half-time employees count as one full-time employee);
- Average annual wages of employees is less than \$50,000 (not counting wages of the owner or owner's family); and
- You pay at least 50% of the premium.

You can claim the credit by using IRS Form 8941 (www.irs.gov). Talk to your accountant or contact the Small Business Assistance Program at 1-888-614-5400 or <http://sbapny.org/>.

Note: non-profits are eligible for a tax credit worth up to 35% of the premium.

Are There Penalties If I Don't Offer Insurance?

Employers with less than 50 employees are exempt from penalties for not providing insurance. Starting in 2015, employers with more than 50 employees are scheduled to face penalties for not providing insurance.

Resources

NY State Marketplace: 1-855-355-5777 or www.nystateofhealth.ny.gov

Federal marketplace and ACA: www.healthcare.gov

For help enrolling and using health care:
Community Health Advocates: 1-888-614-5400 or www.communityhealthadvocates.org

Small Business Assistance Program: <http://sbapny.org/>

Kaiser Family Foundation (health care updates): www.kff.org

NYS Attorney General's Health Care Hotline: 1-800-428-9071

NYS Medicaid and Child Health Plus: 1-800-698-4543 (TTY 1-877-898-5849) or http://www.health.ny.gov/health_care/



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