

Benefits Tips and Helpful Information

Affordable Care Act - Health Insurance Marketplace

By Al Horan, Chair, CRA Benefits Committee

October 11, 2013

Effective January 1, 2014, non-Medicare retirees will generally be required to have medical coverage or they will pay a penalty. This requirement was created by the Patient Protection and Affordable Care Act ("Act"). Coverage may be: (a) purchased through an employer; (b) provided through a public program; (c) purchased directly from an insurance provider; or (d) purchased through the Health Insurance Marketplace ("Marketplace"). The Marketplace makes available affordable health insurance options through the Federal Government or certain State Governments.

The Marketplace offers four categories of health insurance that provide different levels of cost sharing. The categories and the approximate cost sharing percentages are as follows:

- Bronze: Plan pays 60%. Insured pays 40%.
- Silver: Plan pays 70%. Insured pays 30%.
- Gold: Plan pays 80%. Insured pays 20%.
- Platinum: Plan pays 90%. Insured pays 10%.

In addition to the different reimbursement target percentages, the deductibles and the stop loss amounts will typically vary by plan. However, all four categories of coverage must cover the following essential health benefits: ambulatory patient services (outpatient care); emergency services; hospitalization; maternity and new born care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventative and wellness services and chronic disease management; and pediatric services, including oral and vision care. The premiums charged for the plans offered through the Marketplace are considered competitive. Because of the manner in which the premiums are determined, the cost of coverage for older people should be reasonable. Further, the premiums should not vary for personal claims history or health status. Also no one may be denied coverage because of a pre-existing medical condition.

Through the Marketplace individuals with family incomes that are between 100% and 400% of the Federal Poverty Level may be eligible for sliding-scale tax credits that cap the premiums for a Silver Plan at 2% to 9.5% of family income. (Family income is the estimated taxable income for the year in which the individual applies for insurance. Any difference between the estimated income and the actual income will be reflected in an adjustment to the tax credit that was previously granted.) The Federal Poverty Level annual income ranges from \$11,490 (100%) to \$45,960 (400%) for an individual; and \$15,510 (100%) to \$62,040 (400%) for a couple. Individuals who are eligible for government sponsored programs such as Medicaid or CHIP are not eligible to receive a subsidy. Individuals who are

eligible to join an employer-sponsored plan are not eligible to receive a government subsidy unless the employer plan does not provide health coverage that is at least equal to the Bronze Plan or the premium charged by the employer exceeds 9.5% of the individual's annual household income. Please note, irrespective of whether an individual qualifies for a tax credit, most employers are not expected to contribute toward the cost of coverage that is purchased through the Marketplace.

The health insurance coverage offered by Chevron meets the minimum coverage standards of the Act. Accordingly, if a retiree elects to purchase health insurance coverage through the Marketplace they probably will not qualify for a government subsidy. Further, Chevron will not contribute to the cost of the Marketplace coverage. Also, retirees may not cover their eligible dependents under a Chevron Plan while they are covered by another health insurance plan. If they purchase coverage through the Marketplace, they should be able to reenroll in a Chevron Plan during a future Open Enrollment period. Finally, if they should die while not covered by a Chevron Plan their dependents will not be able to rejoin a Chevron Plan in the future. For further information please refer to the enclosed Healthcare Marketplace Exchange Notice that was prepared by Chevron for active employees.

Effective January 1, 2014, most individuals who are not covered by Medicare or other government program will be required to purchase medical coverage. They must either enroll in an employer-sponsored medical benefits plan, purchase coverage directly from an insurance provider or purchase medical coverage through the Marketplace. If they do not purchase coverage they will be subject to paying an Individual Penalty under the Act, unless they are otherwise exempt. The Individual Penalty is \$95 per uninsured person or 1% of household income over the filing threshold for 2014; \$235 per uninsured person or 2% of household income over the filing threshold for 2015; and \$695 per uninsured person or 2.5% of household income over the filing threshold for 2016 and beyond.

To obtain information about health insurance coverage that is available through the Marketplace, please visit their website, www.healthcare.gov or phone them at (800) 318-2596 at any time of day (their hours are 24/7). If assistance is needed in selecting medical coverage a Navigator is available to help. A Navigator is a trained individual or organization that is sanctioned by the Federal and certain State government agencies. To locate a Navigator please contact the Marketplace.

If an individual wishes to purchase medical coverage through the Marketplace, the Open Enrollment period runs from October 1, 2013 through March 31, 2014. (Please note, this period is different than Chevron's Open Enrollment period which runs from October 14 through October 25, 2013.) In deciding which Plan to join for 2014, a retiree may wish to consider the following: (a) the state of each family member's health; (b) the amount of medical care each member received over the past 12 months; and (c) any anticipated medical care that is expected to be received in 2014. In addition, a retiree should be aware of the following points and tips when applying for coverage through the Marketplace:

- The application for medical coverage is three pages for an individual and seven pages for a family. If it isn't possible to complete the form in one sitting, the work can be saved for a later date.

- To complete the application form, an individual should have the following information: their Social Security Number, their member identification cards for existing medical insurance, their 2012 Income Tax Return, and an estimate of their 2014 income. Please note, they should provide an accurate estimate of their expected income for 2014, otherwise their income tax payment or refund could be affected.
- Before choosing a plan, an individual should make sure that their doctors and hospitals are covered by the plan.
- If an individual's estimated income is very low, they should check with: (a) their State Government to determine if they qualify for Medicaid; (b) the Veterans Administration if they are a Military Veteran; or (c) the Marketplace to determine if they qualify for catastrophic medical plan coverage (provides limited coverage with low premiums).

If an individual has questions about Chevron's health care coverage they should contact the Chevron HR Service Center at (888) 825-5247 between the hours of 6 AM and 5 PM, PT, Monday to Friday. They should also visit Chevron's Benefits Connection website, hr2.chevron.com and click on "Health Insurance Marketplace Mailing" for additional information (including videos) about the Act and the Marketplace. Finally, if anyone has questions about this article or if they need further assistance with the Act (including the Marketplace) please either phone me at (972) 964-1787 or send me an email at awhoran@verizon.net.