Health Care Reform: We've Got You Covered

The health care reform law– officially called the Patient Protection and Affordable Care Act of 2010 (ACA for short) is here to stay. Additional changes resulting from the law take effect January 1, 2014.

Many of the ACA changes have already affected our plans, such as covering adult children through age 26, free preventive care, reducing or removing annual or lifetime limits on essential health benefits, and the $2,500 cap on health care flexible spending account contributions.

Some of the biggest changes resulting from the law take effect January 1, 2014. As we get closer to annual enrollment and the launch of the federal and state exchanges, you will hear more and more about health care reform. We want you to know that the School City of Hobart - sponsored medical plan will comply with all required changes. In addition, as long as you are enrolled in the School City of Hobart medical plan, your coverage will exceed the ACA-mandated affordability and coverage requirements.

Because the School City of Hobart provides you with medical benefits that far exceed the minimum requirements set by the Affordable Care Act, you will not receive a subsidy if you enroll in a Federal or State online health insurance marketplace. The plan that the School City of Hobart offers you are most likely your best coverage option. The amount you pay to enroll in the plan that the School City of Hobart offers you is most likely less expensive than enrolling in a plan through a Federal or State online health insurance marketplace.

Here are five of the major parts of the law and what the School City of Hobart is doing.

Health Care Reform Provision (effective January 1, 2014)	School City of Hobart Medical Plan
Starting January 1, 2014, most Americans will be required to have health insurance or pay a penalty. This is called the "individual mandate."	As long as you enroll in the School City of Hobart medical plan, you are covered! The School City of Hobart plans to continue offering affordable and comprehensive medical plans to our employees.
To be considered qualified coverage under the ACA, a health plan has to provide a minimum level of coverage called "essential health benefits."	The School City of Hobart medical plans have always met or exceeded the minimum level of coverage and will continue to do so.
No limits on essential health benefits. This means that an insurance company cannot set lifetime dollar limits on how much it will pay for essential health benefits.	The School City of Hobart medical plan currently meets or exceeds the level of coverage required.
Waiting periods cannot exceed 90 days. This is the period of time that must pass before employer-sponsored health insurance starts.	The School City of Hobart plan already complies.
Federal and state online health insurance marketplaces will hold open enrollment starting October 1, 2013. Employers must distribute the Department of Labor (DOL) notice about health insurance.	The School City of Hobart provides comprehensive medical insurance to all employees and their dependents that meets and exceeds all affordability requirements. This means our employees will not receive a subsidy if they enroll in a plan via a Federal or state online health insurance marketplace. We urge you to weigh your options regarding coverage, but enrolling in a plan via a Federal or State online health insurance marketplace may not be the best option for coverage given the benefits that are offered to you by the School City of Hobart. We will distribute the Department of Labor notice about health insurance exchanges when it becomes available.

The School City of Hobart reserves the right to amend, modify, or terminate any of the plans, at any time, and for any reason to the extent allowed by law.

New Health Insurance Marketplace Coverage Options and Your Health Coverage

Form Approved
OMB No. 1210-0149
(expires 11-30-2013)

PART A: General Information

When key parts of the health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment-based health coverage offered by your employer.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.[1]

Note: If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution -as well as your employee contribution to employer-offered coverage- is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

How Can I Get More Information?

For more information about your coverage offered by your employer, please check your summary plan description or contact Ted Zembala, Business Manager - 219-945-0250 (tzembala@hobart.k12.in.us).

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit HealthCare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

[1] An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs.

PART B: Information About Health Coverage Offered by Your Employer

This section contains information about any health coverage offered by your employer. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

3. Employer name School City of Hobart			4. Employer Identification Number (EIN) 35-6002466
5. Employer address 32 East 7th Street			6. Employer phone number 219-945-0250
7. City Hobart	8. State IN	9. ZIP code 46342	
10. Who can we contact about employee health coverage at this job? Ted Zembala			
11. Phone number (if different from above)	12. Email address tzembala@hobart.k12.in.us		

Here is some basic information about health coverage offered by this employer:

- As your employer, we offer a health plan to:
  - ☐ All employees.
  - ☑ Some employees. Eligible employees are:

    defined by the School City of Hobart Group Health Plan

- With respect to dependents:
  - ☑ We do offer coverage. Eligible dependents are:

    defined by the School City of Hobart Group Health Plan

  - ☐ We do not offer coverage.

☑ If checked, this coverage meets the minimum value standard, and the cost of this coverage to you is intended to be affordable, based on employee wages.

** Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, **HealthCare.gov** will guide you through the process. Here's the employer information you'll enter when you visit **HealthCare.gov** to find out if you can get a tax credit to lower your monthly premiums.

The information below corresponds to the Marketplace Employer Coverage Tool. Completing this section is optional for employers, but will help ensure employees understand their coverage choices.

13. **Is the employee currently eligible for coverage offered by this employer, or will the employee be eligible in the next 3 months?**

☐ **Yes** (Continue)

13a. If the employee is not eligible today, including as a result of a waiting or probationary period, when is the employee eligible for coverage? ____________________ (mm/dd/yyyy) (Continue)

☐ **No** (STOP and return this form to employee)

14. Does the employer offer a health plan that meets the minimum value standard*?
☐ Yes (Go to question 15) ☐ No (STOP and return form to employee)

15. For the lowest-cost plan that meets the minimum value standard* offered **only to the employee** (don't include family plans): If the employer has wellness programs, provide the premium that the employee would pay if he/ she received the maximum discount for any tobacco cessation programs, and didn't receive any other discounts based on wellness programs.
a. How much would the employee have to pay in premiums for this plan? $
b. How often? ☐ Weekly ☐ Every 2 weeks ☐ Twice a month ☐ Monthly ☐ Quarterly ☐ Yearly

If the plan year will end soon and you know that the health plans offered will change, go to question 16. If you don't know, STOP and return form to employee.

16. What change will the employer make for the new plan year?
☐ Employer won't offer health coverage
☐ Employer will start offering health coverage to employees or change the premium for the lowest-cost plan available only to the employee that meets the minimum value standard.* (Premium should reflect the discount for wellness programs. See question 15.)
a. How much will the employee have to pay in premiums for that plan? $
b. How often? ☐ Weekly ☐ Every 2 weeks ☐ Twice a month ☐ Monthly ☐ Quarterly ☐ Yearly

Date of change (mm/dd/yyyy):

• An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs (Section 36B(c)(2)(C)(ii) of the Internal Revenue Code of 1986)

Health Care Reform

Frequently Asked Questions

June 2013

AON Hewitt

Frequently Asked Questions (FAQs)

What is a health insurance marketplace or exchange?

A marketplace, or exchange, is a website where you can shop for health insurance. You can compare all of your options and costs side by side and see if you qualify for financial help. All the plans offered in a marketplace, or exchange, must meet certain rules relating to affordability, required benefits, and market standards.

What can I do through a health insurance exchange?

You'll be able to:

- Shop for health insurance offered by well-known insurance companies.
- Choose from health plans grouped by metallic levels: Bronze, Silver, Gold, and Platinum. The different plans will offer you choices in:
  - How much you'll pay for coverage (premium amounts)
  - How much you'll pay out of your own pocket for medical care and prescription drugs (deductibles, coinsurance, copays, and out-of-pocket maximums)
  - Networks of participating doctors, hospitals, labs, and other health care providers
- Complete an application to find out if you qualify for financial help.
- Enroll in health insurance that's right for you or your family. The federal and state health insurance marketplaces will begin enrollment in October 2013 for coverage starting January 1, 2014.

What kinds of coverage will be available through the marketplace?

All the plans in the marketplace must cover the same health care services. These services are called "essential health benefits." They include:

- Ambulatory, or "outpatient," care
- 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, such as physical therapy
- Laboratory services
- Preventive care services
- Pediatric services, including vision and eye care for children

Your costs—both how much you'll pay for coverage and how much you'll pay when you get medical care—depends on the plan you choose.

Keep in mind though, that **all** the plans in the exchange cover preventive care services at no cost to you. This means that you won't pay anything for these services as long as you get them from a doctor, lab, or other provider that is part of your health plan's network.

What is the employer mandate?

All employers with 50 or more employees will be required to offer health insurance to full-time employees or pay a penalty. That doesn't mean you *have* to buy health insurance through your employer—it just means it must be available to you if you're a full-time employee.

What is the individual mandate?

Starting January 1, 2014, you *must* have health insurance, or you'll pay a penalty of $95 per adult when you file your 2014 taxes.* That may not sound like a lot of money, but it goes up to $325 per adult in 2015, then to $695 per adult in 2016.

*For 2014, the penalty is $95 per adult and $47.50 per child (up to $285 per family), or 1% of your family income, whichever is more.

How will I prove I have health insurance?

You'll get a certificate from your insurance company that says you have the minimum coverage. In 2014, you'll have to submit a form with your federal tax return proving you have insurance.

How will prescription drugs be covered?

When you buy health insurance through a marketplace, you also get prescription drug coverage. Your prescription drug coverage is provided by your medical insurance company with help from a pharmacy benefit manager. Each company has its own rules about how drugs are covered.

If you or a family member takes medication, call the medical insurance companies available through your state or federal marketplace *before* you enroll to find out how they will handle your prescription drug(s). By doing homework *before* you enroll, you can choose an insurer knowing it will cover your prescription drugs in a way that is acceptable to you.

Here are some questions to ask:

- **Will I have a *combined* annual deductible?** If yes, you'll have to pay the **full cost** of your medical and drug expenses until the deductible—the amount you pay before you and the insurance company start sharing costs—is met.
- **Is my drug on the formulary?** Insurance carriers have a list of preferred drugs, or "formulary." If an insurance carrier considers your drug non-preferred, make sure you're comfortable with the cost, or the alternative medication and its cost.

- **Will I have a step therapy program?** If yes, you'll need to try using a generic alternative before your drug will be covered.
- **Will generic drugs be mandatory?** Because many brand-name drugs are expensive, some insurance carriers don't cover them *at all* if a generic is available.

  Note: Even if generic drugs *aren't* mandatory, they're an easy way to save money. Generic drugs meet the same FDA standards as brand-name drugs but cost much less. Ask your doctor if a generic drug is right for you.
- **Will there be quantity limits?** Certain drugs have quantity limits to reduce costs and encourage proper use. Ask if a limit applies to your drug(s).
- **Will prior authorization be required?** If yes, the insurance carrier will need more information before deciding whether to cover your drug. Ask the carrier what you need to do to get it approved.
- **Will pharmacies be easy to access?** Each insurance carrier has a network of participating pharmacies. Check your medical insurance carrier's directory to find an in-network pharmacy close to you.

Can I get help paying for health insurance?

If you're going to buy insurance through a state or federal health insurance exchange, financial help may be available.

What if I have health insurance options through my employer?

You'll have the option to get insurance through your employer *or* a health insurance exchange. The choice is yours. Before you choose a plan:

- Think about your health care needs.
  - Do you see the doctor fairly often and take one or more prescription drugs for an ongoing condition, such as high blood pressure or diabetes? Or do you only see the doctor once or twice a year for checkups and the occasional illness?
  - The answers to these questions can help you decide which option presents the best coverage and value for you and your family.
- Review **all** the options that are available to you.
  - Depending on your situation, you may also be eligible for coverage through Medicare or Medicaid. Or your children may be eligible for coverage through the Children's Health Insurance Program (CHIP) in your state.

If, after reviewing all your options, you decide to buy coverage through an exchange, you may qualify for financial help if your income is low or modest.

However, **you will not qualify for financial help** if you choose to buy insurance through an exchange and your employer offers you coverage that is:

- Considered “affordable” (how much you pay for coverage is less than 9.5% of your income); and
- Meets coverage standards as required by law.

About Aon Hewitt

Aon Hewitt is the global leader in human capital consulting and outsourcing solutions. The company partners with organizations to solve their most complex benefits, talent and related financial challenges, and improve business performance. Aon Hewitt designs, implements, communicates and administers a wide range of human capital, retirement, investment management, health care, compensation and talent management strategies. With more than 29,000 professionals in 90 countries, Aon Hewitt makes the world a better place to work for clients and their employees. For more information on Aon Hewitt, please visit www.aonhewitt.com.

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