The Affordable Care Act, Exchanges and the UC Student Health Insurance Plan

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November 2013
Goal for Today

I want you to understand your options in the new health insurance market that is being created by the Affordable Care Act, so that you can make an informed choice that best meets your health care needs.
What is the Affordable Care Act?

- A law passed in March 2010 designed to reform the health care payment system in the U.S.

- Also referred to as “Obamacare”

- Legality of the law was challenged and upheld by the Supreme Court

- Contains hundreds of provisions, many of which are still being clarified through new rules and regulations

- Many provisions go into effect on January 1, 2014
What Does the Affordable Care Act Do?

The ACA requires:

- Individuals to be enrolled in a health plan that provides a set of defined “essential benefits”
- Establishment of insurance exchanges for individual insurance plans
- Tax penalties for large employers who do not offer health coverage to their employees
- Tax penalties on individuals who do not obtain health coverage through an employer plan or an individual plan that offers the essential benefits
- Subsidization of premium and cost-sharing for low-income individuals
- Optional: Expansion of Medicaid to childless low-income adults

(These are the crucial issues for purposes of this discussion. The law includes many other regulatory mandates)
What is the Individual Mandate?

• Starting January 1, 2014, all Americans are required to have health insurance or pay a penalty when filing their income taxes.

• The fee in 2014 is 1% of yearly income or $95 per person for the year, whichever is higher.

• The fee increases each year until 2016, when it reaches 2.5% of income or $695 per person, whichever is higher.

• If you are enrolled in UC SHIP, you do not need to take any action - UC SHIP meets the individual mandate and you will not be subject to any penalty.
What are Health Benefit Exchanges?

Health Benefit Exchanges (aka Marketplaces) serve as a “one-stop shopping” location for individual health insurance plans.

Every state has a health insurance marketplace as of October 1, 2013 - operated by the state or the federal government.

California’s marketplace is called Covered California.

Anyone can purchase coverage in the marketplace, except illegal immigrants and incarcerated individuals.

Covered California will determine if an individual is eligible to purchase coverage in the marketplace, if they qualify for premium/cost-sharing subsidies, or if they qualify for Medi-Cal.

www.coveredca.com or 800-300-1506
What are “Metal Levels”?

- Metal levels are a way to categorize the actuarial value of the plans offered through the Exchange.

- The actuarial value of a plan represents the total covered costs that the insurance company expects to pay for someone enrolled in the plan.

- The “metal” levels of Covered California plans are:
  - Bronze: Benefits equal 60% of actuarial value. Your share equals 40%
  - Silver: Benefits equal 70% of actuarial value. Your share equals 30%
  - Gold: Benefits equal 80% actuarial value. Your share equals 20%
  - Platinum: Benefits equal 90% of actuarial value. Your share equals 10%
How Do UC SHIP’s Benefits Compare to those of Plans on the Exchange?

• UC SHIP offers “Platinum” level benefits at prices in the range of “Bronze” level Exchange plans

• UC SHIP meets the benefit requirements of the ACA - it covers all “Essential Health Benefits,” has no pre-existing condition exclusions or waiting periods, has no annual or plan maximums and preventive services, including immunizations and women’s preventive care, are covered 100%

• Low deductibles and copayments limit your out-of-pocket costs throughout the school year

• UC SHIP is tailored to meet students’ health care needs

• For off-campus care, UC SHIP members have access to Anthem Blue Cross’ full network of providers

• UC SHIP offers dental and vision coverage, which are not available on the Exchange
Can I get Premium and Cost-Sharing Subsidies?

• Under ACA, low-income individuals enrolled in Exchange plans qualify for premium and cost-sharing subsidization in the form of an income tax credit
  
  o Individuals with income 138% - 400% of Federal Poverty Level are eligible for subsidization; about $15k - $45K annual income for a single adult

• An individual enrolled in UC SHIP is not eligible for subsidization of the plan’s premium

• Students can choose to enroll in an Exchange plan instead, and if they meet the qualifications, they would be eligible for subsidization of the Exchange plan premium and cost-sharing
Will My Financial Aid be Affected if I Get a Premium Subsidy?

• The systemwide Financial Aid Committee is not addressing the potential impact of changes in cost of health insurance coverage due to the ACA in 2013-14 student budgets or aid packages.

• This year, the cost of UC-sponsored health plans will continue to be included in the student budget on which aid packages are based.

• Prior to the 2014-15 year, the Committee will determine how to set an allowed amount in the student budget for health insurance for students who opt-out of UC-sponsored student health plans.
Am I Eligible for Medi-Cal?

- California is expanding Medi-Cal eligibility

- Adults with income levels below 138% of FPL - about $15K/year - will be eligible for Medi-Cal

- Children in families with income below 266% of FPL - about $41K for family of two or $62K for family of four - will be eligible for Medi-Cal

- Eligibility for Medi-Cal will be determined as part of the qualification process through Covered California
What if a Student has Coverage through an Employer?

• Students with coverage through an employer may continue to waive enrollment in UC SHIP, if their coverage meets UC requirements

• Most employers with more than 50 full-time employees will need to offer affordable coverage to employees or pay a penalty
  - Dependent coverage does not need to meet the “affordability” rule
  - If a student works more than 30 hours/week, his/her employer will need to offer coverage or pay a penalty

• Employers with fewer than 50 staff are not subject to penalties
Will Exchange Plans Meet the UC Insurance Requirements?

- It appears that most plans offered through Covered California - Bronze, Silver, Gold and Platinum level plans - will meet UC waiver requirements
  - We have found some Bronze plans that do not meet UC’s benefit level requirements
- It is not clear if the Catastrophic plan for individuals less than 30 years of age will meet the requirement - we have not been able to obtain sufficient information about the Catastrophic plans
When Does Covered California Coverage Start?

• From now through December 15, 2013, you can enroll for coverage that will start on January 1, 2014.

• From mid-December through March 31, 2014, you can enroll by the 15th of the month and be covered starting the following month.

• If you choose to purchase a Covered California plan, check your campus deadlines for waiving enrollment in UC SHIP.
Can International Students Buy Coverage on the Exchange, and Get Subsidies?

• To be eligible to purchase coverage in the marketplace, an individual must be “legally residing in California”*
  o Have a California address
  o Have intent to continue to reside in California (no duration limit)

• To be eligible for premium/cost-sharing subsidies, and individual must be a “California tax filer or a dependent of a tax filer, and a US citizen, national, or lawfully-present immigrant.”*
  o International students are considered visitors, not immigrants, therefore they would not qualify for subsidies.

• However, a spouse of an international student at UCSD was allowed subsidies when she enrolled.

*Michelle Rogers, customer service representative of Covered California, via phone inquiry on 9/26/13
What About Coverage for Dependents of Students?

• UC’s student health plans offer dependent coverage, but usually the benefits of dependent coverage are different than that of students

• Dependents of students may benefit from subsidies for exchange plans

• Members of a family may enroll in different insurance plans:
  - Student could enroll in a UC student health plan and dependents in a Covered CA plan
  - Members of a family can enroll in different Covered CA plans
When I Leave UC, Can I Buy a Plan on Covered California?

• Losing UC SHIP coverage (due to graduation or withdrawal) triggers a special enrollment period for Marketplace plans

• Other life events - marriage, childbirth, loss of employment coverage, no longer eligible for Medi-Cal - also trigger special enrollment periods in Marketplace plans
Why Should I Stay in UC SHIP?

UC SHIP offers:

• “Platinum”-level benefits at “Bronze”-level premiums
• Satisfaction of ACA requirements - no tax penalties
• Low deductibles and cost-sharing at the time of care
• Convenient access to on-campus care with no claims to file
• Dental and vision coverage
• Access to the full carrier network for off-campus care
• Automatic enrollment for registered students
• Confidentiality
More Questions?

www.ucop.edu/ucship

www.coveredca.com

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