HEALTH CARE REFORM: EVERYTHING YOU NEED TO KNOW ABOUT THE MARKETPLACE

Part 1: The Health Insurance Marketplace

(aka the Exchange)

The Patient Protection and Affordable Care Act of 2010 (PPACA), known as the health care reform law, focuses on expanding access to affordable medical insurance and health care to all American citizens. In 2014, the law requires citizens to have health insurance and applies an individual responsibility tax to those citizens who do not comply. Citizens who do not have adequate and affordable coverage through their employer will now be able to access medical insurance through a public Health Insurance Marketplace, and federal subsidies may be available to help pay for Marketplace coverage. This Marketplace will open for all states on October 1, 2013 to provide coverage beginning January 1, 2014.

To help you understand what the Health Insurance Marketplace is and how it affects you, we are releasing a series of flyers over the next few weeks addressing the following topics:

1. THE HEALTH INSURANCE MARKETPLACE (AKA THE EXCHANGE)
2. EMPLOYER-BASED COVERAGE IN 2014
3. ELIGIBILITY FOR GOVERNMENT ASSISTANCE AT THE MARKETPLACE
4. GOOD NEWS FOR SOME INDIVIDUALS & FAMILIES! MEDICAID EXPANSION!

FALL OF 2013
The Marketplace is a website similar to Amazon.com® or Travelocity where individuals can purchase health insurance (medical, dental and vision insurance in most states) and apply for government assistance towards the cost of the medical insurance.

Visit www.healthcare.gov to access your state’s information.

WHAT INSURANCE COMPANIES WILL OFFER COVERAGE AT THE MARKETPLACE?

The only way to answer this question is to check with your state Marketplace. The insurance companies that offer coverage will vary based on where you live. Additionally, some hospital systems will offer medical insurance to local residents. You should also know that some states will allow insurance companies to offer dental and vision insurance (in addition to medical insurance) at the Marketplace. Healthcare.gov will link you to the appropriate state information—be sure to select the state where you live (not where you work).

WHAT TYPES OF DEDUCTIBLES, COPAYMENTS & COINSURANCE WILL BE SOLD AT THE HEALTH INSURANCE MARKETPLACE?

The Marketplace will offer 5 different levels of plans. Each plan has varying deductibles, coinsurance and copayments. See the next page for a basic plan comparison.
## Types of Plans Available at the Marketplace

<table>
<thead>
<tr>
<th>Level</th>
<th>Monthly Premium Cost</th>
<th>Out-of-Pocket Cost (Deductibles, Copayments &amp; Coinsurance)</th>
<th>Notes</th>
<th>Actuarial Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Platinum</td>
<td>$$$$$</td>
<td>$</td>
<td>Not available in all states</td>
<td>90%</td>
</tr>
<tr>
<td>Gold</td>
<td>$$$</td>
<td>$$</td>
<td>Most similar to many employer-based plans</td>
<td>80%</td>
</tr>
<tr>
<td>Silver</td>
<td>$$</td>
<td>$$$</td>
<td>Considered to be the “benchmark” plan; subsidies are based on the cost of a Silver Plan</td>
<td>70%</td>
</tr>
<tr>
<td>Bronze</td>
<td>$</td>
<td>$$$$$</td>
<td>Will likely appeal the most to persons who are healthy</td>
<td>60%</td>
</tr>
<tr>
<td>Catastrophic Plan</td>
<td>Lowest Premium Cost</td>
<td>Highest Out-of-Pocket Cost</td>
<td>Available only to persons under the age of 30; will only pay a benefit if a person becomes catastrophically ill or injured (serious accident, cancer, heart condition, etc.)</td>
<td>50%</td>
</tr>
</tbody>
</table>

### What Is Actuarial Value?

Actuarial value is the percentage of the medical costs that the plan will cover on average if you become seriously ill. Most employer-sponsored plans are in the 75% to 85% actuarial value range.

### Should I Purchase Coverage at the Marketplace?

There are a few things that you need to consider before purchasing coverage at the Health Insurance Marketplace:

#### Government Assistance

If you or your spouse can buy medical insurance from your employer that meets certain standards, then your family is not eligible for government assistance to purchase a plan at the Marketplace.

Details regarding this issue will be featured in future communications.

#### Current Individual Policy

If you or someone in your family currently purchases an individual policy that you qualified for because you are healthy, then the Marketplace might be more expensive compared to what you have today. You should not let your individual policy lapse until you understand the pricing at the Marketplace. Of course, your current individual policy may cover fewer items or have more limitations than the policy at the Marketplace.

#### Provider Networks

Some of the insurance plans available at the Marketplace may be favorably priced but include very small physician and hospital networks (as much as 75% smaller than the networks used for employer-based insurance). In some cities, only one hospital system will be covered at the in-network level. You need to check the networks very carefully to be sure that the providers you want to use are in the network.

#### Choice of Insurance Companies

In many parts of the country, the number of companies that offer medical insurance at the Marketplace will be limited to a choice of two or three companies.
WHAT HAPPENS IF EITHER I OR SOMEONE IN MY FAMILY DOES NOT HAVE HEALTH INSURANCE COVERAGE IN JANUARY 2014?

You will be subject to a penalty which you will pay as an additional tax to the IRS in 2014. The penalty is the greater of $95 or 1% of your household income for each person without qualified medical insurance for up to three people.

The federal government calls this penalty the individual responsibility tax. This tax applies to any person who fails to have qualified health insurance for more than three months in 2014.

Qualified medical insurance includes: Medicare, Medicaid, Tricare, any medical insurance purchased at the Marketplace and most medical plans you purchase from your employer. Some individual policies purchased outside of the Marketplace are also qualified.

Most employer-based medical plans qualify as essential coverage. Your employer will notify you as to whether or not your plan is qualified. Employer-based coverage that is not qualified includes plans such as vision only plans, dental only plans, accident only plans, supplemental hospital coverage or limited medical plans (also called mini-medical plans).

For more information, visit www.healthcare.gov.

EXAMPLE:

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>= $38,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER IN HOUSEHOLD (TAX DEPENDENTS)</td>
<td>= 4</td>
</tr>
<tr>
<td>1% OF HOUSEHOLD INCOME</td>
<td>= $380</td>
</tr>
<tr>
<td>PENALTY (3 x $380)</td>
<td>= $1,140</td>
</tr>
</tbody>
</table>