Part 3: Government Assistance at the Marketplace

To help you understand how Health Care Reform impacts 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!
THE LAW STATES THAT I CAN PURCHASE A HEALTH PLAN AT THE MARKETPLACE AND RECEIVE GOVERNMENT ASSISTANCE IF MY EMPLOYER COVERAGE DOES NOT MEET CERTAIN COVERAGE AND AFFORDABILITY GUIDELINES. DOES OUR COMPANY PLAN MEET THESE GUIDELINES?

Our company-sponsored medical benefits currently meet the minimum coverage guidelines required by law. Affordability guidelines are based on your household taxable income. You will not be eligible for government assistance if 9.5% of your household taxable income is more than the cost of the lowest price Employee Only (Single) premium plan.

For the purpose of health care reform, your household taxable income is defined by the government as your household's adjusted gross income (your income minus your tax deductions) plus any tax-exempt Social Security, interest and foreign income. This “modified adjusted gross income” (MAGI) will be used to determine your eligibility for government assistance when purchasing Marketplace coverage as well as for Medicaid and the Children's Health Insurance Program (CHIP).

IF MY EMPLOYER-BASED COVERAGE MEETS THE MINIMUM COVERAGE GUIDELINES AND IS AFFORDABLE, DOES THIS MEAN THAT I AM NOT ELIGIBLE FOR GOVERNMENT ASSISTANCE IF I PURCHASE A PLAN AT THE MARKETPLACE?

Correct. In this case, if you purchase coverage at the Marketplace, you must pay the full cost of coverage for yourself without government assistance. You should also remember that you will not be able to purchase coverage at the Marketplace on a pre-tax basis as you are now able to do under a company-sponsored plan.

WHAT HAPPENS IF THE EMPLOYEE ONLY COVERAGE OFFERED BY MY EMPLOYER IS AFFORDABLE BUT THE FAMILY COVERAGE IS NOT?

If the cost of Employee Only coverage is affordable, then government assistance is NOT available for anyone in your family who is eligible for coverage under your employer plan.

Your family could also be “locked out” of government assistance if your spouse is eligible for affordable coverage that meets the minimum guidelines where he or she works.

In these cases, you may still be eligible for Medicaid Expansion.

CAN OTHER MEMBERS OF MY FAMILY RECEIVE ASSISTANCE?
IS MY FAMILY ELIGIBLE FOR A GOVERNMENT SUBSIDY IF WE PURCHASE MEDICAL INSURANCE AT THE MARKETPLACE?

If your spouse is eligible for coverage that is affordable and that meets the minimum guidelines due to his or her employment, then no one in your family who is your spouse’s tax dependent and eligible for coverage under your spouse’s plan can receive government assistance.

If your spouse is not eligible for affordable coverage that meets the minimum guidelines, then your family may be eligible for government assistance. To be eligible for government assistance, your MAGI must be under 400% of the Federal Poverty Level (FPL) and you/your family members cannot be eligible for coverage through a government-sponsored program such as Medicaid or CHIP.

WHAT IS THE CURRENT FEDERAL POVERTY LEVEL?

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<thead>
<tr>
<th></th>
<th>2013 FEDERAL POVERTY LEVEL</th>
<th>400% of FEDERAL POVERTY LEVEL</th>
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<tbody>
<tr>
<td>Individual</td>
<td>$11,490</td>
<td>$45,960</td>
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<tr>
<td>Two-Person Family</td>
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<tr>
<td>Three-Person Family</td>
<td>$19,530</td>
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<tr>
<td>Four-Person Family</td>
<td>$23,550</td>
<td>$94,200</td>
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</tbody>
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FOR FAMILIES WITH MORE THAN FOUR PEOPLE: Add $4,020 for each additional family member.

The government subsidy is greater at lower incomes and reduces as you approach the 400% of FPL upper limit.

GOVERNMENT ASSISTANCE AT THE MARKETPLACE WILL BE AVAILABLE IN TWO PARTS:

- **Premium Assistance** that lowers your monthly cost for the medical insurance
- **Cost Sharing Subsidies** that lower your maximum out-of-pocket expenses when you use the plan

If you apply for government assistance, the government will help you determine whether or not you are eligible for a subsidy as well as whether you or your family is eligible for Medicaid or CHIP.
The government will determine your subsidy amount as defined by the law for the second lowest cost Silver Level Plan that is available to you. That subsidy will be expressed as a dollar amount per month. Your cost of coverage at the Marketplace will be the premium cost of the plan you choose less the government subsidy amount. Your cost of coverage will be lower if your MAGI is closer to 100% of FPL and higher as your MAGI approaches 400%.

FOR EXAMPLE:
An annual income of $29,300 ($2,442 per month) is a MAGI of 255% FPL. At this level, the government subsidized cost is 8.05% ($197 per month). The second least expensive Silver Level Plan for this MAGI features a monthly premium of $434, so each month you will pay $197 the government will pay $237.

The government will pay a set amount regardless of which plan you elect. So, if you buy a more expensive plan, your cost will increase, but if you buy a less expensive plan, you will spend less.