Implementation and Implications of the Affordable Care Act (ACA)
What Does the ACA Do?

- The law’s primary goal is to **expand coverage** and **reduce** the number of **uninsured**. The ACA helps people obtain coverage in two primary ways:
  - Medicaid expansion
  - Marketplaces (“Exchanges”)
  - Price competition through Exchanges may stabilize prices
- Expanded consumer protections
- Delivery system reforms aimed at increasing quality of care like ACOs, PCMHs, and Medicare reforms.
Consumer Protections in ACA

- Emphasizes no cost **prevention**
  - 34 million Medicare recipients and 71 million others gained preventive services
- Closes the **Medicare Rx** “donut hole”
  - 6 million people with Medicare received about $6 billion in RX drug discounts as of 2012
- Young adults up to **age 26** on parents’ plan
  - 3 million young adults now covered
- Removes annual (2014) and lifetime **limits** on health benefits
  - 105 million Americans have had lifetime limits removed from their insurance
## Impact of ACA on Different Groups

<table>
<thead>
<tr>
<th>Group</th>
<th>What happens now</th>
<th>What happens in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uninsured</td>
<td>About 50 million adults pay out-of-pocket or get charity care. AFT groups include, Non Medicare retirees, early childhood educators, adjunct faculty, part-time healthcare and PSRPs</td>
<td>Most will buy subsidized insurance or pay a penalty</td>
</tr>
<tr>
<td>Small Employer (Under 50 FTEs)</td>
<td>If coverage provided by small employer.</td>
<td>Small employer can buy in an Exchange</td>
</tr>
<tr>
<td>Early Retiree</td>
<td>Coverage provided by employers or state is shrinking</td>
<td>Early retirees get coverage in an Exchange</td>
</tr>
<tr>
<td>Large Employer (Over 50 FTEs)</td>
<td>If coverage provided by large employer</td>
<td>No change. Bargained coverage continues</td>
</tr>
<tr>
<td>Medicare Beneficiary</td>
<td>Coverage provided for adults 65 + &amp; disabled</td>
<td>No change. Coverage requirement is met</td>
</tr>
</tbody>
</table>
Marketplaces: The Basics

• Formerly known as “exchanges”
• Place where **individuals** and **small employers** can buy **private** insurance
• If you are covered through **work**, you will probably not need the Marketplace
• **Every** state will have a Marketplace, either state-run, federally-facilitated, or partnership
• **Subsidies** available to **low- and moderate-income** people who do **not have** access to “affordable,” *“adequate”* **coverage through an employer** or other source

*as defined by the ACA*
Federal or Partnership: 33
State or Hybrid: 17+DC
Timeline

Oct. 2013
• Open enrollment begins.
• Employers notify employees of exchanges (Oct. 2013)

Jan. 1, 2014
• Exchange coverage begins for individuals and small employers (up to 100 FTEs; up to 50 at state option until 2016)

Jan. 1, 2017
• States can choose to open exchanges to large employers
Open Enrollment Outreach

- **Outreach** efforts by state exchanges
- Feds reaching out to uninsured in states with federal exchanges
- **Feds** asking for outreach help from non-profit and advocacy groups
- Marketing campaigns by insurance companies touting plans sold in exchanges
Marketplaces: Tiers of Coverage

• What % of covered costs does your **plan** pay on average?

• How much does **an average consumer*** pay for though deductibles, co-pays, or coinsurance?
$10,000 Surgery
(these are EXAMPLES only. Plan design can vary considerably within each tier)

**Bronze** plan with $4,350 deductible, 20% coinsurance, $6,350 out-of-pocket max

- **You pay:**
  - $4,350 deductible +
  - $1,130 (20% of $5650 [$10,000 - $4,350])

  =$5,480

**Silver** plan with $2,050 deductible, 20% coinsurance, $6,350 out-of-pocket max

- **You pay:**
  - $2,050 deductible +
  - $1,590 (20% of $7950 [$10,000 - 2,050])

  =$3,640

Tiers Do Not Tell You...

- What the **premium** is
- How broad the provider **network** is
- The **type** of plan (HMO? PPO?)
- The plan **design** (big deductible, low copays? Low deductible, big coinsurance? etc.)
Who Gets Subsidies in a Marketplace?

If the employer plan is “unaffordable,” meaning the employee pays more than 9.5% of family income for single coverage in the lowest-cost employer plan ...

If the employer does not offer coverage ...

Subsidies available if income is between 100% - 400% of poverty
400% of Poverty is Higher Than It Sounds...

400% of the 2013 FPL for a single person: $45,960

400% of the 2013 FPL for a family of 4: $94,200
The Employee Premium for **Self-only** Coverage Would Have to be Pretty High for Coverage to be Considered “Unaffordable”

<table>
<thead>
<tr>
<th>Plan Cost</th>
<th>Employee Premium</th>
<th>Monthly Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,850 ($238/mo.)</td>
<td>9.5% of $30,000</td>
<td>$2,850 ($238/mo.)</td>
</tr>
<tr>
<td>$3,800 ($317/mo.)</td>
<td>9.5% of $40,000</td>
<td>$3,800 ($317/mo.)</td>
</tr>
<tr>
<td>$4,750 ($396/mo.)</td>
<td>9.5% of $50,000</td>
<td>$4,750 ($396/mo.)</td>
</tr>
</tbody>
</table>

Q. A single mother of two earning $40,000 pays $500/mo. for family coverage. Employer’s self-only coverage would cost her $50/month. Eligible for exchange premium tax credit?  

A. NO
## 2013 Federal Poverty Level by Family Size

<table>
<thead>
<tr>
<th>Family size</th>
<th>100% FPL</th>
<th>133%</th>
<th>150%</th>
<th>200%</th>
<th>250%</th>
<th>300%</th>
<th>350%</th>
<th>400%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$11,490</td>
<td>$15,282</td>
<td>$17,235</td>
<td>$22,980</td>
<td>$28,725</td>
<td>$34,470</td>
<td>$40,215</td>
<td>$45,960</td>
</tr>
<tr>
<td>2</td>
<td>$15,510</td>
<td>$20,628</td>
<td>$23,265</td>
<td>$31,020</td>
<td>$38,775</td>
<td>$46,530</td>
<td>$54,285</td>
<td>$62,040</td>
</tr>
<tr>
<td>3</td>
<td>$19,530</td>
<td>$25,975</td>
<td>$29,295</td>
<td>$39,060</td>
<td>$48,825</td>
<td>$58,590</td>
<td>$68,355</td>
<td>$78,120</td>
</tr>
<tr>
<td>4</td>
<td>$23,550</td>
<td>$31,322</td>
<td>$35,325</td>
<td>$47,100</td>
<td>$58,875</td>
<td>$70,650</td>
<td>$82,425</td>
<td>$94,200</td>
</tr>
<tr>
<td>5</td>
<td>$27,570</td>
<td>$36,668</td>
<td>$41,355</td>
<td>$55,140</td>
<td>$68,925</td>
<td>$82,710</td>
<td>$96,495</td>
<td>$110,280</td>
</tr>
</tbody>
</table>

## Maximum Annual Premium by Family Size Under the ACA

<table>
<thead>
<tr>
<th>Poverty Line (FPL, 2013)</th>
<th>Maximum Premium as a % of Income (2014)</th>
<th>Maximum Annual Premium (current) by Family Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>100%</td>
<td>2.00%</td>
<td>$230</td>
</tr>
<tr>
<td>133.01% *</td>
<td>2.00%</td>
<td>$458</td>
</tr>
<tr>
<td>150%</td>
<td>4.00%</td>
<td>$689</td>
</tr>
<tr>
<td>200%</td>
<td>6.30%</td>
<td>$1,448</td>
</tr>
<tr>
<td>250%</td>
<td>8.05%</td>
<td>$2,312</td>
</tr>
<tr>
<td>300%</td>
<td>9.50%</td>
<td>$3,275</td>
</tr>
<tr>
<td>350%</td>
<td>9.50%</td>
<td>$3,820</td>
</tr>
<tr>
<td>400%</td>
<td>9.50%</td>
<td>$4,366</td>
</tr>
</tbody>
</table>

* Under 133% FPL Medicaid-eligible in expansion states

Using HSA, HRA or FSA Funds to Pay for Exchange Premiums

• Cannot pyramid employer tax-preferred contributions on top of federal exchange subsidies

• Sources and additional information:
  • Vermont Public Interest Research Group: [http://www.vpirg.org/frequently-asked-questions-2/](http://www.vpirg.org/frequently-asked-questions-2/)
“Shared Responsibility” for Coverage

Insurance Company
No Pre-existing Condition Discrimination

Individual
Individual Mandate

Employer
Penalties for Large Employers
Large employers are penalized for failing to offer affordable coverage to employees who work at least 30 or more hours per week on average.

Two kinds of penalties:

a. Failure to offer coverage to FT employees ($2,000 x FT employees minus 30)
b. Failure to meet affordability test ($3,000 x employees getting subsidy)

Employers are cutting hours below 30
Employers are cutting contingent faculty courseloads
CBA offers some protection for employees who bargain over benefits and hours
Covered CA

https://www.coveredca.com/

1-800-300-1506
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