

Horsemen's Perspective on National Health Care Reform



PART V

NATIONAL HBPA WINTER CONVENTION AUGUST 7, 2015

Disclaimer

This is the fifth installment of an ongoing series which explores the possible ramifications of the Patient Protection and Affordable Care Act on horsemen, their employees, and HBPA affiliates. The Act is also known as the Affordable Care Act, ACA, The Health Reform Act, or ObamaCare. It is a work in progress.

Disclaimer continued

The following general information is not intended to be nor should it be treated as tax, legal, or accounting advice. Your situation may be issue sensitive or subject to your own state's laws. You should seek advice from an independent professional before acting on any information presented.

Components now in effect

- **No Lifetime Limits on Insurance Coverage**
- **Expanded Medicaid Coverage in Some States**
- **Avenues to Appeal Coverage Terminations or Claims**
- **Extending Coverage for Young Adults to age 26**
- **Access to Insurance for Uninsured Americans with Pre-Existing Conditions**





Components now in effect

- **Free Preventive Care**

All new plans must cover certain preventive services such as mammograms and colonoscopies without charging a deductible, co-pay or co-insurance.

- **Insurance Companies are Prevented from Rescinding Coverage**

The ACA makes it illegal for insurance companies to search for an error, or other technical mistake, on a customer's application and use this error to deny payment for services when he or she gets sick.

Components now in effect

- **Individual Requirement to Have Insurance**

(aka Individual Mandate)

Certain individuals are required to have a qualified health insurance policy or face penalties

- **Penalty Phase**

Payment started in 2015 based on the requirement of having to have insurance that was effective in 2014.

Since this is the first year for the requirement we will review the penalties a little later in the presentation.

Questions and Answers from Horsemen's Perspective



Q. January 1, 2014 was the date that kicked off the requirement for having health insurance. Who is required to have insurance?

A. U.S. citizens and legal residents must obtain and maintain coverage for themselves and their dependents or pay a penalty.



Q. What was the June 25, 2015 Supreme Court ruling all about?

A. The case was one of this year's most important news subjects. The government's victory means that the health care law will continue unchanged, for now, by the court.



The following HBPA states utilize the Federal Exchange:

Alabama

Arizona

Florida

Indiana

Kansas

Louisiana

Michigan

Montana

Nebraska

Ohio

Oklahoma

Oregon (formerly state)

Pennsylvania

Texas

Virginia

www.healthcare.gov/marketplace-in-your-state/

www.wsj.com/articles/SB10001424052702304526204579099422440044100

Q. What does this mean for me if my state is using the Federal Exchange ?

A. If you bought your health insurance through HealthCare.gov. you no longer need to worry about losing health insurance subsidies.



www.nytimes.com/interactive/obamacare-back-at-the-supreme-court-frequently-asked-questions

The following HBPA states have created their own exchanges:

Colorado

Idaho (formerly partnership)

Kentucky

Massachusetts

Minnesota

New York

Washington

www.healthcare.gov/marketplace-in-your-state/

www.wsj.com/articles/SB10001424052702304526204579099422440044100

Q. What does this mean for you if your state has its own exchange and you purchased insurance using the state exchange?

A. Your state may cease the operation of its exchange in an effort to save money and headache. If your state exchange does cease operation you will be directed to the federal exchange. Several state exchanges have switched to the federal platform, and others are considering it.

The following HBPA states have entered into a State Partnership Exchange:

Arkansas

Illinois

Iowa

West Virginia

With a State Partnership Exchange, states can continue to serve as the primary points of contact for issuers and consumers, and will work with Department of Health and Human Services to establish an Exchange that best meets the needs of state residents.

www.healthcare.gov/marketplace-in-your-state/

www.wsj.com/articles/SB10001424052702304526204579099422440044100



The Taxing Penalty

- A married couple with two children and an annual household income of \$70,000 decided not to buy health insurance in 2014, perhaps thinking that the \$95 penalty is a better deal.
- What they should know is the penalty is calculated by using the amount of income above the tax-filing threshold - \$20,300 – for a married couple.

The Taxing Penalty



- This means that the family's penalty would be based on \$49,700 (which is \$70,000 minus \$20,300).
- 1 percent of \$49,700 = \$497 was due April 15, 2015.
- \$497 is greater than the family maximum of \$285.
- The same family under the same circumstances and income will pay a \$988 penalty for 2015 and \$2,085 for 2016.

What is the ObamaCare Cliff ?





The ObamaCare Cliff

- This only applies if a horseman purchased a policy through an exchange and he or she received a subsidy to help pay the premiums.
- The 'Cliff' occurs at the 400% Federal Poverty Level (FPL) which makes a person eligible (at 400%), or ineligible (at 401% or above), for a government insurance premium subsidy.



The ObamaCare Cliff

- The 2015 400% FPL limit is shown here for different family sizes:

Family Size	400% FPL
1	\$46,800
2	\$63,720
3	\$80,360
4	\$99,700
5	\$113,640



The ObamaCare Cliff

It works like this:

Take this single male horsemen, age 55, who had income of \$46,880 in 2014. He is happy because this is exactly 400% of the FPL making him eligible for a government subsidy to purchase health insurance through an exchange. The government will pay for any insurance premium over 9.5% of his income.





The ObamaCare Cliff

His yearly insurance premium is \$7,200 or \$600 a month. This 9.5% cap is equal to \$4,454. So he sends the insurance company \$371.16 a month and the government pays the rest of the premium as a subsidy which is given as a tax credit. In this case the subsidy is \$2,746 (\$7,200 premium - less the horsemen's share of the premium \$4,454 = \$2,746 subsidy to be paid by the government to the insurance company).



The Obamacare Cliff



However, in 2015 the horseman's income is \$46,881 or \$1 over the 400% point, the government now pays \$0. He has fallen off the cliff because he is \$1 over income.

The now unhappy horseman will have to pay all of the \$7,200 premium in 2016 (more if the premiums increase.) The horseman may also have to pay the government the \$2,746 subsidy he received during 2015.



The ObamaCare Cliff

Tip – Horsemen can use an exchange but decline the subsidies up front and file for a premium tax credit if their income is under 400% federal poverty level.

www.forbes.com – Obamacare Ushers in pile of New 2014 Tax Forms, Robert A. Green, CPA

Q. What is expanded Medicaid?

A. A key feature of the Affordable Care Act is the expansion of Medicaid to millions of low-income Americans, many of them uninsured. The Supreme Court ruling on the ACA in June 2012 made Medicaid expansion optional for states.

Some states have refused participation in the expansion. For those states that got on board, the federal government paid 100 percent of the extra costs those state incurred to expand its program in 2014 through 2016. That will begin phasing down in 2017 and level off at 90 percent in 2020.

17 HBPA States that have expanded (or an alternative version) or
are about to have expanded Medicaid and CHIP
as of July 14, 2015

Arizona

Arkansas (alt)

Colorado

Illinois

Indiana (alt)

Iowa (alt)

Kentucky

Massachusetts

Michigan (alt)

Minnesota

Montana (pending)

New York

Ohio

Oregon

Pennsylvania (alt)

Washington

West Virginia

What a horseman who lives in a state that has expanded Medicaid should know:

- a. Must be a resident of that state to apply.
- b. Income must be below 138% of Federal Poverty Level (\$16,105 for an individual as of 2015 – limit increases for families).
- c. Apply through state or federal insurance exchanges or contact state Medicaid Office.
- d. If your affiliate has a health center, Rx's written by your doctor or nurse will not be filled unless your health center is Medicaid approved.
- e. If a horseman does not have a primary care doctor she should chose one that is in her plan as soon as possible. Don't wait until an illness strikes.
- f. May be responsible for a small co-pay or deductible.
- g. Cannot be eligible for Medicaid in more than one state.
- h. Coverage may not be portable from state to state.



9 HBPA States that ***DO NOT*** have
expanded Medicaid as of
July 14, 2015

Alabama

Florida

Idaho

Kansas

Louisiana

Nebraska

Oklahoma

Texas

Virginia

What a horseman who lives in a state that **does not** have expanded Medicaid should know:

- a. Must be a resident of that state to apply.
- b. Income must be below **that state's** guidelines and must meet other requirements which are particular to state of residency.
- c. Can only apply through state Medicaid office .
- d. Can only apply for Medicaid in one state, state of residency.
- e. Coverage may not be portable from state to state.
- f. If not eligible for Medicaid he may be eligible for health insurance through state or federal health insurance exchanges with aid of a federally funded premium subsidy.

Q. What is the enrollment period?

A. The current enrollment period for 2015, in which you could purchase insurance through the exchange or insurance marketplace, is closed. 2016 enrollments starts November 1, 2015 and will end January 31, 2016. Once the exchange closes, you will not be able to purchase a plan through the exchange unless **you have a life changing event.**

Medicaid enrollment is open 12 months a year.

Q. I am a trainer who has 10 employees. Am I required to carry health insurance for my employees?

A. No – There is no mandate that requires employers with less than 50 employees to carry health insurance.



(Health Care Special Report – The Kiplinger Letter)

Q. I am a trainer who employs over 50 employees, when will I have to start providing insurance benefits?

A. The Obama administration announced in February 2014 employers with 50 to 99 employees will have until **January 1, 2016** before reporting requirements go into effect.



**White House delays health insurance mandate for medium-sized employers until 2016 –
Washington Post February 10, 2014**

Q. I am a trainer who employs 50 to 99 employees, are there any exceptions?

A. Yes – An employer does not have to offer coverage to:

- Part-time employees;
- Seasonal or temporary workers; or
- New employees during a 90 day waiting period.



(Implementing Health Care Reform in the Workplace – American Health Care Association)

Q. I am a trainer and I need to purchase my own health insurance. I travel around to different states during the year. What should I do?

A. If you go through the exchange you must enroll in the insurance exchange of the state that you claim as your primary residence. If you live in one state and reside in another, you need health insurance that offers multi-state coverage. Before you enroll you should check to make sure that the plan you select has provider networks in the state that you need coverage.

Q. What kind of premium increases can I expect with the policy I bought under the ACA health exchange?

A. That depends on where you live. In a broad summary of the most popular “Silver” level plans in 10 major US cities the average increase from 2015 to 2016 is 4.4%, however experts warn that customers may have to change companies to avoid large increases. In Maryland, CareFirst customers can expect up to a 30% increase and in Kansas BC/BS increases will average 37%.

kff.com.



Q. What is the Cadillac tax?

A. The so-called Cadillac tax is an excise tax on high cost health plans offered by employers. Beginning in 2018, health plans that cost more than \$10,200 for an individual or \$27,500 for a family plan will be subject to the tax, which is 40% of the amount that exceeds those thresholds. The employer of a private trainer would have to pay this, or perhaps if a public trainer is an employee of his corporation.



ObamaCare's next five hurdles to clear...



Medicaid Expansion

About 4 million more Americans would gain coverage if all states expand the state-federal Medicaid programs to cover people with incomes at or slightly above the poverty line. Twenty-one states with Republican governors or GOP-controlled legislatures, have balked, citing ideological objections, their own budget pressures, as well as skepticism about Washington's long-term commitment to pay for most of the costs.

<http://khn.org/news/five-hurdles-ahead-for-obamacare>



Anemic Enrollment

Eighteen million Americans who are eligible to buy insurance in federal and state marketplaces haven't purchased it. Those marketplaces have had particular trouble enrolling Hispanics, young adults and people who object to being told to buy insurance. Federal funding used by state marketplaces to enroll people and advertise is drying up. Many state marketplaces haven't figured out how to be self-sustaining.

<http://khn.org/news/five-hurdles-ahead-for-obamacare>



Market Stability

Nationally, premiums haven't gone up too much on average in the first two years of the marketplaces, but that could change. The federal government has been protecting insurers from unexpectedly high medical bills, but that cushion disappears after next year. At the same time, insurers finally have enough experience with their initial customers to figure out if their premiums are sufficient to cover medical costs. If they're not, expect increases.

<http://khn.org/news/five-hurdles-ahead-for-obamacare>



Affordability

People who get their insurance through their employer have mostly been spared from the jolts of the health law. When the federal government begins taxing expensive health plans in 2018, (the “Cadillac tax”) employers will either offer skimpier health coverage or pass the tax cost on to their employees. Also, individuals buying their insurance on the health law marketplaces will continue to risk large out-of-pocket costs if they need lots of care. Their maximum financial obligations for next year are \$6,850 for individuals and \$13,700 for families. Those who choose to go out of their insurance network may have no ceiling on how much they may have to pay.

<http://khn.org/news/five-hurdles-ahead-for-obamacare>



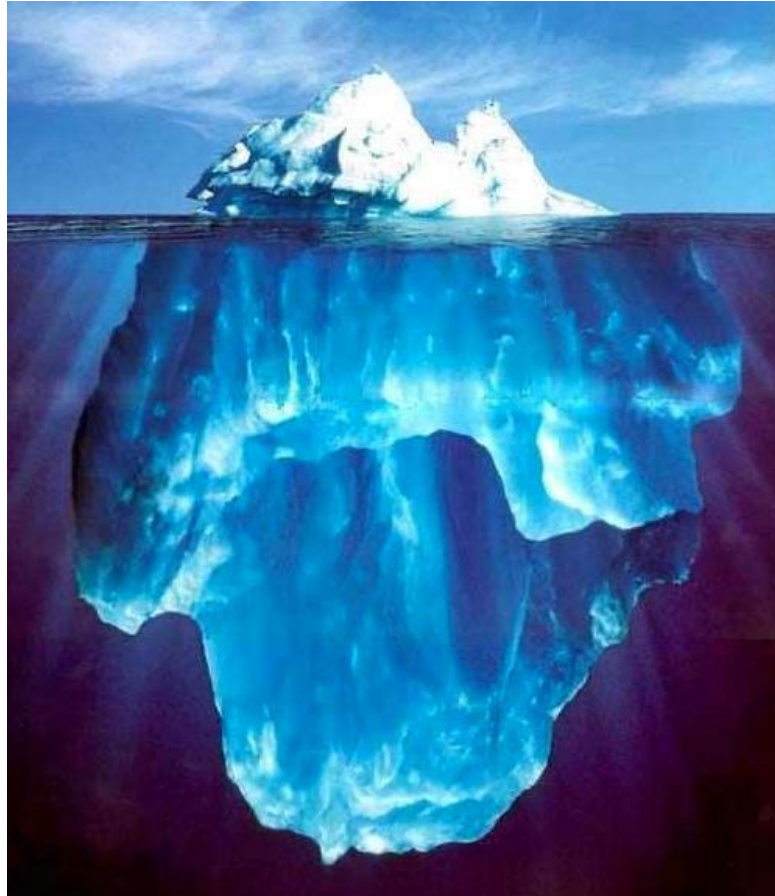
Political Resistance

The Supreme Court's recent ruling did little to diminish the GOP's zeal to repeal the health law. Republicans on both sides of the Capitol pledged to continue their efforts to kill the ACA. A lawsuit filed by House Republicans last year alleges the president overstepped his authority when implementing the health law. The topic remains grist for the 2016 presidential campaign, with several Republican presidential candidates reiterating their desire to repeal the law. If the Republicans capture both the White House and Congress in 2016, all bets are off over whether the law survives intact.

<http://khn.org/news/five-hurdles-ahead-for-obamacare>



So - it may feel like the end...



...but it's still just the tip of the iceberg!