



Connecticut's Health Insurance Marketplace

Healthy Business Chat

Phil Boyle
October 2013

Basic Introduction to PPACA

Basic Introduction to PPACA

- **Individuals** must have health insurance, **if affordable**, or pay a penalty
- **Small employers** are **not** required to offer health coverage or pay for coverage for their employees
- **Larger employers** (50 and more full-time equivalent employees) are **not** required to offer health coverage to their employees
- Some larger employers **may** face a penalty if they do not offer coverage, if any of their full time employees obtain government-subsidized individual insurance

Health Insurance Options Under ACA

Focus of Today's Discussion

Small Business Options



Businesses with fewer than 25 employees (with some limitations) eligible for tax credits to offset cost of insurance



Businesses with 50 or fewer employees new insurance purchasing options via Insurance Marketplaces (SHOP)

Individual/Family Subsidies via Individual Marketplaces



Tax credits to help make individual insurance coverage more affordable under 400% FPL:

- \$45,960 for individuals
- \$78,120 for family of 3



Reduced co-payments and out-of-pocket costs for those making less than 250% FPL:

- \$28,725 for individuals
- \$48,825 for a family of 3

Medicaid

Expand Medicaid program to cover adults up to 133% federal poverty level (FPL)



Individuals:
\$15,281 a year or less



Family of 3:
\$25,975 a year or less

Key Affordable Care Act (ACA) Provisions

- No medical underwriting
- No denial of coverage due to a pre-existing condition
- Minimum medical loss ratio (“MLR”) established
- No more than a 90 day waiting period for new hires
- Minimum coverage requirements (Essential Health Benefits)
- Extensive preventative services provided at no cost
- Elimination of industry and gender rating

State Insurance Marketplace

What is the Health Insurance Marketplace?

- New commercial insurance Marketplace where qualified employers and qualified individuals can shop for private health insurance plans.

Enrollment starts October 1, 2013

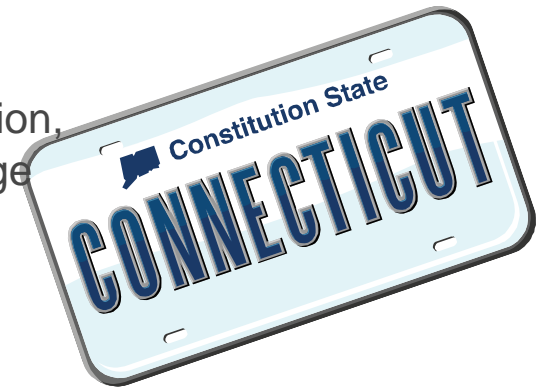
Coverage starts as soon as January 1, 2014

- All consumers will have more choice and selection in health plans; and consumers will have access to insurance affordability programs, if eligible.

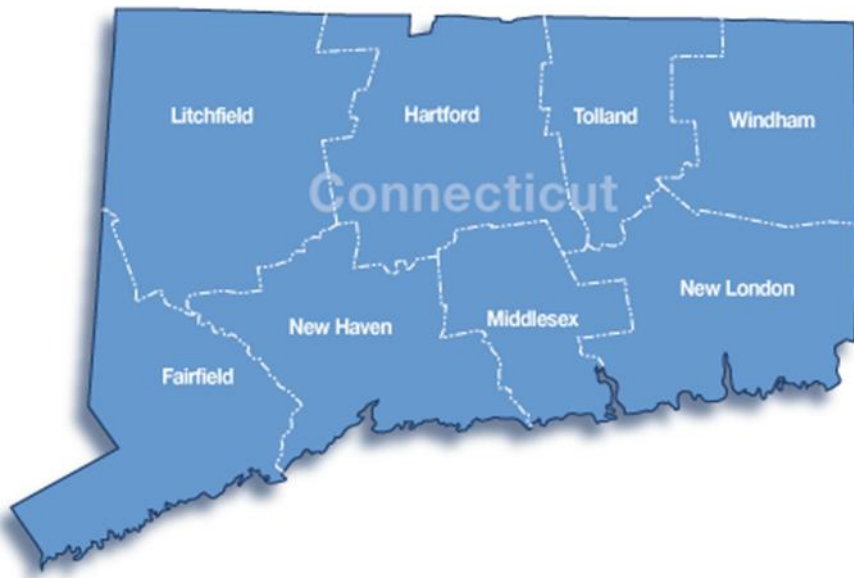
Status of Connecticut Marketplace

- **July, 2011**

- Governor Malloy signs Public Act 11-53, the enabling legislation, which established the Connecticut Health Insurance Exchange



A “Snapshot” of Connecticut today



- 9.6% of State Residents are Uninsured
- 334,000 Individuals, Including 60,000 children
- 600,000 Medicaid enrollees, currently
- Medicaid Eligibility Expansion up to 138% of the Federal Poverty Level.
- Projected Medicaid Increase of 100,000 Enrollees
- Expect to Engage 80k-100K residents in state exchange in the first year
 - » Majority newly eligible for subsidies
 - » Approximately 10%-20% will be small business enrollees

Vision and Mission

- Vision:

To increase the number of insured residents, improve health care quality, lower costs and reduce health disparities through an innovative, competitive marketplace that empowers consumers to choose the health plan and providers that give best value.

- Mission:

- Build awareness of the law (ACA) and Access Health CT.
- Educate individuals and businesses how they can benefit from the AHCT
- Reduce the number of the uninsured
- Deliver an exceptional customer experience that is easy, simple and transparent
- Foster long term favorability of AHCT

There will be numerous options to enter into this Marketplace (no “wrong door”)

- Individuals and small businesses can purchase their insurance through any method they feel comfortable with, such as
 - Brokers
 - In Person Assistors
 - Navigators
 - Call Center
 - Web Portal

Individuals

The Big Picture for Individuals

The Affordable Care Act (ACA) is a federal law that *requires* US citizens and legally documented US residents to have health insurance. The law goes into effect as of January 1, 2014.

American Citizens not covered under a government plan will have three options for health insurance in 2014:

1. Get coverage through their **employer** if available
2. Buy an **individual** plan through the marketplace
(Purchaser may be eligible for subsidy)
3. **Go uninsured** (*will pay penalty unless they qualify for an individual exemption*)

Commercial Carriers offered in Individual Marketplace

- Anthem Blue Cross
- Connecticare
- HealthyCT

Subsidies for Individuals

For exchange plans only

To be eligible, individuals must:

Have incomes between 133% and 400% of federal poverty level (FPL)

Not have access to minimum essential coverage through their employer or have access to coverage, but it is not affordable

Premium credits –

for any level plan

Cost-sharing subsidies –

Silver Plan only

Income ranges for 133% to 400% FPL

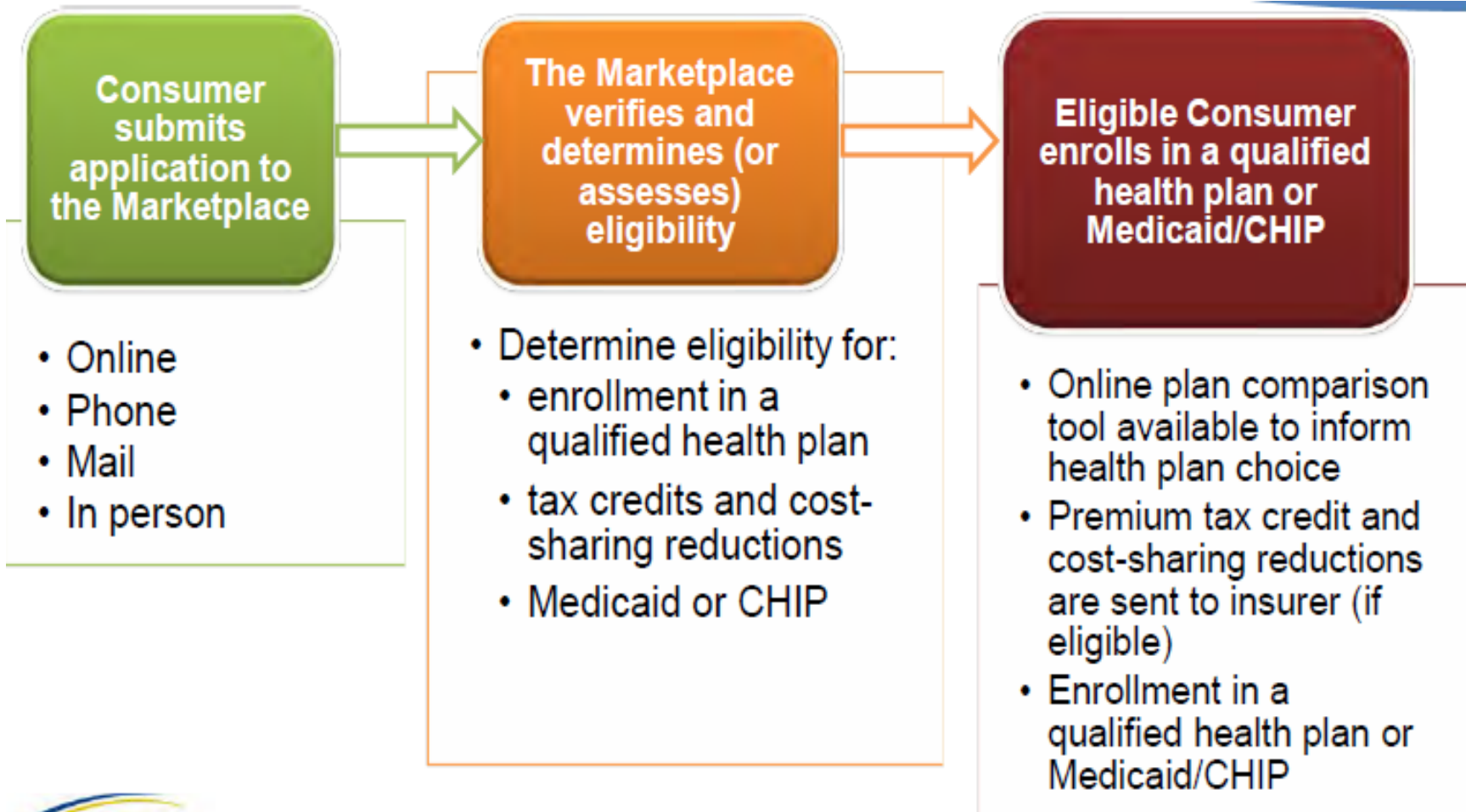
Individual:

\$14,856 to \$44,680

Family of four:

\$30,656 to \$92,200

What is the Enrollment Process for the Individual Market Marketplace?



When Can Individuals Enroll?

- First Open Enrollment
 - October 1, 2013 - March 31, 2014
 - Coverage starts January 1, 2014 for plan selections made by December 15, 2013
- Annual Open Enrollment (after first year)
 - October 15 - December 7
 - Coverage begins January 1 of the next year
- Consumers eligible for Medicaid and CHIP can enroll at anytime.

Federal Regulations on Consumer Assistance in State-Based Exchanges

- All Marketplaces must provide consumer assistance
- Outreach and Engagement Efforts
 - Information provided must be in plain language that is readily accessible, culturally and linguistically appropriate to consumers
 - Educate consumers about the Marketplace and about the available subsidies to encourage participation

Small Employers

How Will the Marketplace Affect Small Businesses?

- Starting in 2014, a SHOP will be available in the State.
- Starting October 1, plans will be available for review and enrollment for coverage starting as soon as January 1, 2014.
 - Rolling monthly enrollments for employers after January 1
- Once a group is enrolled, its rate is guaranteed for 12 months.

How Will the Marketplace Impact Small Businesses? (cont'd.)

- To enroll, employer must:
 - Have its principal place of business or an employee worksite in a SHOP's service area.
 - Have at least 1 eligible employee:
 - o In most cases, spouses and children cannot be counted.
 - o Sole proprietors without other employees may enroll through the individual market Marketplace.

SHOP = Small Business Health Options Program

- Currently, the following insurance carriers have said they will participate in the SHOP:
 - Anthem
 - HealthyCT
 - United Healthcare
- SHOP will have multiple health plan options, including bronze, silver, gold and platinum plans.
- Small Businesses Owners can decide to have their employees purchase vertically, horizontally or use a single choice.

The SHOP

- Small businesses will have consolidated billing.
- No Membership Fee will be charged to participate in the SHOP.

Employer Eligibility and Enrollment Process for SHOPs



The SHOP continued

- Employers can decide how much to contribute toward premium costs.
- Employers can collect employee share of premiums through payroll deduction.
- Premium contributions can be made with **pre-tax dollars**.
- Tax Credits for Small Businesses and Nonprofits can only be obtained through the Connecticut Health Insurance Marketplace.

Qualifying for the Small Business Tax Credit

- **Contribution to health care coverage**
 - Do you cover at least 50% of the cost of health care coverage for your workers based on the single rate?
- **Firm size**
 - Do you have fewer than 25 Full Time Equivalents (FTEs)
- **Average annual wage**
 - Do you pay average annual wages below \$50,000?
- *Both taxable (for-profit) and tax-exempt organizations qualify*

Calculating the Small Business Tax Credit

- **Firm Size (FTEs) = Total Full Time Employees + Total Annual Part Time Hours/2080**
 - Owners are excluded from FTE count and employer cannot receive tax credit for owner's insurance
 - All employee hours counted and based on 40 hour week
- **Wages = Total Wages Paid/ FTEs**
 - Owner and family member wages are excluded from total wages
- **Maximum Small Business Tax Credit**
 - Up to 50% of a small business' premium costs in 2014 for two years
 - Up to 35% for tax-exempt employers (refundable via payroll tax) for two years

How to Determine Tax Credit (2014)

- Connecticut Health Insurance Marketplace has a tax credit calculator available

<http://www.accesshealthct.com/how-to-save/>

Small Business Tax Credit : Illustration

Main Street Auto Mechanics

Input	Output
Full Time Employees: 10	FTEs = 10 + [10,400 /2,080] = 15
Part Time Hours: 10,400	Wages = \$450,000 /15 = \$30,000
Total Wages: \$450,000	Percentage Credit = ?
Employer Premiums : \$20,000	Tax Credit = ?

Small Business Tax Credit : Illustration

Phase Out Table for 2014 Small Business Tax Credit

Firm size	Average wage					
	Up to \$25,000	\$30,000	\$35,000	\$40,000	\$45,000	\$50,000
Up to 10	50%	40%	30%	20%	10%	0%
11	47%	37%	27%	17%	7%	0%
12	43%	33%	23%	13%	3%	0%
13	40%	30%	20%	10%	0%	0%
14	37%	27%	17%	7%	0%	0%
15	33%	23%	13%	3%	0%	0%
16	30%	20%	10%	0%	0%	0%
17	27%	17%	7%	0%	0%	0%
18	23%	13%	3%	0%	0%	0%
19	20%	10%	0%	0%	0%	0%
20	17%	7%	0%	0%	0%	0%
21	13%	3%	0%	0%	0%	0%
22	10%	0%	0%	0%	0%	0%
23	7%	0%	0%	0%	0%	0%
24	3%	0%	0%	0%	0%	0%
25	0%	0%	0%	0%	0%	0%

Source: CRS analysis of PPACA (P.L. 111-148).

Small Business Tax Credit : Illustration

Main Street Auto Mechanics

Input	Output
Full Time Employees: 10	FTEs = 10 + [10,400 /2,080] = 15
Part Time Hours: 10,400	Wages = \$450,000 /15 = \$30,000
Wages: \$450,000	Percentage Credit = 23%
Employer Premiums = \$20,000	Tax Credit = \$20,000 * 23% = \$4,600

Example of IRS form for Small Employers

IRS Form 8941

Form 8941 Department of the Treasury Internal Revenue Service Name(s) shown on return	Credit for Small Employer Health Insurance Premiums Attach to your tax return. Information about Form 8941 and its separate instructions is at www.irs.gov/form8941 .	OMB No. 1545-0047 2012 Attachment Sequence No. 63
1a Enter the number of individuals you employed during the tax year who are considered employees for purposes of this credit (see instructions)		1a
b Enter the employer identification number (EIN) used to report employment taxes for individuals included on line 1a (see instructions)		1b
2 Enter the number of full-time equivalent employees you had for the tax year (see instructions). If you entered 25 or more, skip lines 3 through 11 and enter -0- on line 12		2
3 Average annual wages you paid for the tax year (see instructions). If you entered \$50,000 or more, skip lines 4 through 11 and enter -0- on line 12		3
4 Premiums you paid during the tax year for employees included on line 1a for health insurance coverage under a qualifying arrangement (see instructions)		4
5 Premiums you would have entered on line 4 if the total premium for each employee equaled the average premium for the small group market in which you offered health insurance coverage (see instructions)		5
6 Enter the smaller of line 4 or line 5		6
7 Multiply line 6 by the applicable percentage: • Tax-exempt small employers, multiply line 6 by 25% (.25) • All other small employers, multiply line 6 by 35% (.35)		7
8 If line 2 is 10 or less, enter the amount from line 7. Otherwise, see instructions		8
9 If line 3 is \$25,000 or less, enter the amount from line 8. Otherwise, see instructions		9
10 Enter the total amount of any state premium subsidies paid and any state tax credits available to you for premiums included on line 4 (see instructions)		10
11 Subtract line 10 from line 4. If zero or less, enter -0-		11
12 Enter the smaller of line 9 or line 11		12
13 If line 12 is zero, skip lines 13 and 14 and go to line 15. Otherwise, enter the number of employees included on line 1a for whom you paid premiums during the tax year for health insurance coverage under a qualifying arrangement (see instructions)		13
14 Enter the number of full-time equivalent employees you would have entered on line 2 if you only included employees included on line 13		14
15 Credit for small employer health insurance premiums from partnerships, S corporations, cooperatives, estates, and trusts (see instructions)		15
16 Add lines 12 and 15. Cooperatives, estates, and trusts, go to line 17. Tax-exempt small employers, skip lines 17 and 18 and go to line 19. Partnerships and S corporations, stop here and report this amount on Schedule K. All others, stop here and report this amount on Form 3800, line 4h		16
17 Amount allocated to patrons of the cooperative or beneficiaries of the estate or trust (see instructions)		17
18 Cooperatives, estates, and trusts, subtract line 17 from line 16. Stop here and report this amount on Form 3800, line 4h		18
19 Enter the amount you paid in 2012 for taxes considered payroll taxes for purposes of this credit (see instructions)		19
20 Tax-exempt small employers, enter the smaller of line 16 or line 19 here and on Form 990-T, line 44f		20

For Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 377575

Form 8941 (2012)

Questions

Contact Information

Phil Boyle

Business to Business Outreach Manager

860-757-5329

EMAIL: Phil.boyle@ct.gov

Access Health CT Website :

<http://www.accesshealthct.com/>

Small Print

These slides are intended to provide only a general overview of selected issues related to the health care reform bills. They do not provide a complete analysis. The information in the outline is for general use only and is not intended to provide specific advice or recommendations, legal or otherwise, for any individual or organization. The information provided herein is not intended to be and should not be construed as a legal opinion or advice. You should consult with your own attorney or other adviser relating to your specific circumstances or those of any organization that you advise.

Internal Revenue Service Circular 230 Disclosure: As provided for in Treasury regulations, advice (if any) relating to federal taxes that is contained in this communication (including attachments) is not intended or written to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing or recommending to another party any plan or arrangement addressed herein.