

# Health Insurance & Your Options

The federal Affordable Care Act requires most adults to have public or private health insurance by January 2014 or face a financial penalty. The fine increases over three years. In 2014, the fine will be 1 percent of yearly income or \$95 per person, whichever is greater. For adults with children, the fine for lack of coverage for the child is \$47.50. By 2016, the fine will be 2.5 percent of income or \$695 per person, whichever is greater. The fine will be assessed based on the number of months without coverage.

To make sure you are covered in 2014, you must get health insurance before March 31, 2014, or wait until the next open-enrollment period in October 2014, for coverage in 2015. You must enroll during open enrollment unless you have a life changing event, in which case you would qualify for special enrollment. (Examples include the loss of a job, the death of a spouse or the birth of a child). Some carriers will offer plans outside of this open enrollment period where you will be able to enroll. However, this option which will not offer any subsidized assistance with premiums.



Purchasing health insurance is still very much the same. For instance, it is still about understanding what the benefits of each plan is and whether or not you, the insured, should choose a lesser premium and higher deductible or reverse that and pay higher premiums with a lesser deductible. Whether in or out of the exchange, this remains true.

On the other hand, healthcare today involves the possibility of a federal subsidy through the new federal and state exchange websites. The exchange was built to offer those who fall into the range of the federal poverty level a lower cost on their premiums through federal subsidies. This is very new and there are a lot of questions that must be answered – your household income, the number of dependents claimed on your tax return, the ages of each insured and your “modified gross income”. To apply through the exchange, we suggest you be prepared to answer each of these questions accurately as there are penalties for any falsified information when applying for your insurance.

Whether you apply in or out of the exchange, AIS can help! We offer online quoting tools on this website that will show you your options and all of the carriers and plans available for you and your family members. Should your income and family size present an opportunity to receive lesser premiums through federal subsidy assistance, you can find that option directly from our website. If this is not the case for you, we also offer current carrier's plans that are not included in the exchange right from our website as well. The choice is still yours.

There are three financial assistance programs. These programs are available to individuals and families who fall within the federal poverty level and do not already have "affordable" health insurance, as described by the new Affordable Care Act (ACA)

In the chart below, you can see how different people qualify for assistance to pay for health insurance or qualify for Medi-Cal/Medicaid. These are examples only; you may fall into a different category.

Number of People in the Household	if your Income is LESS THAN...	if your Income is BETWEEN...
1	\$15,857	\$15,857 - \$45,960
2	\$21,404	\$21,404 - 62,040
3	\$26,952	\$26,952 - 78,120
4	\$32,500	\$32,500 - 94,200
5	\$38,047	\$38,047 - \$110,280
You may qualify for	Medi-Cal/Medicaid	Premium assistance through the Exchange

# UNDERSTANDING THE AFFORDABLE CARE ACT



## Am I eligible for the affordable care act (ACA)?

Most of the benefits of ACA are available to anyone who buys health insurance whether you purchase in or out of the exchange.

But, if you want a subsidy (premium tax credit) to help pay for your health insurance, these are the requirements:

- Must live in the U.S.
- Be a U.S. citizen or national, or be lawfully present in the U.S.
- Have a household income between 133% and 400% of the Federal Poverty Level (FPL)
- Cannot be currently incarcerated

If you don't qualify for a subsidy, you can still apply for health insurance and get all of these benefits. Either way, using a licensed insurance agent ensures a level of personal customer service long after the application is filed.



## Am I required to have health insurance?

Most people will have to have major medical health insurance in 2014. If you don't, you'll probably have to pay a tax penalty to help offset the costs of caring for uninsured Americans.

Households with incomes above 400% of FPL will be exempt from paying tax penalties if insurance in their area costs more than 8% of their taxable income, after taking into account employer contributions or tax credits.



## What are the tax penalties for not having health insurance?

The tax penalties start small in 2014 and increase over time.

- In 2014, the penalty will be the greater of 1.0% of taxable income or \$95 per adult and \$47.50 per child (up to \$285 per family).
- In 2015, the penalty will be the greater of 2.0% of taxable income or \$325 per adult and \$162.50 per child (up to \$975 per family).
- In 2016, the penalty will be the greater of 2.5% of taxable income or \$695 per adult and \$347.50 per child (up to \$2,085 per family).
- After 2016, the penalty will continue to be increased annually.



## Question 4: Can you explain how subsidies work?

It's complicated....

If you meet residency requirements for subsidies, then your total household income has to be between 100% and 400% of the Federal Poverty Level (or FPL) in order to qualify for a "premium tax credit," or subsidy, to limit what you pay for your health insurance.

These subsidies are set on a sliding scale so that what you spend each month is limited to a defined percentage of your income, to the second least expensive silver-level plan available in your area.

Confused? Here is an example:

If your monthly income is 133% of FPL, you would be earning about \$1,273 per month in 2013. If you wanted to buy the second least expensive silver plan available in your area, here is how that would work.

At that income level you would have to spend no more than 3% of your income – about \$38 per month – to buy that second least expensive plan. The government subsidy pays the rest of your monthly premium.

As your income increases, so does your share of the cost for the monthly premium.

So, if your income rises to 400% of FPL – about \$3,832 per month in 2013 – you could spend no more than 9.5% of your monthly income – about \$364 – for that same plan; the second least expensive silver plan.

So, if the second least expensive silver plan available in your area costs \$300 a month, and you earn 400% of FPL, you do not get a subsidy.

But, if the second least expensive silver plan available in your area costs \$500 a month, the government would pay the difference between the \$500 plan and your \$364 cap.

In that scenario you would pay \$364 per month for your health insurance plan, and the value of your subsidy would be \$136; \$500 minus your \$364 cap.

Now, if there also happened to be a bronze plan available for \$400 a month, you could enroll in that plan and get the same \$136 subsidy. In that case, your plan would cost you \$264 per month.

Or, if you wanted a gold plan that cost \$600 per month, you would – once again – apply your \$136 per month subsidy and pay \$464 per month for your insurance policy.

For more information about how the ACA affects you and your family call 800-243-7436 or get an [instant quote](#) now!