Affordable Care Act (ACA) and Exchange Learning Series

Massachusetts Health Care Training Forum (MTF)

Transcription of *"Employer Sponsored Insurance (ESI) Conference Call"* recording.

I want to welcome everyone to the "***Employer Sponsored Insurance (ESI) Conference Call***". Thank you for your interest in today's call.

I'm **Debbie Raymond** from the Massachusetts Health Care Training Forum Team and I will be facilitating today's call. Our presenters from the Office of Medicaid are Carolyn Pitzi and from the Health Connector, Suzi Jervinis**.**

We have a very large number of callers on the line and want to hear from as many of you possible during the Q&A session after the presentation. Please limit your questions to one per phone line. If we do not get to your question you will have the opportunity to ask your question within our post-survey evaluation, which will be emailed to you after today's call. We will make every effort to incorporate your questions into our FAQ's sheet and post to the MTF website.

Just some quick housekeeping

1) This call is being recorded.

2) The recording will be posted on the MTF website.

3) Please DO NOT disclose any personal information or protected health information if you participate in the question and answer portion of this call.

4) This call is being recorded. The recording will be posted on the MTF website. Please do not disclose any personal information or protected health information if you participate in the question and answer portion of this call. To optimize your listening experience all phone lines have been placed on mute. Please do not put your phone on hold at any time during this call, as the hold music will ruin the call for others. With that I would like to turn it over to Carolyn and Suzi to get started.

(Speaker: Suzi Jervinis)

Good morning. Thank you all for joining us this morning. I know that this is a topic we've touched upon in many MTF sessions. This will give us a chance to dig deeper into the new policy around Employer Sponsored Insurance and give you all the updates. As a lot you know the Affordable Care Act brought a lot of new changes to the way employees can access subsidized health insurance at the Marketplace or at the Health

Connector. The law tried to leverage private offers of employer based coverage when coverage meets the minimum value and our federally defined affordability standard which I think we've talked about both of those things and we'll go into more detail. For those employees without such coverage and who meet the income criteria, subsidies (premium tax credits) will be available to them via the exchange, the Marketplace.

So where have we been? I think most of you are very familiar with our Commonwealth Care population and for individuals or families that came to you or were looking to see if they could qualify. The big thing was if they had employer sponsored insurance and that employer contributed at least 33% to an individual plan or 20% towards a family plan then they were automatically deemed ineligible for Commonwealth Care. It was a pretty easy question to ask and checkbox. It didn't look at whether the employee's share of the premium was affordable or not, it was just if the employer offered coverage and contributed towards it, basically they were not eligible for Commonwealth Care. Now that is changing under ACA rules.

We've talked about premium tax credits, if individuals and families earn up to 400% Federal Poverty Level (FPL), there will be tax credits available to them. For an individual to access these credits on the marketplace they will need to either have no access to employer sponsored insurance or have access to health insurance through the employer, but that coverage doesn't meet a minimum value standard or the cost required of that employee for self-only coverage would exceed 9.5% of the employee's household's income. Again, I think these two points have been raised at many MTF's but we're going to go into a little bit more detail here.

Slide 5

We have added in on Slide 5 the FPL guidelines, just as a reference. If a household of one comes in and is making $45,960.00, today, if they're either not offered insurance or it's deemed unaffordable to them – it's more than 9.5% of that income, they could possibly get premium tax credit if shopping on the marketplace. This just kind of gives you an outline of what we could be looking at.

Slide 6

Let's go a little deeper; on Slide 6 we get into the minimum value. I know there are a lot of questions. How are we going to know if an employer's plan meets this minimum value, the 60% actuarial value? That can be found in the summary of benefits of coverage for each health plan. The carrier could also tell an employee. In Massachusetts it would be very unlikely that an employer's health insurance would not meet minimum value. It is more likely you will hear, "I don't think my insurance meets minimum value's, it's too expensive". These plans can seem expensive, so it is important for an employee to talk to their employer or ask the carrier directly.

What is affordable? The Affordable Care Act defines affordability coverage for the purposes of determining eligibility for a tax credit at the Health Connector as coverage that requires less than 9.5% of an individual's household income for self-only coverage. That household's income is based on the MAGI calculations.

Slide 7

Slide 7 is a nice break down of how to help calculate Modified Adjusted Gross Income (MAGI), which is adjusted gross income, which can be found on your tax returns. Here listed out for you are the different forms and the lines where the adjusted gross income can be found. Basically MAGI consists of the adjusted gross income plus these other three bullets, tax exempt social security, interest and foreign earned income. There will also be a MAGI calculator in the online application that can actually help build an individual or family's MAGI by entering their projected annual income and deductions.

Slide 9

Moving on to Slide 9. You take the Annual Household Income, you take that MAGI, you multiply it by 9.5% and that would give you the maximum annual expected contribution for that individual or family; what they would be expected to contribute towards the premium.

Slide 10

Slide 10 we put together just a sample of incomes. An individual who is making $25,000.00 – 9.5% of his income would be $2,375.00 and their monthly contribution would be about $197.92 what would be considered affordable. So the next few slides we're going to go into some samples. We're going to start off easy and then it gets a little bit more into the weeds so please just stay with me and I will definitely take questions at the end of this presentation along with our friends at MassHealth.

Slide 11

So John, in sample 1 in Slide 11 – his income is $40,000.00 and he has employer sponsored insurance, which has his share of the premium at $200.00. Question: is this plan affordable? The cost for the year would be $2400.00 for John. That would be 6% of his income so yes this plan is affordable. John cannot qualify for premium tax credit. He would need to take his ESI.

In the second example: same John, same employer, but his income is $25,000.00. His share has not changed. It's $200.00 a month. Is this plan affordable to John? Again it would be $2400.00 a year, but now with an income of $25,000.00 it would be 10.4% of his household income. This plan is now deemed not affordable and John could shop at the Marketplace and be qualified for premium tax credit.

Slide 12

Let's move on to affordability for a family. We're going to follow the Reyes family through for the next three pages. So the background is Mom works at Acme and she earns $35,000.00. Dad is an entrepreneur and earns about $12,000.00 so the family income is about $47,000.00. The premium for Mom for her employee only plan is $196.00 a month or $2350.00 a year equaling about 5% of their household income and then the premium cost to an employee for a family plan is $509.00 a month, $6110.00 a year and 13% of income. Now, because the employee only plan is deemed affordable at 5%, it is under that 9.5% cap – it basically means that the family plan is now deemed affordable. Bottom-line, no one in this family would be eligible for tax credit because the family coverage is considered affordable because the employee only plan is considered affordable.

Slide 13

Let's move on to Slide 13. Again, we're staying with the Reyes family. Everything is the same, but the employer's choices have changed. So the employee only plan is still affordable at 5% of their income, but now they don't offer a family coverage, but they do offer an employee dependent coverage, so the employee and kids plan. This plan for the Mom would be $392.00 a month, $4700.00 a year. Again, it's 10% of their income of $47,000.00 so we can say it would be deemed unaffordable, but again because of the employee only plan meeting that threshold of 9.5% it makes this plan also affordable. So where does that leave Dad. Basically in that box on the right. So we've got Mom and the children plan is considered affordable because the employee only plan is affordable. Mom and kids would not be eligible to come to the Health Connector and shop for premium tax credit. Dad on the other hand actually has no offer from the employer. He actually may be eligible for premium tax credit.

Slide 14

We'll move on again to Slide 14. Staying with the Reyes family. Nothing has changed, but all the plans are now offered. We have the family income of $47,000.00. The employee only plan meets that threshold of 9.5% -- only 5% of their income. The employee and dependents plan is 10% of their income and their family plan is 13% of their income. Now as we've gone through the past few slides because this employee only plan meets that threshold of 9.5% it deems that those two other plans, the employee and dependent and the family plan, are considered affordable. This would make that whole family not eligible to shop for premium tax credit.

(Speaker: Carolyn Pitzi)

Slide 15

I'm going to switch gears and cover things from the MassHealth side of things and how Employer Sponsored Insurance affects MassHealth eligibility. Through the Affordable Care Act that isn't changing our current rules as today's world people that have access to ESI that doesn't prevent an individual from becoming eligible for MassHealth. As folks may know MassHealth does perform an investigation to determine if an individual either has Health Insurance that we could help pay for or either has access to ESI in which MassHealth would want an individual to enroll in which MassHealth could help pay for. In today's world we offer premium assistance under the following coverage types. MassHealth Standard, Common Health and Family Assistance.

Slide 16

As we look ahead under what is changing through the Affordable Care Act, if folks could turn to Slide 16, we wanted to spend some time regarding the Insurance Partnership. You all probably know the Insurance Partnership (IP) is a program today makes incentive payments to small businesses and provides health insurance premium assistance for previously uninsured low-income employees. The IP program will be discontinued as of January 1st. MassHealth and the Health Connector are working side-by-side to ensure that individuals covered by IP are transitioned appropriately. As part of the transition plan all employers will be sent a letter informing them that the IP program is ending and directing them to learn about what options for affordable health insurance may be available now through the Health Connector. All members will be sent a letter explaining the changes and what if anything they need to do.

Slide 17

Slide 17 in terms of the specific impact to employees or members. Basically folks are going to fall into two different categories. They may come off of IP and be eligible for either MassHealth Premium Assistance Program, which we're going to cover in a little bit includes our new MassHealth Small Business Employee Premium Assistance Program or they may potentially be eligible now through subsidies through the Health Connector. If that's the case they will be getting communication through the Health Connector and be given instructions to go ahead and shop and apply for coverage. A little bit more on what are the outreach plans for the members that will be transitioning. We will have a dedicated customer service line that's going to be up and available for IP members. Again, they're also going to be getting letters with specific instructions about what actions they may need to take. In terms of employers, just to reiterate, MassHealth is no longer going to be providing incentives to small employers. They can now go ahead and get possible affordable health insurance through the Health Connector and may qualify for the federal tax credits or the premium rebates through the Connector's wellness track program.

I mentioned the new program that MassHealth is going to be standing up come January 1st. It's the MassHealth Small Business Employee Premium Assistance Program. In terms of who is eligible for that it's basically individuals age 19 to 64, individuals need to be citizens or qualified aliens, must be ineligible for any benefit through either MassHealth or the Health Connector, they must work for a small employer that employs 50 or fewer full time employees, and must have incomes between 133% FPL and 300% FPL. Just want to reiterate this is not an employer benefit, this is for employee only.

Slide 20

Taking a look at Slide 20. A little bit more about this new Small Business Employee Premium Assistance Program. Say the individual has access to ESI and is either uninsured and if they are insured the individual is a member of the IP program as of November 15th and will now be transitioning to this new Small Business Employee Premium Assistance Program. That the health insurance is considered affordable and therefore the individual will not be able to get Health Connector subsidies and the health insurance would cost more than MassHealth would require the individual to pay based on their income. We do have a couple of examples at the end in terms of taking a closer look at what – some examples of how the IP transition would work and I may turn to my colleagues to add to this. We did want to give again some basic examples of how people may fall in these two groups.

Slide 22

Taking a look at Slide 22 and the Murphy family. Mom and Dad with two children at 130% FPL. The cost of their insurance is $658.00 a month so the Murphy family is currently eligible for MassHealth Standard benefits and the insurance meets the MassHealth Premium Assistance Program criteria for purchase so therefore this family is currently in IP and has Standard they will just be transitioning to MassHealth Standard with Premium Assistance in the future.

In the second example Mike is a single adult with no children 210% FPL, the cost of the insurance is $188 a month. Looking at the insurance it's considered affordable by ACA standards so therefore the individual is not eligible for Health Connector subsidies however in this case the insurance costs more than MassHealth would require the individual to pay so this is where our new Small Business Employee Premium Assistance Program would come into play and this individual would be covered under that new MassHealth coverage type.

Slide 23

Slide 23 Maria, she's a single adult with no children, but her income is at 257% FPL. The cost of the insurance is $69.00 a month. The insurance is considered affordable by ACA standards so just to reiterate they wouldn't be eligible for Health Connector subsidies, but in this case the insurance would cost less than MassHealth would require the individual to pay. So in this case Maria is just going to stick with her ESI and she won't get any additional subsidies through MassHealth or the Health Connector.

In the last example Sam an adult with no children, 213% FPL so cost of the insurance is $283.00 a month. In this case the insurance is not considered affordable, it's over that 9.5%, so they would be eligible for Health Connector subsidies, ineligible for MassHealth so they would need to go ahead and shop through the Market Place to see what subsidies you could get through the Connector.

(Speaker: Deb Raymond)

I would like to thank our presenters from the office of Medicaid and the Health Connector for the information today. Thanks again everybody and have a great day.