

# Affordable Care Act Summary & FAQ

Information for Students about the Affordable Care Act and Its Impact on Student Health Insurance Plans



**Please note that this is only a brief summary of federal health care reform and how it affects your student health insurance plan. For complete information, please visit the official government website at [www.hhs.gov/healthcare](http://www.hhs.gov/healthcare). Please see your school's summary and brochure for your plan's specific benefits and coverage. This information is interpreted as current at the time of publication and may change in the future. It is not to be construed as legal or tax advice.**

## WHAT IS THE AFFORDABLE CARE ACT?

The Affordable Care Act (ACA), also known as Health Care Reform (HCR), the Patient Protection and Affordable Care Act (PPACA), or Obamacare, is federal legislation signed into law by President Obama on March 23, 2010. This law sets various rules and regulations regarding group and individual health insurance plans, including coverage standards, pricing standards, and an individual mandate.

## WHAT IS THE INDIVIDUAL MANDATE?

The individual mandate is a requirement that every U.S. citizen has qualifying health insurance coverage or pay a tax penalty, beginning in 2014. All U.S. citizens are subject to the individual mandate, as are all permanent residents and all foreign nationals who qualify as resident aliens for tax purposes.

Please note that student health insurance plans (commonly referred to as "SHIPs" or "SHPs") are considered "individual" plans under ACA guidelines, with a few differences particular to SHIPs, as indicated by the U.S. Department of Health and Human Services. All individual plans are required to meet specific guidelines for coverage, including providing Essential Health Benefits. This qualifying coverage is known as "minimum essential coverage."

## DOES SHIP QUALIFY FOR THE INDIVIDUAL MANDATE? WILL I BE SUBJECT TO A TAX PENALTY?

**SHIP coverage through your school meets the individual mandate requirement for qualifying health insurance coverage. Students and their dependents enrolled in SHIP for the entire year will not be subject to a tax penalty.**

## HOW DOES HEALTH CARE REFORM AFFECT THE SHIP COVERAGE OFFERED THROUGH MY SCHOOL?

Thanks in part to Health Care Reform, SHIPs are very similar to other individual and employer group plans. Additionally, because student plans generally cover a younger and healthier population, they may actually be more affordable than those other plans. Health Care Reform has expanded benefits available on SHIPs, such as preventive care and immunizations, as well as increasing benefit maximums on services like mental health and prescription drugs.

## WHAT ARE HEALTH INSURANCE EXCHANGES OR MARKETPLACES?

Health insurance Exchanges are state- or federally-run marketplaces where individuals can comparison shop and buy health insurance coverage from a variety of insurance companies and a variety of plan designs. These Exchanges are specifically designed for people who don't have insurance available to them through another source.

The health insurance Exchange for California is called Covered California and is open for enrollment as of October 1, 2013, with coverage starting as early as January 1, 2014.

## HOW WILL EXCHANGE HEALTH INSURANCE PLANS COMPARE TO SHIP?

Most of the benefits and coverage features found in the Exchange plans available in 2014 also apply to SHIP plans for the 2014–2015 policy year. For example, SHIP plans:

- ✓ Provide Essential Health Benefits;
- ✓ Cover Preventive/Wellness services at 100% in-network;
- ✓ Eliminate pre-existing condition limitations;
- ✓ Offer unlimited policy year maximum for Essential Health Benefits; and
- ✓ Limit out-of-pocket maximum.

### In addition, SHIP plans offer these special features:

- + They are designed to work with school student health centers (most Exchange plans in California are HMO plans which don't cover student health centers);
- + Full PPO provider network is included with most plans (only one Exchange plan in California has PPO coverage, and it offers only a limited PPO provider network);
- + PPO and HMO plans offered through the Exchange have very limited provider networks, and may not have in-network providers available near campus, so higher out-of-network charges would apply.

**IF I AM A FULL-TIME STUDENT, CAN I BUY INSURANCE THROUGH THE STATE EXCHANGE?**

Yes. It is also important to keep in mind, however, that purchasing insurance through the Exchange may not be as affordable as SHIP, may not offer as many features, may have higher coinsurance amounts or deductibles, and/or may not offer PPO providers near campus. Additionally, to qualify for a waiver from SHIP coverage, you must be enrolled in a health plan with equal or greater benefits than SHIP. Please check your brochure for additional details.

**WHAT IS THE FEDERAL SUBSIDY (TAX CREDIT) AVAILABLE THROUGH THE EXCHANGES?**

Some individuals may get financial assistance to make coverage more affordable. This subsidy will be available only for insurance purchased through Covered California (the Exchange) to individuals who qualify based on **household** income.

To be eligible for a subsidy, **all** of the following are required:

- Your **household** income must be between 138% and 400% of the Federal Poverty Level (FPL);
- You may not be claimed as a dependent of another taxpayer (for example, your parents); and
- You must file a joint tax return if you are married.

If you are a tax dependent of your parents, you would not qualify as your own household. If your family household income is greater than 400% of FPL (approximately \$94,000 for a family of four), no subsidy is available.

Those with incomes under 138% of FPL would be eligible for Medicaid (Medi-Cal in California).

**I CURRENTLY HAVE STUDENT HEALTH COVERAGE, BUT NOW I THINK I CAN GET A BETTER DEAL ON THE EXCHANGE. CAN I DROP STUDENT HEALTH PLAN COVERAGE AND GO TO THE EXCHANGE INSTEAD?**

To qualify for an Exchange plan, you must apply during the Exchange Open Enrollment (October 1, 2013 to March 31, 2014). If you are currently enrolled in a student health insurance plan, your coverage will remain in place and can't be dropped until the end of the term or the next waiver period. **There are no refunds if you are enrolled in SHIP and drop it for other coverage.**

However, if you involuntarily lose eligibility for student health plan coverage mid-year (for example, if you drop out of school, fall below the minimum credits required for eligibility, or graduate), you may qualify for a special enrollment opportunity and be able to apply for Exchange coverage.

**CAN I JUST STAY ON MY PARENT'S PLAN?**

Yes, if you are under age 26, you are allowed to stay on a parent's plan, even if you are married.

For students who have coverage through a parent, you have a choice as to whether to waive SHIP in lieu of your parent's plan, or to enroll in your college- or university-sponsored SHIP. In many cases, the cost of coverage for a SHIP is lower than the cost to be insured as a dependent on a parent's plan. Also, especially if you are from out-of-state or if your family is on an HMO plan, there may not be in-network providers near campus, and you may end up paying higher out-of-network rates if a health need arises.

It is also important to note that if you decide to be covered under your school's SHIP while attending college, you are allowed to go back on your parent's plan after you graduate, as long as you are under age 26.

**MY PARENTS ARE ENROLLED IN EMPLOYER-PROVIDED PLANS, BUT IT IS REALLY EXPENSIVE FOR THEM TO ADD ME. WHY CAN'T I GET A SUBSIDY (TAX CREDIT) IN THE EXCHANGE?**

An employer-sponsored plan may be considered "affordable" based on the cost the employee must pay for self-only coverage, and is therefore considered qualifying coverage under ACA. If you are eligible to enroll in that plan (by reason of relationship and eligibility due to age), even if you are not enrolled, it disqualifies you from receiving a federal subsidy (tax credit). Please consult with a tax advisor to understand how these rules affect your personal situation.

**MY PARENTS ARE ENROLLED IN EMPLOYER-PROVIDED PLANS, AND DEPENDENT COVERAGE IS NOT OFFERED. CAN I GET A SUBSIDY (TAX CREDIT) IN THE EXCHANGE?**

Maybe. To qualify for a subsidy (tax credit) your household income must be between 138% and 400% of the federal poverty level (FPL), you may not be claimed as a tax dependent of another taxpayer (for example, your parents), and you must file a joint tax return if you are married. If you are a tax dependent of your parents, you would not qualify as your own household. If your family household income is greater than 400% of FPL (approximately \$94,000 for a family of four), a subsidy would not be available. Please consult with a tax advisor to understand how these rules affect your personal situation.

**IF MY PARENTS CLAIM ME AS A DEPENDENT ON THEIR TAXES, BUT I LIVE ON MY OWN, CAN I GET A SUBSIDY (TAX CREDIT) IN THE EXCHANGE?**

No. One of the eligibility criteria for the subsidy, as listed in the question above, is that you may not be claimed as a tax dependent of another taxpayer. Please consult with a tax advisor to understand how these rules affect your personal situation.

**IF I WAIVED SHIP BECAUSE I HAVE OTHER COVERAGE, WILL I BE SUBJECT TO THE TAX PENALTY?**

To qualify for a waiver, you must be enrolled in other health insurance coverage with equal or greater benefits than SHIP. If this comparable coverage is in force for the entire year, you will not be subject to a tax penalty for 2014. Please consult with a tax advisor to understand how these rules affect your personal situation.

If you lose your other coverage through no fault of your own, you are eligible to enroll in SHIP mid-term, within 30 days of the last day you had coverage. Please see your plan brochure for further details, or contact Ascension at **1-800-537-1777**.

## **IF MY SCHOOL HAS VOLUNTARY SHIP COVERAGE, CAN I ENROLL AS OF JANUARY 1, 2014, TO AVOID THE TAX PENALTY?**

If you are not currently enrolled in SHIP coverage, you must wait until the next available term to enroll, and you must complete your enrollment by the deadline date for that term. See your plan brochure for information on enrollment and deadline dates.

## **IF I ENROLLED IN SHIP FOR THE FALL TERM ONLY, WILL MY PREMIUM RATE GO UP IN 2014?**

The published rates are locked in for the entire 2013–2014 policy year. Any change in published rates will be effective for the 2014–2015 policy year.

## **WILL PRE-EXISTING CONDITION LIMITATIONS BE ELIMINATED FROM MY SHIP COVERAGE STARTING IN 2014?**

In addition to the rates being locked in, the benefits and provisions of the 2013–2014 policy year are set. This includes the current requirement that pre-existing condition limitations be eliminated for children under the age of 19 only.

The removal of the pre-existing condition limitation under your SHIP coverage for people regardless of age will be effective for the 2014–2015 policy year.

## **ARE INTERNATIONAL STUDENTS REQUIRED TO HAVE HEALTH INSURANCE?**

Yes. While international students who are in the U.S. on a student visa and do not file U.S. taxes are exempt from the individual mandate, in order to meet visa requirements to maintain student status, visiting students must have health insurance that covers major accidents and illnesses. This is why most schools have a mandatory insurance plan for international students.

Many school-sponsored health plans offered to international students are ACA-compliant, as sponsoring schools feel it is necessary and appropriate for international students to have the same benefits and coverages as U.S. citizens. However, some international student plans are “short-term, limited duration” plans, which may not cover all Essential Health Benefits or Preventive/Wellness benefits as required under the ACA. Still, these types of international student plans do offer important protection to students. The international plans offered by Ascension meet or exceed all visa and Student and Exchange Visitor Information System (SEVIS) requirements.

## **WILL INTERNATIONAL STUDENTS HAVE ACCESS TO THE EXCHANGE?**

International students who are non-citizens who are lawfully present in the U.S. for the entire period for which enrollment is sought are eligible to purchase insurance through the exchange. A federal subsidy (tax credit) or other cost-sharing reductions are not available.

For more information, including a list of immigration statuses that qualify for exchange coverage, visit:

<https://www.healthcare.gov/immigration-status-and-the-marketplace/>

## **WHAT ARE ESSENTIAL HEALTH BENEFITS?**

Essential Health Benefits are treatments and services required by ACA to be covered under most insurance plans, including student health insurance plans. Essential Health Benefits were initially defined by the U.S. Department of Health and Human Services, but each U.S. state is allowed to further define what will be considered “essential.”

Additionally, specific Preventive/Wellness services must be covered in-network at 100%, and cost-sharing is *not* allowed. Cost-sharing means the costs incurred by you, the insured, including coinsurance, copays, deductibles, and amounts spent over maximum limits. These benefits are outlined in your plan brochure. Please visit [www.hhs.gov/healthcare](http://www.hhs.gov/healthcare) for additional information.

These core services include the following categories:

- Ambulatory patient services
- Emergency services
- Hospitalization
- Maternity and newborn care
- Mental health/behavioral health and substance use disorder services
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventive and wellness services and chronic disease management
- Pediatric services, including oral and vision care

## **WHAT ACA BENEFITS ARE ALREADY INCLUDED IN MY SCHOOL'S SHIP COVERAGE?**

For the **2013–2014** school year (for plans with a start date prior to January 1, 2014), your student health insurance plan is **required** to include the following benefits in compliance with ACA:

- **No “lifetime” or “per condition” benefit limits.** Note that there can still be visit limits on some benefits; for example, physical therapy could be limited to 20 visits per policy year.
- **Provides coverage for Essential Health Benefits with no “annual” or “policy year” dollar limits.** Note that copays and deductibles may still apply.
- **Provides coverage for dependent children up to age 26.**
- **Provides coverage for Preventive/Wellness Services**, with no cost-sharing (copays or deductibles) for in-network services.
- **No pre-existing condition limitation for persons under age 19.** Note that for plans beginning **after** January 1, 2014, there will be no pre-existing condition limitation for persons of any age.

## WHAT ARE METAL CATEGORIES FOR PLANS AND WHY DO THEY MATTER?

The overall level of coverage provided by all plans are determined by its “actuarial value” and is divided into four categories:

<b>Bronze – 60%</b>	<b>Silver – 70%</b>	<b>Gold – 80%</b>	<b>Platinum – 90%</b>
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The actuarial value measures the percentage of expected medical costs that a health plan will cover, meaning how much “value” the plan pays for benefits. It is calculated using deductibles, coinsurance, copays, out-of-pocket maximum and other factors. The higher the actuarial value, the higher the level of benefits in relation to the out-of-pockets costs to the insured person.

Any bronze level plan has a 60% actuarial value. It would be expected to cover, on average, 60% of the insured individual’s medical expenses, with the insured person responsible for paying the remaining 40%.

However, all bronze level plans are not the same. One plan may have a higher deductible than another, compensating by having a lower coinsurance percentage in order to achieve the same actuarial value. For example:

<b>Bronze Level</b>	
<i>Actuarial Value = 60%;</i>	
<i>Out-of-Pocket Maximum = \$6,350 per policy year</i>	
<b>Plan 1:</b>	<i>\$6,350 Deductible and 0% Coinsurance</i>
<b>Plan 2:</b>	<i>\$4,350 Deductible and 20% Coinsurance</i>
<b>Plan 3:</b>	<i>\$2,750 Deductible and 30% Coinsurance</i>

## HOW DO THE METAL CATEGORIES RELATE TO SHIP?

Each SHIP plan for 2014-2015 will include information as to its actuarial value, meaning each plan will be rated as bronze, silver, gold, or platinum. This will make it easier for students and their families to compare health plans “apples to apples.”

## WHAT INFORMATION DO I NEED TO SUBMIT WITH MY TAXES IF I AM ENROLLED IN A SHIP?

For taxes filed in 2014 (for tax year 2013), you do not need to provide any paperwork regarding health insurance coverage. For taxes filed in 2015 (for tax year 2014), you will be provided any necessary paperwork, if required by the federal government. The requirements have not been issued by the IRS at this time. Please consult with a tax advisor to understand how ACA rules affect your personal situation.