

THE AFFORDABLE CARE ACT & YOU

CONGRESSWOMAN TERRI A. SEWELL

THE 7TH CONGRESSIONAL DISTRICT OF ALABAMA



A RESOURCE GUIDE TO HELP YOU UNDERSTAND
THE AFFORDABLE CARE ACT

WEBSITE: HEALTHCARE.GOV

Toll-Free Consumer Call Center: 1-800-318-2596

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BENEFITS OF THE ACA IN THE 7TH DISTRICT OF ALABAMA

The following fact sheet summarizes data on the significant benefits of the ACA in Alabama's 7th Congressional District and provides the first picture of the impacts of the ACA.

- **9,300 young adults** in the district now have health insurance through their parents' plan.
- More than **5,600 seniors** in the district received prescription drug discounts worth **\$7.5 million**, an average discount of **\$600 per person** in 2011, **\$670 in 2012**, and **\$1,200 thus far in 2013**.
- **118,000 seniors** in the district are now eligible for Medicare preventive services without paying any co-pays, coinsurance, or deductible.
- **155,000 individuals** in the district – including **29,000 children and 70,000 women** – now have health insurance that covers preventive services without any co-pays, coinsurance, or deductible.
- **119,000** individuals in the district are saving money due to ACA provisions that prevent insurance companies from spending more than 20% of their premiums on profits and administrative overhead. Because of these protections, **over 1,700 consumers** in the district received approximately **\$600,000** in insurance company rebates in 2011 and 2012 – **an average rebate of \$248 per family** in 2012 and **\$518 per family in 2011**.
- **Up to 38,000** children in the district with preexisting health conditions can no longer be denied coverage by health insurers.
- **177,000 individuals** in the district now have insurance that cannot place lifetime limits on their coverage and will not face annual limits on coverage starting in 2014.
- **Up to 107,000 individuals** in the district who lack health insurance will have access to quality, affordable coverage without fear of discrimination or higher rates because of a preexisting health condition. In addition, the **28,000 individuals** who currently purchase private health insurance on the individual or small group market will have access to more secure, higher quality coverage and many will be eligible for financial assistance.

The Democratic Staff for the Committees on Energy and Commerce, Ways & Means, and Education and the Workforce compiled the following information in a report.

HOW THE ACA IS MAKING A DIFFERENCE FOR ALABAMIANS

Because of the Affordable Care Act, the 84% of Alabamians who have insurance have more choices and stronger coverage than ever before. The 16% of Alabamians who don't have insurance, or Alabama families and small businesses who buy their coverage but aren't happy with it, a new day is here.

Open enrollment in the Marketplace started October 1st, with coverage starting as soon as January 1, 2014. Alabama families and small business can visit HealthCare.gov right now to find the information they need prepare for open enrollment.

The health care law is already providing **better options, better value, better health and a stronger Medicare program** to the people of Alabama.

BETTER OPTIONS

The Health Insurance Marketplace

Beginning October 1, the Health Insurance Marketplace make it easy for Alabamians to compare qualified health plans, get answers to questions, find out if they are eligible for lower costs for private insurance or health programs like Medicaid and the Children's Health Insurance Program (CHIP), and enroll in health coverage. *Of the Uninsured Alabamians who are eligible for coverage:*

- 642,738 (16%) are uninsured and eligible
- 441,701 (69%) have a full-time worker in the family
- 266,399 (41%) are 19-34 years old
- 367,897 (57%) are White
- 226,366 (35%) are African American
- 32,405 (5%) are Latino/Hispanic
- 4,194 (1%) are Asian American or Pacific Islander
- 344,256 (54%) are male
- 608,430 (95%) of Alabama's uninsured and eligible population may qualify for tax credits to purchase coverage in the Marketplace.

- **If Alabama takes advantage of the new opportunity to expand Medicaid coverage under the Affordable Care Act, 95% of Alabama's uninsured and eligible population may qualify for Medicaid.**
- **Alabama has received \$9,772,451 in grants for research, planning, information technology development, and implementation of its Health Insurance Marketplace.**

New Coverage Options for Young Adults

Under the health care law, if your plan covers children, you can now add or keep your children on your health insurance policy until they turn 26 years old. Thanks to this provision, over **3 million** young people who would otherwise have been uninsured have gained coverage nationwide, **including 49,000 young adults in Alabama.**

Ending Discrimination for Pre-Existing Conditions

As many as **2,040,458 non-elderly Alabamians** have some type of pre-existing health condition, including **266,902 children.** Today, insurers can no longer deny coverage to children because of a pre-existing condition, like asthma or diabetes, under the health care law. And beginning in 2014, health insurers will no longer be able to charge more or deny coverage to anyone because of a pre-existing condition. The health care law also established a temporary health insurance program for individuals who were denied health insurance coverage because of a pre-existing condition. **911 Alabamians with pre-existing conditions** have gained coverage through the Pre-Existing Condition Insurance Plan since the program began.

BETTER VALUE

Providing better value for your premium dollar through the 80/20 Rule

Health insurance companies now have to spend at least 80 cents of your premium dollar on health care or improvements to care, or provide you a refund. **This means that 1,487 Alabama residents with private insurance coverage will benefit from \$314,374 in refunds** from insurance companies this year, for **an average refund of \$248 per family** covered by a policy.

Scrutinizing unreasonable premium increases

In every State and for the first time under Federal law, insurance companies are required to publicly justify their actions if they want to raise rates by 10 percent or more. **Alabama has received \$1,000,000 under the new law to help fight**

unreasonable premium increases. Since implementing the law, the fraction of requests for insurance premium increases of 10 percent or more has dropped dramatically, **from 75 percent to 14 percent** nationally. To date, the rate review program has helped save Americans an estimated \$1 billion.

Removing lifetime limits on health benefits

The law bans insurance companies from imposing lifetime dollar limits on health benefits – freeing cancer patients and individuals suffering from other chronic diseases from having to worry about going without treatment because of their lifetime limits. Already, **1,566,000 people in Alabama, including 609,000 women and 396,000 children, are free from worrying about lifetime limits on coverage.** The law also restricts the use of annual limits and bans them completely in 2014.

BETTER HEALTH

Covering preventive services with no deductible or co-pay

The health care law requires many insurance plans to provide coverage without cost sharing to enrollees for a variety of preventive health services, such as colonoscopy screening for colon cancer, Pap smears and mammograms for women, well-child visits, and flu shots for all children and adults.

In 2011 and 2012, **71 million** Americans with private health insurance gained preventive service coverage with no cost-sharing, including 1,084,000 in Alabama. And for policies renewing on or after August 1, 2012, women can now get coverage without cost-sharing of even more preventive services they need. Approximately **47 million women**, including **742,787 in Alabama will now have guaranteed access to additional preventive services without cost-sharing.**

Increasing support for community health centers

The health care law increases the funding available to community health centers nationwide. **In Alabama, 15 health centers operate 155 sites, providing preventive and primary health care services to 320,044 people. Health Center grantees in Alabama have received \$56,110,263 under the health care law to support ongoing health center operations and to establish new health center sites, expand services, and/or support major capital improvement projects.**

Community Health Centers in all 50 states have also received a total of \$150 million in federal grants to help enroll uninsured Americans in the Health

Insurance Marketplace, including \$2,424,896 awarded to Alabama health centers. With these funds, Alabama health centers expect to hire 50 additional workers, who will assist 70,066 Alabamians with enrollment into affordable health insurance coverage.

Investing in the primary care workforce

As a result of historic investments through the health care law and the Recovery Act, the numbers of clinicians in the National Health Service Corps are at all-time highs with nearly 10,000 Corps clinicians providing care to more than 10.4 million people who live in rural, urban, and frontier communities. The National Health Service Corps repays educational loans and provides scholarships to primary care physicians, dentists, nurse practitioners, physician assistants, behavioral health providers, and other primary care providers who practice in areas of the country that have too few health care professionals to serve the people who live there. **As of September 30, 2012, there were 109 Corps clinicians providing primary care services in Alabama, compared to 57 in 2008.**

Preventing illness and promoting health

As of March 2012, Alabama had received \$9,200,000 in grants from the Prevention and Public Health Fund created by the health care law. This new fund was created to support effective policies in Alabama, its communities, and nationwide so that all Americans can lead longer, more productive lives.

A STRONGER MEDICARE SYSTEM

Making prescription drugs affordable for seniors

In Alabama, people with Medicare saved nearly \$99 million on prescription drugs because of the Affordable Care Act. In 2012 alone, 48,264 individuals in Alabama saved over \$31 million, or an average of \$643 per beneficiary. In 2012, people with Medicare in the “donut hole” received a 50 percent discount on covered brand name drugs and 14 percent discount on generic drugs. And thanks to the health care law, coverage for both brand name and generic drugs will continue to increase over time until the coverage gap is closed. Nationally, over 6.6 million people with Medicare have saved over \$7 billion on drugs since the law’s enactment.

Covering preventive services with no deductible or co-pay

With no deductibles or co-pays, cost is no longer a barrier for seniors and people with disabilities who want to stay healthy by detecting and treating health problems

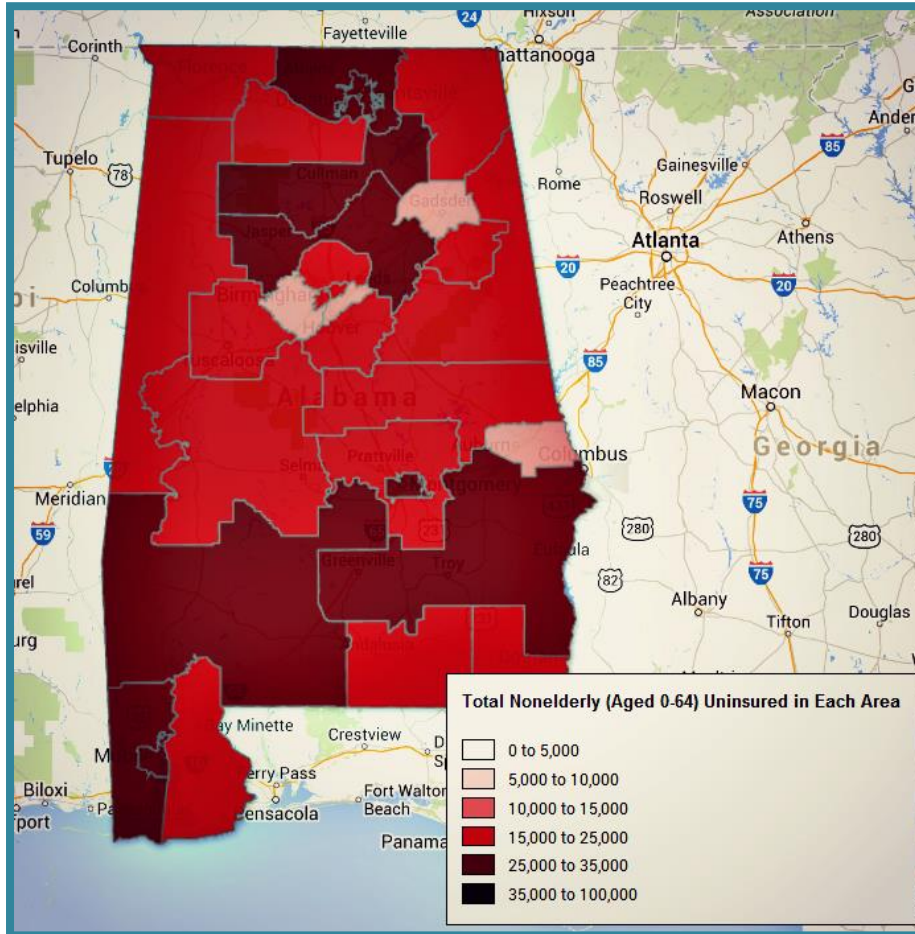
early. In 2012 alone, an estimated 34.1 million people benefited from Medicare's coverage of preventive services with no cost-sharing. **In Alabama, 515,494 individuals with traditional Medicare used one or more free preventive service in 2012.**

Protecting Medicare's solvency

The health care law extends the life of the Medicare Trust Fund by ten years. From 2010 to 2012, Medicare spending per beneficiary grew at **1.7 percent** annually, substantially more slowly than the per capita rate of growth in the economy. And the health care law helps stop fraud with tougher screening procedures, stronger penalties, and new technology. Over the last four years, the administration's fraud enforcement efforts have recovered **\$14.9 billion** from fraudsters. For every dollar spent on health care-related fraud and abuse activities in the last three years the administration has returned \$7.90.

ALABAMA'S UNINSURED

MAP: Nonelderly (Ages 0-64) Uninsured



Link: [Mapping the Uninsured by Congressional District-The National Journal \(Elderly and Non-Elderly\)](#)

- 15.7 % of individuals in Alabama's 7th Congressional District are uninsured
- 15.6 % of individuals in Alabama's 1st Congressional District are uninsured (Vacant)
- About 575,200 (15%) Alabamians do not have health insurance.
- 77% of uninsured Alabamians have at least one person in the family working full or part-time.
- 46% of uninsured Alabamians have family members who work full time, all year.

For more information on Alabama's uninsured, visit:

SOURCE: <http://familiesusa2.org/assets/pdfs/the-uninsured-state-factsheet-nov2003/Uninsured-in-Alabama.pdf>

ECONOMIC BENEFITS OF THE ACA

Since the Affordable Care Act became law in March 2010, the private sector has added 8.1 million jobs. That is the strongest 45 month job growth since the late 1990s and contrasts with the 3.8 million private sector jobs lost in the decade before the Affordable Care Act passed. The Congressional Budget Office projects that the economy will continue to add jobs in the years ahead, while the Affordable Care Act extends coverage to 25 million people.

The ACA is helping the labor market, laying the foundation for future economic growth, improving the financial security and well-being of America's families, and helping to ensure that every American who wants a job can find one.

- **The ACA puts more money in families' pockets, boosts demand, and brings down unemployment.** The law makes it easier for families to access health care services – with millions of Americans benefitting from premium tax credits worth thousands of dollars – and meet other pressing needs, increasing the demand for goods and services in our economy. That's why CBO Director Doug Elmendorf testified that the ACA “spurs employment and would reduce unemployment over the next few years.”
- **The ACA helps slow the growth of health care costs, boosts hiring in the near term, and bolsters workers' paychecks.** The law is contributing to the historic slowdown in the growth in health care costs seen over the last few years through reforms to Medicare and new payment models incentivizing more efficient, higher quality care. Slower growth in health costs reduces the growth in insurance premiums paid by employers, which reduces the cost of hiring additional workers and, over time, boosts workers' take-home pay.
- **The ACA reduces our long-term deficit and lays the foundation for future growth.** The CBO estimates that from 2013 through 2022, the law will reduce the deficit by \$109 billion and by more than \$1 trillion over the next twenty years. Lower deficits will result in higher national saving, increasing capital accumulation and reducing foreign borrowing.
- **The ACA improves health and makes workers more productive.** The law improves health for people who would otherwise not have had health insurance as well as for those who are already insured by expanding access to needed medical care and improving the quality and efficiency of care for all Americans. And, people who live longer, healthier lives miss fewer days of work, are less likely to become disabled, tend to spend more years in the workforce, and are more productive while on the job.
- **The ACA reduces “job lock” and encourages job mobility and entrepreneurship.** Because of the law's ban on discrimination against people with pre-existing conditions and its other strong consumer protections, all Americans now have access to health insurance, whether or not they can get coverage through their workplaces. This newfound freedom allows more Americans the ability to change jobs or take risks and start their own businesses, spurring innovation and economic growth.

- **The ACA improves financial security in the face of illness.** By expanding access to affordable health insurance coverage, the law is helping to ensure that getting sick no longer leads to financial ruin. Better financial protection makes an essential contribution to the well-being of families and the overall health of the economy.

ACA RESOURCES & CONTACTS

Toll-Free Consumer Call Center: 1-800-318-2596

The Toll-Free Consumer Call Center is available 24 hours a day, seven days a week to assist you with completing an enrollment application and eligibility determination, performing a plan comparison to assist callers with selecting their insurance options, addressing issues related to premium information (based on adjusted gross income), determining tax credit eligibility, and complaints about health plan issuers.

In addition to English and Spanish, the call center provides assistance in more than 150 languages through an interpretation and translation service.

New Consumer-Focused Website: HealthCare.gov

This website is an excellent resource providing consumers with assistance in enrollment and registration for private health insurance. This website will help you understand your choices and select the coverage that best suits your needs with open enrollment in the new Health Insurance Marketplaces.

The new website serves both consumers who are looking for coverage and small business owners who will have access to new SHOP Marketplaces.

Both HealthCare.gov and CuidadoDeSalud.gov have “web chat,” enabling consumers to ask additional questions of trained HHS staff.

Websites for Small Businesses: <http://SBA.gov/healthcare>

The Small Business Administration (SBA) has launched a very useful website to learn more about what the ACA means for small businesses.

[Health Care Business Pulse](#) is another useful SBA website. It is a bi-weekly, interactive blog that provides clear ACA information that dispels persisting myths.

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THE ACA: ROLLOUT TIMELINE

October 1, 2013	Enrollment begins for individuals in the Health Insurance Marketplaces.
January 1, 2014	-Coverage begins for individuals in the Health Insurance Marketplaces and for small businesses in the SHOPS.
	-To make coverage affordable in the Marketplaces, premium tax credits become available for those with incomes between 100% to 400% of the poverty level (between \$23,500 to \$94,200 for a family of four in 2013).
	-For those states that choose, Medicaid is expanded to cover all those with incomes up to 138% of the poverty level, with the federal government paying 100% of the cost for first three years, phasing down to 90% of the cost by 2020 and beyond.
	-A prohibition on all discrimination by insurance companies against Americans due to pre-existing conditions begins.
	-A prohibition against all discrimination by insurance companies against women begins.
	-The elimination of all annual limits on insurance coverage begins.
	-A cap on a consumer's out-of-pocket costs in health plans begins, providing an additional vital new protection for consumers.
	-The small business health insurance tax credit increases from covering 35% of a business's premium costs to 50% of a business's premium costs.
March 30, 2014	The enrollment period ends for calendar year 2014 for individuals enrolling in Individual Health Marketplaces.
January 1, 2015	New provisions go into effect beginning to tie physician payments to the value of the care they provide, not simply the volume.

FREQUENTLY ASKED QUESTIONS FOR INDIVIDUALS & CONSUMERS

1. What are the new online Marketplaces, starting in January, and who are they designed for?

A: The new Marketplaces are designed for Americans who buy their own coverage or currently have no coverage at all. (The vast majority of Americans, who have coverage through their employer or through such public programs as Medicare, will not purchase insurance through the new Marketplaces.) Some key facts about the New Marketplaces:

- The Marketplaces will provide individuals and families a choice among numerous quality private insurance plans.
- Every health insurance plan in the new Marketplaces will offer comprehensive coverage, from doctors to medications to hospital visits.
- There will be one Marketplace in each state. In some states, the Marketplaces will be run by the state itself; in others, they will be run by the federal government.
- A significant majority of people in the new Marketplaces will pay the same or less than they do for their coverage right now. That is because more than 80 percent of those buying coverage in the Marketplaces will qualify for premium tax credits, which will dramatically cut what an individual actually pays in premiums in many cases. CBO projects that the average tax credit will be more than \$5,000 a year in 2014, or more than \$400 a month.
- Those in the new Marketplaces will be receiving better benefits than those currently in the individual market. Unlike in today's broken individual market, there will be reliable coverage that is actually there for people when they need it.

2. I have heard that, under the health care law, there is a panel that can order my doctor not to give me certain procedures, therapy or care. Bureaucrats will decide whether I live or die.

A: There is no such panel. That is a blatant falsehood.

3. If I need insurance, how will I be able to enroll in a health plan in the new Marketplace?

A: If eligible, individuals and families will be able to enroll in a health plan in the Marketplace in numerous ways, including:

- Online;
- By phone;
- By mail; or
- In person.

Also, the help available in each Marketplace to help individuals and families choose the best private health plan for them will include:

- A toll-free call center;
- A website with plan comparison tools; and
- Navigators, such as community-based organizations.

4. If I am a senior enrolled in Medicare, how does the health care law affect me?

A: The health care law is strengthening Medicare and providing you with better benefits, including the following:

- If you fall into the Rx drug ‘donut hole’ coverage gap, you are receiving more than a 50 percent discount on your brand-name Rx drugs. Already, more than 6.3 million seniors who have fallen into the ‘donut hole’ have saved over \$6.1 billion on their Rx drugs. By 2020, the ‘donut hole’ will be completely closed.
- You are now receiving free coverage of key preventive services, such as mammograms and colonoscopies. Before the health care law, some services could have a co-pay as high as \$160.
- You are receiving a free physical – or Annual Wellness Visit – each year.
- The health care law strengthens Medicare and extends the solvency of the Medicare Trust Fund by 8 years – from 2016 to 2024.

5. I am a veteran. I served my country and I was promised VA health care for the rest of my life. I am concerned that the health care law will take away the VA health care I have earned.

A: You should not be concerned. You stay in the VA health care system. Nothing changes for you under the Affordable Care Act.

6. Isn't it true that this expensive law is going to bankrupt the country and explode the deficit?

A: The opposite is true. According to the latest estimates from the nonpartisan Congressional Budget Office, the health care law reduces the deficit by \$109 billion over the next 10 years and over \$1 trillion over the following decade.

- The health care law was designed to ensure that it would not increase the deficit and that it was to be fully paid-for.
- Ever since the health care law was enacted in March 2010, the nonpartisan CBO has consistently estimated that the law would reduce – not increase – the deficit.
- CBO estimates that the health care law has provisions that will help contain health care cost growth, thereby lowering the growth in costs of federal health care programs over the long term.

7. Starting in 2014, will it be easier for me to get coverage even if I have health problems?

A: Yes, starting in 2014, having a health problem will no longer be a barrier to having access to affordable, quality health insurance:

- Currently, millions of Americans who have health problems and do not have access to affordable insurance through their employer are locked out of access to affordable insurance.
- In today's individual market (for the self-employed and those without employer coverage), insurers systematically exclude people with pre-existing health conditions altogether or only offer them astronomical, unaffordable premiums.
- In the new Marketplaces starting in January, Americans can no longer be denied coverage or charged higher rates for having a pre-existing health condition.

8. I am serving my country and I don't want to see my family kicked out of TRICARE and I don't want to lose my military health benefits either now or when I retire. I am concerned that the Affordable Care Act can change or take away my benefits.

A: Your family stays in TRICARE. While you serve, all of your military health benefits continue. And when you retire, you receive all of your military retirement health benefits. Nothing changes for you under the Affordable Care Act.

9. I have heard that some recent headlines of some insurers seeking big premium increases in these new Marketplaces mean that most Americans will be paying a lot more for health coverage next year. Is that true?

A: That is not true.

- These headlines on premiums have nothing to do with more than 95 percent of insured Americans – those who get their health insurance through the employer or through public plans like Medicare. No serious study has asserted that health care law will cause the premiums of those 240 million people to rise.
- The headlines are about the individual market only – where only 3.5 percent of Americans currently buy insurance.
- The headlines are only about rates that insurance companies are proposing, not rates that have been approved by state regulators – rates that in many cases will be significantly lower.
- The headlines are highly misleading. The headlines imply that all those in today’s individual market will face higher premiums in the Marketplaces; which is not true. In general, women in the Marketplaces will see their premiums drop. Similarly, older men will see their premiums drop. A small group of predominantly young men may see somewhat higher premiums than in today’s dysfunctional individual market; but a majority of these young men will have access to generous premium tax credits that will mean what they actually pay will not go up.
- Despite the headlines, a significant majority of those in the new Marketplaces will NOT be paying more for their insurance – due to the premium tax credits. CBO estimates that over 80 percent of people who get their coverage through the Marketplaces will receive premium credits.
- There have also been some very good headlines about premiums in the new Marketplaces – such as the Seattle Times’ article, [“Some May See Lower Rates under Obama Health Law”](#) which discusses for example one health plan’s proposed rates for healthy 21-year-old men that will decline by 15% next year. Also a Reuters article, [“Two States Say 2014 Obamacare Insurance Costs on Low Side,”](#) discusses the relatively low proposed rates announced in Washington and Oregon.
- People in the new Marketplaces will also be getting better benefits, which will result in lower out-of-pocket costs.

10.If I already have employer-provided coverage, how does the health care law affect me?

A: If you have employer-provided coverage, you have already received numerous new protections and benefits under the health care law, including:

- Your insurer can't drop you when you get sick.
- Your insurer can no longer impose a lifetime limit on your coverage.
- Your insurer must give you the option of having your young adult children stay on or join your employer-provided plan until they turn 26.
- If you have a child with a pre-existing condition, your insurer cannot discriminate against that child.
- Your insurer must spend at least 80% of your premium on health care – not on profits or overhead. And if they don't, they have to reimburse you – either with a rebate or with lower premiums.
- Your insurer has to justify publicly any double-digit premium increases they are seeking.
- You have free coverage of key preventive services, such as mammograms and colonoscopies (for most people in private plans).
- Your insurer cannot discriminate against you if you have or develop a pre-existing condition.
- If you are a woman, insurers cannot charge you more than men for the same coverage.

11.I have been concerned that it seems the premiums in my state seem to be going up rapidly and I've heard it's because of the new health care law. Is that true? And what can be done about rising premiums?

A: The provisions of the health care law over the last couple of years have not played a causative role in premium increases. There are actually key provisions in the Affordable Care Act that have been in effect for two years that can lead to lower rates – including a provision requiring that insurers spend at least 80% of your premium on health care – and not on profits, CEO pay, or overhead. If insurers don't, they have to reimburse you – either with a rebate or with lower premiums. In terms of the rates in our state, we should look more carefully at the actual premiums across the state, and not anecdotes. If my office finds there have been significant premium increases in our state recently, I can contact our state Insurance Commissioner and see if it makes sense for there to be an audit to make sure that the new ACA rule on insurers spending at least 80% of premiums on health care and not CEO pay and profits is being fully enforced.

12. I have employer-provided coverage and I have heard that, beginning in 2014, large numbers of employers are going to drop their coverage and put their employees in the new Marketplaces. Is that true?

A: That is not true.

- CBO estimates that the health care law, after 2014, will continue the employer-based system that we have today. There are 156 million Americans in employer-provided coverage today. CBO estimates that there will still be 159 million Americans in employer-provided coverage in 2019.
- For decades, most employers have voluntarily offered health benefits to employees. **94 percent of firms with 50-199 employees and 98 percent of firms with 200 or more employees already offer health benefits today.** There is no reason they would stop in 2014 under the health care law.
- Employers voluntarily offer health benefits today because they want to recruit and retain high-quality employees. They also want to maintain a healthy and productive workforce. Those incentives don't change under the health care law.
- J.P. Morgan has stated that 99% of large employers won't drop coverage and it's a "non-issue."
- The percentage of employers offering coverage has increased in Massachusetts since reform went into effect. The percentage of employers offering coverage increased from 72% in 2007 to 77% in 2010.

13. What Happens in States like Alabama With No Medicaid Expansion?

A: In states where there is no Medicaid expansion, uninsured individuals with incomes between 100% and 138% of poverty (who under Medicaid expansion would have been enrolling in Medicaid) will be able to qualify for premium tax credits in the state's Health Insurance Marketplace.

However, unfortunately, in states where there is no Medicaid expansion, uninsured individuals with incomes below 100% of poverty and who do not qualify for the state's regular Medicaid program will NOT be able to qualify for premium tax credits in the state's Health Insurance Marketplace. (This is due to the fact that Congress never contemplated when the law was written that Medicaid expansion would not be universal across all 50 states.)

14. Is it true that, because of the new limits on age-based rating in the ACA, young adults will suffer “rate shock” and never be able to afford the premiums in the new Marketplaces?

A: That is not true. The nonpartisan Urban Institute recently issued a report entitled “Why the ACA’s Limits on Age Rating Will Not Cause ‘Rate Shock.’” The Urban Institute found that large majorities of young adults would not pay more for insurance because they will qualify for generous premium tax credits that will make insurance affordable. Currently, about 29 percent of people in their 20s are uninsured (almost double the rate of the overall population) and the ACA will actually greatly improve their access to affordable coverage?

- 92 % of people ages 21 to 27 projected to buy an individual plan in the new Marketplaces are expected to have incomes less than 300% of the poverty level, so they will be eligible either for substantial tax credits to help pay premiums in the Marketplaces or for Medicaid.
- Similarly, 88% of 18-to-20-year-olds projected to buy a plan in the Marketplaces are expected to have incomes less than 300% of the poverty level, so they also will be eligible for substantial tax credits to help pay premiums in the Marketplaces or for Medicaid.
- For example, a young adult earning \$16,500 per year would pay no more than \$55 per month toward premiums for a basic plan in the Marketplaces because of the premium tax credits. He or she may well pay more in today’s individual market for a far less comprehensive plan than will be available in 2014.

15. Is it true that since it was enacted in 2010, the ACA has caused health care costs and premiums to rise rapidly?

A: No, that is not true. The opposite is true. Since the enactment of the ACA, the growth in overall health care spending and Medicare spending has decreased to record lows:

- U.S. health care spending grew at historic lows for a third consecutive year in 2011.
 - Medicare per beneficiary spending rose by just 0.4 percent in 2012.
 - Medicaid per beneficiary spending actually dropped by 1.9 percent in 2012.
- Since enactment of the ACA, the growth in many premiums is at record lows:
- The average projected premium for Medicare Advantage enrollees in 2013 is 10% lower than the average premium in 2010.
 - There was no increase in the average premium for Medicare Part D in 2013.
 - Premiums for Medicare Part B have gone up an average of less than 2 % a year over the last 5 years.
 - Annual premiums for employer-sponsored family health coverage increased by only 4 percent in 2012 – the smallest increase in all but one of the last 13 years.

16. I am a young adult. Is it true that, because of the new limits on age-based rating in the health care law, young adults like me will suffer “rate shock” and never be able to afford the premiums in the new Marketplaces?

A: That is not true. The nonpartisan Urban Institute recently issued a report entitled “Why the ACA’s Limits on Age Rating Will Not Cause ‘Rate Shock.’” The Urban Institute found that large majorities of young adults would not pay more for insurance because they will qualify for generous premium tax credits that will make insurance affordable. Currently, about 29 percent of people in their 20s are uninsured (almost double the rate of the overall population) and the health care law will actually greatly improve their access to affordable coverage.

The Urban Institute found:

- 92 percent of people ages 21 to 27 projected to buy an individual plan in the new Marketplaces are expected to have incomes less than 300% of the poverty level, so they will be eligible either for substantial tax credits to help pay premiums in the Marketplaces or for Medicaid.
- Similarly, 88 percent of 18-to-20-year-olds projected to buy a plan in the Marketplaces are expected to have incomes less than 300% of the poverty level, so they also will be eligible for substantial tax credits to help pay premiums in the Marketplaces or for Medicaid.
- For example, a young adult earning \$16,500 per year would pay no more than \$55 per month toward premiums for a basic plan in the Marketplaces because of the premium tax credits. He or she may well pay more in today’s individual market for a far less comprehensive plan than will be available in 2014.

17. I have heard that, since it was enacted in 2010, the health care law has caused health care costs and premiums to rise rapidly. Is that true?

A: No, that is not true. The opposite is true. Since the enactment of the health care law, the growth in overall health care spending and Medicare spending has decreased to record lows:

- U.S. health care spending grew at historic lows for a third consecutive year in 2011.
- Medicare per beneficiary spending rose by just 0.4 percent in 2012.
- Medicaid per beneficiary spending actually dropped by 1.9 percent in 2012. Since enactment of health care law, the growth in many premiums is at record lows:
- The average projected premium for Medicare Advantage enrollees in 2013 is 10 percent lower than the average premium in 2010.
- There was no increase in the average premium for Medicare Part D in 2013.
- Premiums for Medicare Part B have gone up an average of less than 2 percent a year over the last five years.

- Annual premiums for employer-sponsored family health coverage increased by only 4 percent in 2012 – the smallest increase in all but one of the last 13 years.

INDIVIDUALS & THE ACA

New Online Marketplaces for Individuals

- Beginning in 2014, a new “Health Insurance Marketplace” in each state will operate two components: a Health Insurance Marketplace for individuals and a Small Business Health Options Program (or SHOP) for small businesses.
- With the Health Insurance Marketplace for individuals, beginning on January 1, millions of Americans will have new access to affordable private health insurance coverage. The new Marketplaces will serve Americans who buy their own coverage or currently have no coverage at all.
- The Marketplaces will provide individuals and families a choice among numerous quality private health insurance plans; and will also make premiums affordable through sliding-scale premium tax credits.
- Every health insurance plan in the new Marketplaces will offer comprehensive coverage, from doctors to medications to hospital visits.
- Individuals will be able to compare all of their insurance options based on premiums, benefits, quality and other features important to them.
- There will be one Marketplace in each state. In some states, the Marketplaces will be run by the state itself; in others, they will be run by the federal government.
- The vast majority (over 80%) of Americans, who have coverage through their employer or through such programs as Medicare and Medicaid, will not purchase insurance through the new Marketplaces.

Those in the Marketplaces will have better benefits than virtually everyone buying insurance in the individuals market today

- Many buying insurance in the individual market today have inadequate coverage, leaving them vulnerable to high medical bills even when they are insured. Indeed, many in the individual market currently have bare bones policies that exclude such things as mental health, maternity care and prescription drugs.
- By contrast, in the Marketplaces, all health plans will have all essential benefits, including hospital visits, doctor visits, prescription drugs, emergency services, pediatric services, mental health and substance use disorder services, and maternity and newborn care.
- Unlike in today’s market, there will be coverage that is actually there for people when they need it.
- All health plans will also have coverage of key preventive services with no cost-sharing.
- Furthermore, all health plans in the Marketplaces will have a cap on total out-of-pocket spending – providing critical new protection for millions of Americans.

In the Marketplaces, health insurance companies will compete on a level playing field, promoting competition

- The Marketplaces will ensure that individuals and families can make an apples-to-apples comparison of the costs and benefits between the various private health insurance plans offered. Information on the premiums, deductibles, and out-of-pocket costs of the various plans will be available before individuals and families decide to enroll, so they will know what they are buying.
- All Qualified Health Plans offered in the Marketplaces are required to meet basic standards, including quality standards, consumer protections, and access to a range of doctors and clinicians.
- All information about the plans in the Marketplaces must be in plain language that is easily understood.

Premium tax credits will make coverage in the marketplaces affordable

- It is estimated that more than 85 percent of those buying coverage in the Marketplaces will qualify for premium tax credits.
- The tax credits are provided immediately and directly to the health plan chosen by individuals and families, immediately lowering what individuals and families pay for their monthly premiums.
- Tax credits will be available for individuals and families with incomes between 100% to 400% of the federal poverty level (between \$23,500 to \$94,200 for a family of four in 2013) who are not eligible for Medicaid, employer-sponsored insurance, or other acceptable coverage. The credit is reduced as individual and family income increases, phasing out at 400% of the poverty level.
- To help make coverage affordable, the sliding-scale credits limit individual family spending on premiums for the essential benefit package to no more than 2.0% of income for those with the lowest incomes and phasing up to no more than 9.5% of income for those at 400% of poverty.
- In addition to these premium tax credits, individuals and families with incomes up to 250% of the federal poverty level (\$58,875 for a family of four in 2013) are also eligible for reduced cost sharing, to help them afford the insurance coverage they bought through the Marketplaces.

In the Marketplaces, Americans with pre-existing health conditions can no longer be denied coverage and premiums will be fair

- In the marketplaces, all Americans, including both adults and children, can no longer be denied coverage for having a pre-existing health condition.
- In the Marketplaces, individuals can also no longer be charged higher rates for having or developing a pre-existing health condition, leading to more fair and stable premiums.
- Women can no longer be charged higher premiums than men for the same coverage.
- Insurance companies can only vary premiums based on age by a maximum of a 3-to-1 ratio.

In the Marketplaces, there will be consumer assistance and enrollment help

- Individuals and families will be able to apply for enrollment in the Marketplace in numerous ways, including: online, by phone, by mail, or in person.
- The help available in each Marketplace to help individuals and families choose the best private health plan for them will include:
 - A toll-free call center;
 - A website with plan comparison tools;
 - Navigators, such as community-based organizations;
 - In-Person Assisters (in some states); and
 - Agents and brokers (in most states)

Calculator for Premium Tax Credits for Individuals

The Kaiser Family Foundation has developed a calculator that people can use to get a rough estimate of the level of premium tax credits in the new Health Insurance Marketplaces they could be eligible for. For the calculator, go to: <http://kff.org/interactive/subsidy-calculator/>

The calculator illustrates health insurance premiums (using average premiums for your type of household) and tax credit subsidies for people purchasing insurance on their own in the new Marketplaces. Beginning in October, 2013, low- and middle-income people can apply for tax credit subsidies when enrolling in a health plan in the Marketplaces if:

- They have incomes up to 400% of the poverty level.
- They are under age 65.
- They are not eligible for coverage through their employer, Medicaid, or Medicare.

To use the calculator, you enter in your income, the number of adults in your household, the number of children in your household, tobacco use, and whether employer coverage is available.

For those who qualify for the tax credit subsidy, the calculator will tell you:

- Your household income as a percentage of the poverty level
- What the unsubsidized health insurance premium would be for your household in 2014
- The maximum percentage of income you have to pay for the premium
- The amount you pay for the premium (and what % of the overall premium that covers)
- The amount of the tax credit subsidy you could receive (and what % of the overall premium that covers)

If your income is under 138% of the poverty level, the calculator will tell you about your potential eligibility for Medicaid, explaining that your eligibility is dependent on whether your state accepted the Medicaid expansion option provided by the Affordable Care Act.

HOW THE ACA BENEFITS YOUNG ADULTS & CHILDREN

YOUNG ADULTS

- **Allows young adults to stay on their parents' health plans up to their 26th birthday.** 6.6 million young adults have already taken advantage of the law to obtain health insurance through their parents' plan, of whom 3.1 million would be uninsured without this coverage.
- **Bans insurance companies from dropping young adults when they get sick or have an accident.**
- **For young adults in new private plans, provides free coverage of key preventive services.**
- **Provides access to quality coverage to the millions of young adults without access to affordable job-based plans,** with the establishment of new state-based Health Insurance Marketplaces, beginning in 2014. Currently, young adults are the most uninsured group among all Americans.

CHILDREN

- **Prohibits insurers from denying coverage to children under age 19 for having a "pre-existing condition."** Up to 17 million children with pre-existing conditions are now protected from discrimination.
- **For children in new private plans, provides free coverage of key preventive services, such as immunizations.**
- **Provides access to quality coverage for millions of children,** beginning in 2014. Currently, there are 7 million American children without any health insurance.

HOW THE ACA BENEFITS WOMEN

- Bans insurance companies from dropping women when they get sick or become pregnant.
- Improves the care of millions of older women with chronic conditions, by providing incentives under Medicare for more coordinated care.
- For nearly 30 million women with private health insurance, ensures guaranteed free coverage of key preventive health services, such as mammograms, cervical cancer screenings, and immunizations.
- Provides that this free coverage, beginning in August 2012, now includes more comprehensive women's preventive services, such as well-woman visits, breastfeeding support and supplies, and gestational diabetes screening.
- Beginning in January 2014, ensures being a woman will no longer be treated as a "pre-existing condition," with insurance companies banned from denying coverage for "pre-existing conditions." Currently, many women are denied coverage or charged more for such "pre-existing conditions" as breast cancer, pregnancy, having had a C-section, or having been a victim of domestic violence.
- Beginning in January 2014, ends the common practice of "gender rating," charging women higher premiums than men for the same coverage. According to one study, the women buying their insurance in the individual market today pay up to 48% more in premium costs than men.
- Beginning in January 2014, ensures that 8.7 million women currently purchasing individual insurance will gain coverage for maternity services.
- Beginning in January 2014, provides greater access to affordable health coverage for women, with an estimated 18.6 million uninsured women having new opportunities for coverage through the Health Insurance Marketplaces.

HOW THE ACA BENEFITS SENIORS & IMPROVES MEDICARE

- **Reduces prescription drug costs for seniors.** Since the health care law was enacted, more than 6.6 million seniors in the Medicare Part D ‘donut hole’ coverage gap have saved over \$7 billion on prescription drugs, or an average savings of \$1,061 per senior. The health care law completely closes the donut hole by 2020. It is estimated that seniors in the ‘donut hole’ will save an average of over \$18,000 on their Rx drugs from the law’s enactment through 2022.
- **Provides free Medicare coverage of key preventive services,** such as mammograms and colonoscopies. Before reform, some services could have a co-pay as high as \$160. In 2012, 34.1 million seniors received one or more free preventive services. So far, in 2013, 16.5 million seniors have already received one or more of these free services.
- **Provides a free Annual Wellness Visit under Medicare.** More than 4.4 million seniors have already had a free Annual Wellness Visit under Medicare.
- **Provides additional savings for seniors, including slower premium growth and a lower deductible.** Premiums for Medicare Part B have gone up an average of less than 2 percent a year over the last five years. In addition, the average premium for Medicare Advantage enrollees in 2013 is actually 10 percent lower than in 2010. Also, the Medicare Part B deductible is \$15 lower in 2013 than the deductible in 2011.
- **Strengthens Medicare and extends the solvency of the Medicare Trust Fund by nearly a decade.** The law’s reforms strengthen solvency by squeezing waste out of the system and making it more efficient, without reducing benefits.
- **Provides new tools and enhanced authority to crack down on fraud in Medicare,** and, over the last four years, a joint anti-Medicare fraud task force of HHS and the Department of Justice has recovered nearly \$15 billion in fraudulent Medicare payments on behalf of taxpayers, doubling the amount recovered over the four years prior – and the anti-fraud crackdown continues.

THE ACA IS CREATING SAVINGS FOR CONSUMERS & CONTAINING COSTS

Rebates for Consumers Whose Insurers Fail to Give Them Good Value for Their Dollar

- Last August, nearly 13 million Americans benefited from \$1.1 billion in rebates provided by their insurance companies due to the health care law. Under the health care law, insurers must spend at least 80 percent of premiums on medical care – rather than CEO pay, profits and administrative costs. Each summer, all insurers that failed to meet this standard the previous year must pay rebates to their customers. These rebates were based on the failure of insurers to meet the standard in 2011.
- This August, 8.5 million Americans will benefit from \$500 million in rebates provided by their insurance companies, based on insurers' failures to meet the standard in 2012. In 2012, consumers also saved an additional \$3.4 billion up front on their premiums on top of this \$500 million in rebates as insurance companies operated more efficiently due to the "80/20" requirement on insurers and other provisions of the ACA.

Rate Review

- The health care law's rate review provisions have already helped save Americans an estimated \$1 billion on their premiums. Rate review ensures that, in every state, insurance companies are required to publicly submit for review and justify any premium increases they are seeking that are over 10 percent. The increases can then be publicly deemed to be "unreasonable." Since these reforms took effect, the share of double digit premium increases requested by insurance companies has plummeted from 75 percent in 2010 to 14 percent so far in 2013.
- The health care law also provides \$250 million in Health Insurance Rate Review Grants to the states. As a result, many states are using these grants to strengthen their ability to review and prevent excessive premium increases.

THE HEALTH CARE LAW IS CONTAINING COSTS

The health care law has numerous provisions to slow health care cost growth – including requiring new transparency and accountability for insurance companies; key delivery system reforms; fighting waste, fraud, and abuse; better coordinating care; and preventing diseases before they happen– which are now beginning to be implemented.

HEALTH CARE LAW IS SLOWING HEALTH CARE COST GROWTH BY REDUCING WASTE AND FRAUD AND PROMOTING HIGHER QUALITY CARE:

- Nearly \$15 billion in fraudulent Medicare payments has been recovered on behalf of U.S. taxpayers over the last four years – primarily due to new tools to crack down on fraud in Medicare contained in the health care law.
- Hospital readmissions in Medicare have fallen for the first time on record, resulting in 70,000 fewer readmissions in the last half of 2012 alone.
- More than 250 new Accountable Care Organizations, serving 4 million Medicare enrollees, are getting paid according to the quality of the care they deliver, not the quantity.

GROWTH IN OVERALL HEALTH CARE SPENDING & MEDICARE SPENDING HAS DECREASED TO RECORD LOWS:

- Overall U.S. health care spending grew by only 3.9 percent in 2009, 2010, and 2011 (the latest year available) – with 3.9 percent the lowest growth rate for any year during the 52 years of the National Health Expenditure Accounts.
- Medicare per beneficiary spending rose by only 1.2 percent annually for the last three years – more than FIVE times lower than the annual growth rate of 6.3 percent over the previous 10 years.
- Medicaid per beneficiary spending actually dropped by 1.9 percent in 2012.
- As a result, according to CBO, Medicare and Medicaid will now spend \$700 billion less over the 10-year period 2011 through 2020 than previously projected.

SOME PREMIUMS ARE STABLE & GROWTH IN OTHER PREMIUMS AT RECORD LOWS:

- The average premium for Medicare Advantage enrollees in 2013 is 10 percent lower than the average premium in 2010.
- The average premium for Medicare Part D (Rx drug program) will remain stable for the fourth straight year in 2014 – projected to be \$31. For the last three years – plan years 2011, 2012 and 2013 – the average premium was \$30.
- Premiums for Medicare Part B have gone up an average of less than 2 percent a year over the last five years.
- The growth of private plan premiums has also slowed. Annual premiums for employer-sponsored health coverage increased by only 3 percent in 2012 – the smallest increase since 1996.

SMALL BUSINESS & THE ACA

WHAT SMALL BUSINESSES NEED TO KNOW ABOUT THE ACA

The Affordable Care Act includes key provisions that will give you and other of America's small business owners new options for providing quality, affordable health coverage to your employees if you so choose. If you own a business with fewer than 50 employees – 96 percent of America's businesses – you will have NO employer responsibility requirement, when the requirement goes into effect in 2015. That is, you will NOT face penalties for not offering affordable coverage to your employees.

The provisions in the health care law will be an improvement over the current market where small businesses have had many problems obtaining affordable insurance up until now. For example, currently small businesses pay 18 percent more in premiums than large firms for the same benefits. Also, today, premiums for a small business can rise exponentially simply because one of your employees gets cancer or has a serious heart attack.

How the Affordable Care Act affects you as a business owner will depend on how many employees you have. Following is an overview.

Beginning in 2014, For Businesses with Fewer than 25 Employees:

- There is no employer responsibility requirement.
- There is a sliding-scale tax credit to help you afford to offer employee health insurance coverage, if you have average annual wages of less than \$50,000. The credit is worth up to 50 percent of your small business's premium costs.
- There is a Small Business Health Options Program (SHOP) in each state – a Health Insurance Marketplace for small businesses – to make health insurance affordable and accessible for small businesses with 50 or fewer employees.
- With the SHOPS, by being given the ability to join a large pool, you and other small businesses will now have access to the same types of quality, affordable coverage that only large firms have today.
- The SHOPS will reduce premiums for you and other small businesses through lower administrative costs, increased competition among insurers, increased transparency of costs, and better risk pooling.

Beginning in 2014, For Businesses with 25-49 Employees:

- There is no employer responsibility requirement.
- There is a SHOP in each state – a Health Insurance Marketplace for small businesses – to make health insurance affordable and accessible for small businesses with 50 or fewer employees.
- With the SHOPS, by being given the ability to join a large pool, you and other small businesses will now have access to the same types of quality, affordable coverage that only large firms have today.
- The SHOPS will reduce premiums for you and other small businesses through lower administrative costs, increased competition among insurers, increased transparency of costs, and better risk pooling.

Beginning in 2015, For Businesses with 50 or more Employees:

- There is a shared responsibility requirement for businesses with 50 or more employees. Under the requirement, businesses with 50 or more employees that don't offer affordable health coverage and have at least one full-time employee receiving a premium tax credit in the new Marketplaces will have to pay a penalty.
- However, the vast majority of these businesses already voluntarily offer health coverage. Currently, 94 percent of firms with 50-199 employees already offer coverage to their employees and 98 percent of firms with 200 or more employees do so.
- Beginning in 2016, the SHOPS will be open to employers with 100 or fewer employees.

HOW THE ACA BENEFITS SMALL BUSINESSES

- **Provides small businesses access to the same affordable health plans only previously available to large firms.** The health care law establishes state-based SHOP (Small Business Health Options Program) Marketplaces, where beginning in 2014, small businesses and their employees will be able to buy affordable coverage. Small business owners and workers will be able to pool their buying power and do one-stop comparison shopping for affordable plans.
- **Provides small businesses access to quality health plans.** Starting in 2014, affordable plans in the SHOP Marketplaces will have a guaranteed set of minimum benefits – to eliminate fine print surprises and gaps in coverage that often face those who don't have the purchasing power of a large group.
- **Ensures key Patients' Rights, which are particularly important for small businesses** that have often only been able to get health plans with large gaps in coverage. For example, the health care law bans insurance companies from placing lifetime limits on coverage, from placing restrictive annual limits on coverage, and from denying coverage to children with pre-existing conditions.
- **Provides tax credits for small businesses to help them offer employee health insurance coverage – if they choose to do so.** The tax credits cover up to 35% of the cost of the coverage, for businesses with up to 25 employees. Beginning in 2014, these tax credits will start covering up to 50% of the cost of the coverage. In 2011, 360,000 small employers used the Small Business Health Care Tax Credit to help them afford health insurance for 2 million workers.
- **The President has proposed making the tax credit even better.** If enacted, the tax credit under the President's proposal would benefit nearly half a million small employers who provide insurance to 4 million workers. The proposal allows small businesses with up to 50 workers, rather than the current 25, to qualify for the tax credit and also adopts a more generous phase-out schedule.

“SMALL BUSINESS HEALTH OPTIONS PROGRAMS” (SHOPS)

NEW ONLINE MARKETPLACES FOR SMALL BUSINESSES

- Beginning in 2014, a new “Health Insurance Marketplace” in each state will operate two components: a Health Insurance Marketplace for individuals and a Small Business Health Options Program (or SHOP) for small businesses.
- Each state’s SHOP will be focused just on small businesses, where employers will be able to choose from a range of affordable plans to offer their employees.
- With the SHOPS, by being given the ability to join a large pool, small businesses will now have access to the same types of quality, affordable coverage that only large firms have today.
- Enrollment in the SHOPS begins on October 1, 2013 and coverage in the SHOPS begins on January 1, 2014.
- The SHOPS will allow small businesses to make side-by-side comparisons of a range of health insurance plans to find a plan that best fits their budget and that’s right for their business and employees.
- Beginning in 2014, unlike the current small group marketplace, the SHOPS will:
 - Guarantee small businesses a choice of qualified health plans.
 - Require health insurers to give small businesses detailed information about the prices, benefits, and quality of their qualified health plans, in a format that lets small businesses easily make apples-to-apples comparisons between the qualified health plans.
 - Post quality information and the price for each qualified plan on the SHOP website, along with the results of consumer satisfaction surveys.
 - Allow small businesses to either use their existing insurance broker to access the SHOP, or shop for plans themselves.
- All health plans in the SHOPS will cover essential health benefits like those covered by a typical employer health plan. Plans will be offered in four tiers – bronze (60% actuarial value), silver (70% actuarial value), gold (80% actuarial value) and platinum (90% actuarial value) – based on the amount of coverage that they provide.
- There will be one SHOP in each state. In some states, the SHOPS will be run by the state itself; in others, they will be run by the federal government.
- In 2014, in all states except Hawaii, SHOPS will be open to all employers with 50 or fewer employees. (In Hawaii, the SHOP will be open to all employers with 100 or fewer employees – the current definition of their small group market.) Beginning in 2016, employers with 100 or fewer employees will be able to participate in the SHOPS.

BEGINNING IN 2015, ALL SHOPS WILL ENABLE SMALL BUSINESSES TO OFFER A VARIETY OF PLANS TO EMPLOYEES

- In 2014, in most states, small businesses will be able to choose one plan, from the range of qualified health plans, to offer their employees in the SHOPS.
- However, in all states starting in 2015 and in states such as California in 2014, small businesses have the option of offering their employees a choice of plans in the SHOPS. Under “employee choice,” the employer will pick the level of coverage they want to pay for – bronze, silver, gold or platinum – and then their employees can choose any plan in the SHOP that is at that level of coverage.
- The SHOP will consolidate billing for small businesses, so small businesses can offer their employees a choice of health plans without the hassle of contracting with multiple insurers. The employer will just be writing one check to the SHOP and the SHOP will take care of paying the multiple insurers.

THE NEW SHOPS WILL BE A MAJOR IMPROVEMENT FOR SMALL BUSINESSES OVER THE CURRENT SMALL GROUP MARKET

- Currently, small businesses pay 18 percent more in premiums than large firms for the same benefits. The SHOPS will reduce premiums for small businesses through lower administrative costs, increased competition among insurers, increased transparency of costs, and small businesses joining a larger risk pool.
- Currently, premiums for a small business can rise exponentially simply because a worker gets cancer or has a serious heart attack. In the SHOPS, due to new consumer protections, premiums will no longer be based on an employee’s health or medical history as they are now in many states. Instead, premiums can vary only based on the ages and smoking history of employees. Under the new consumer protections, employees cannot be charged more or excluded from a plan because of a pre-existing health condition.

TAX CREDITS MAKE COVERAGE MORE AFFORDABLE FOR MANY SMALL BUSINESSES

- Since 2010, under the Affordable Care Act, there has been a sliding-scale tax credit to help small businesses with fewer than 25 employees and average annual wages of less than \$50,000 afford to offer employee health insurance coverage. From 2010 through 2013, the credit has been worth up to 35 percent of a small business’s premium costs. (The credit is permanent, but a business can only claim it for two years.)
- 360,000 small employers have already used the Small Business Health Care Tax Credit to help provide health insurance to 2 million workers.
- Starting in 2014, the tax credit will be available to small businesses that are in the SHOPS and meet the criteria and will increase to be worth up to 50 percent of a small business’s premium costs.

SMALL BUSIENSS & THE ACA: MYTH VS. FACT

Myth: All employers will be required to buy health insurance for their employees under the Affordable Care Act.

Fact: The Affordable Care Act does not require businesses to provide health insurance to their employees.

- Starting in 2015, businesses with 50 or more full-time or full-time equivalent employees that do not provide coverage to their full-time employees may be subject to an Employer Shared Responsibility payment.
- However, 96 percent of America's businesses are too small to be subject to these rules.

Myth: Since my state hasn't set up its own health exchange, the Affordable Care Act doesn't apply to me.

Fact: Beginning in January 2014, every state will have an affordable insurance Marketplace (commonly known as an Exchange) for self-employed individuals and small businesses.

- 17 states and the District of Columbia have opted to run their own State-based Marketplaces.
- 7 states have chosen to partner with the U.S. Department of Health and Human Services (HHS) to run their Marketplaces.
- The remaining 26 states have opted to participate in a Federal Marketplace run by HHS.

Myth: HHS is eliminating employee choice in the Small Business Health Care Option Program (SHOP) marketplaces.

Fact: When the Marketplaces open on January 1, 2014, employers in all states will have a range of insurance plans to choose from.

- During 2014, in the non State-based Marketplaces, employers will select just a single plan to offer to their employees.
- In states like California in 2014, and in all states starting in 2015, employers will be able to choose a variety of plans to offer to their employees.

Myth: The Affordable Care Act is causing health insurance rates to rise

Fact: The Affordable Care Act contains a number of provisions that help to slow the growth of health care costs.

- Under the Affordable Care Act, insurance companies must publicly disclose and justify premium rate hikes of 10% or more. Starting in 2014, insurers will have to justify every proposed rate increase, even if it's a 1% bump.
- Tough new rules also make sure insurance companies are spending at least 80% of consumer premiums on actual medical care, not salaries and administrative cost.
- As states like California are beginning to show, the competition fostered in the Marketplace under the Affordable Care Act is helping to drive down rates for health insurance plans.

The U.S. Small Business Administration provided the following fact sheet

SMALL BUSINESS & THE ACA: FACT SHEET

A Broken System...

- Health care is a top concern for small business owners across the country and many employers want to provide coverage but often can't afford to.
- Historically, the health care market has been broken for small businesses.
- In fact, many small businesses pay as much as 18 percent more than their larger competitors for the same coverage.

A Better Solution...

- The Affordable Care Act will help small businesses in two critical ways: by increasing access and offering affordable options.
- The law provides access to better health care options for both the employer and employees.
- The law helps to lower the growth of premium costs and provides a number of key benefits for small businesses—including tax credits and the opportunity to pool their buying power with other small businesses in the new Small Business Health Options Program (SHOP) Marketplace, also sometimes referred to as the Exchange.
- We fully expect that competition through the new Marketplaces will help to drive down premium costs, as states like California demonstrate.

- The law also provides special tax credits for small businesses to help cover the premium costs of employee insurance.
- Hundreds of thousands of businesses and business owners with fewer than 25 full-time equivalent employees have already taken advantage of tax credits covering 35% of their premium contribution, and the maximum tax credit available will rise to 50% in 2014.
- The SHOP Marketplace will allow small business owners to get comprehensive information about benefits and quality, side-by-side with facts about price, and will help them benefit from insurance with lower administrative costs and allow them to pool risk.
- Currently, an average U.S. family and their employer pay \$1,000 a year extra in health insurance costs to cover care for those without insurance.
- The law's employer shared responsibility provisions, which take effect in 2015, help to address this imbalance by requiring the small number of businesses with 50 or more full time or equivalent employees that don't offer coverage to their full-time workers to pay an assessment.

The U.S. Small Business Administration provided the following fact sheet

Calculator for Small Business Health Care Tax Credit

The Small Business Majority has developed a calculator that small businesses can use to determine the amount of the Small Business Health Care Tax Credit they qualify for under the Affordable Care Act. For the calculator, go to:

<http://www.smallbusinessmajority.org/tax-credit-calculator/>

To qualify for the Small Business Tax Credit, a small business must:

- Have fewer than 25 full-time equivalent employees
- Pay average annual wages below \$50,000 per full-time equivalent employee
- Contribute at least 50% of each employee's premium

To use the calculator, a small business enters the business's number of full-time equivalent employees, the total annual wages paid for all employees, the total annual employer premium contribution, and whether the employer is a tax-exempt/non-profit employer. The calculator then tells the small business their estimated annual tax credit.

The small business tax credit has been in effect since 2010. For 2010 through 2013, the tax credit has been worth up to 35 percent of a small business's premium costs. In 2014, the tax credit will increase to be worth up to 50 percent of a small business's premium costs. 360,000 small businesses have already used the Small Business Health Care Tax Credit to help provide health insurance to 2 million workers.

FREQUENTLY ASKED QUESTIONS FOR SMALL BUSINESSES

1. What are the new online SHOPs, starting in January, and who are they designed for?

A: SHOPs (Small Business Health Options Programs) are online marketplaces that are designed to make the purchase of health insurance affordable and accessible for small businesses:

- 18.** Each state will have a Small Business Health Options Program, or SHOP, focused just on small businesses, where employers will be able to choose from a range of affordable plans to offer their employees.
- 19.** There are also tax credits available in the SHOPs for up to 50 percent of a business's premium costs to make providing employee coverage more affordable, for businesses with fewer than 25 employees and average annual wages below \$50,000.

With SHOP, every small business owner will be able to:

- 20.** Make apples-to-apples comparisons of the prices and benefits of private insurance plans for their employees.
- 21.** Join a large insurance pool, giving them access to the same types of quality, affordable coverage that only large firms have today.

2. What are some useful websites where I can get accurate information about health reform and small businesses?

A: The Small Business Administration (SBA) has launched a very useful website to learn more about what the ACA means for small businesses.
<http://SBA.gov/healthcare>

[Health Care Business Pulse](#) is another useful SBA website. It is a bi-weekly, interactive blog that provides clear ACA information that dispels persisting myths.

3. What if my business has 50 or more employees?

A: If your business has 50 or more employees, you are considered a "large business" under the health care law. Several important parts of the law apply to you.

Most large employers can't use the SHOP Marketplace

If you have more than 50 full-time equivalent (FTE) employees, you generally won't be able to use the SHOP Marketplace to offer health insurance to them. Starting in 2016, all SHOPS will be open to employers with up to 100 FTEs.

The Employer Shared Responsibility Payment for 2015

The Employer Shared Responsibility Payment is a new requirement under the health care law that will apply to some larger employers in 2015. You may have to make this payment if you have 50 or more full-time equivalent employees and:

- At least 1 of your full-time employees gets [lower costs on their monthly premiums](#) through the Marketplace.

Learn more about the [Employer Shared Responsibility](#) payment.

More about large businesses and the health care law

Several other parts of the law apply to businesses with 50 or more employees. Visit the [Small Business Administration's website](#) to learn more.

4. What do I need to tell my employees about the Marketplace

A: Under the health care law, many employers must notify their employees about the Health Insurance Marketplace by October 1, 2013. Model notices are available. If your company is covered by the Fair Labor Standards Act, you must provide a written notice to employees informing them:

- About the Health Insurance Marketplace
- That, depending on any coverage you offer, they may be able to get lower costs on private insurance in the Marketplace based on their income
- That if they buy insurance through the Marketplace, they may lose the employer contribution (if any) to their health benefits

You must provide these notices to all employees by October 1, 2013. This is true regardless of their full-time or part-time status or whether they're enrolled in your health care plan (if you have one). You must do the same for all new hires starting October 1, 2013.

There is no [daily fine](#) for failing to meet this requirement.

Get more [details and guidance on employee notices](#) in the U.S. Department of Labor's Technical Release 2013-02.

Model notices for your use

The Department of Labor has two model notices that can help you meet the content requirements of the notice:

- [Model notice if you currently offer health insurance](#)
- [Model notice if you currently don't offer health insurance](#)

The model notices are also available in [Spanish and MS Word format](#).

You may use one of these models or a modified version, provided the notice meets the content requirements in Technical Release 2013-02 described above.

The Fair Labor Standards Act

Wondering if the Fair Labor Standards Act applies to your company? [The U.S. Department of Labor provides FLSA guidance, plus an interactive tool that will help determine whether the law applies to you.](#)

5. Will I qualify for small business health care tax credits?

A: You may qualify for employer health care tax credits if you have fewer than 25 full-time equivalent employees making an average of about \$50,000 a year or less.

To qualify for the Small Business Health Care Tax Credit, you must pay at least 50% of your full-time employees' premium costs. You don't need to offer coverage to your part-time employees or to dependents.

Starting in 2014, the tax credit is worth up to 50% of your contribution toward employees' premium costs (up to 35% for tax-exempt employers).

The credit is available only if you get coverage through the SHOP Marketplace.

Higher benefits for smaller businesses

The tax credit is highest for companies with fewer than 10 employees who are paid an average of \$25,000 or less. The smaller the business, the bigger the credit.

Example of how the tax credit works

Example for an employer who qualifies for the maximum credit worth 50% of their premium contribution in 2014:

Number of employees: 10

Wages: \$250,000 total or \$25,000 per employee

Employer contribution to employee premiums: \$70,000

Tax credit amount: \$35,000 (50% of employer's contribution)

Find out if you qualify for the small business health care tax credit

You can find out if you qualify for the small business health care tax credit by visiting IRS.gov. You can also consult with your tax advisor or accountant to learn if you qualify, and if so, how much your credit will be.

6. Do I have to offer health coverage to my employees?

A: No employer has to offer coverage. Some large businesses that don't offer coverage meeting certain standards may have to make a shared responsibility payment in 2015.

- **If you have fewer than 50 full-time equivalent (FTE) employees**, you are **not** subject to the **Employer Shared Responsibility** parts of the law. You **may** use **SHOP** to offer coverage for your employees.

As of January 1, 2015:

- **If you have 50 or more FTEs** you may have to make an **Employer Shared Responsibility Payment** if at least 1 of your full-time employees gets lower costs on their monthly premiums when buying insurance in the Marketplace. Learn more about the [Employer Shared Responsibility Payment](#)

7. Can I use an agent or broker to buy health insurance in the Marketplace?

A: You will be able to use a licensed agent or broker to provide help or handle your [SHOP](#) business. **You won't pay more if you use a SHOP agent or broker.**

Get SHOP help from experienced agents or brokers

A licensed agent or broker can help you:

- apply for insurance for your employees
- review and compare price, coverage, quality, and other important features
- choose a plan that works for your budget, business, and employees

Using your own health insurance broker

You can continue using your current licensed agent or broker to buy health insurance in the SHOP.

You pay the same, with or without a broker

The premiums you pay will be the same with or without the help of agents or brokers. Agents and brokers are usually paid by the insurance companies whose policies they sell.

[Apply for SHOP coverage](#) right now. You'll be taken to a page where you pick your state. Then you'll be taken to the right website to continue.

Small Business Administration Points of Contact

Region 4 (KY, TN, NC, SC, GA, AL, MS, FL)

Cassius Butts – Regional Administrator

Cassius.Butts@sba.gov

404-331-4999

SBA National Headquarters

Policy/Program Office

Meredith Olafson, *Senior Policy Advisor*, Office of the Administrator

Meredith.Olafson@sba.gov

202-205-7314

Legislative Affairs

Nick Coutsos, *Assistant Administrator*, Office of Congressional and Legislative Affairs

Nicholas.Coutsos@sba.gov

202-205-6335

4 WAYS TO APPLY FOR COVERAGE ON HEALTH INSURANCE MARKETPLACE

Healthcare.gov is the main portal for enrollment under the Affordable Care Act in most states and HHS is working 24/7 to fix the website. Each week the performance of the website has improved and HHS says the website should be working smoothly for the vast majority of users by November 30. In addition, here are the following three additional ways that you can apply for coverage.

Apply By Phone

- Call the Toll-Free Consumer Call Center, at 1-800-318-2596. The call center is open 24 hours a day, seven days a week. The call center will assist you in applying for coverage and enrolling in the health plan you have chosen. In addition to English and Spanish, the call center provides assistance in more than 150 languages through an interpretation and translation service.

Apply In Person

- Visit a trained Navigator or certified enrollment counselor in your community to get information and apply in person. Go to <https://localhelp.healthcare.gov> and put in your zip code to find the Navigators and certified enrollment counselors in your area. You may also go to any Community Health Center in your area to obtain assistance in applying for coverage. All Community Health Centers have staff who have been trained and certified to help consumers apply for coverage and enroll in a plan.

Apply By Mail

- You may also apply by mail by completing a paper application and mailing it in. You can download the paper application form and instructions from HealthCare.gov. Once you get an eligibility notice, you can either go online or contact the consumer call center, who can help you complete the enrollment process.

Additional Tips

- Before you begin applying for coverage, you may want to explore your options. You can use this calculator to see if you qualify for lower costs on coverage and preview Marketplace plans in your area here.

ALABAMA'S HEALTH CARE FACILITIES

List of All Health Care Facilities in Alabama-Alabama Department of Public Health

Link:

[http://ph.state.al.us/FacilitiesDirectory/\(S\(leodnh55ws3pbt55qxlpod45\)\)/Reports/ReportDirectory-2013-10-07-1100540764326.pdf](http://ph.state.al.us/FacilitiesDirectory/(S(leodnh55ws3pbt55qxlpod45))/Reports/ReportDirectory-2013-10-07-1100540764326.pdf)

List of All Health Clinics in Alabama that Provide Free, Low-Cost or Sliding Scale Care

Link: http://www.needymeds.org/free_clinics.taf?_function=list&state=al

If the links above are broken or you do not have access to the internet, call Congresswoman Sewell's office at 202.225.2665 and ask a member of her staff to provide you with information for the health clinic closest to you.

ALABAMA'S PUBLIC LIBRARIES

List of All Public Libraries in Alabama

Link:

<http://www.publiclibraries.com/alabama.htm>

If you don't have internet access, visit your community library to use the internet and learn about your insurance options under the Affordable Care Act.