

HEALTH CARE REFORM: IMPACT ON EMPLOYEES

The Patient Protection and Affordable Care Act (PPACA), also known as health care reform, was enacted in 2010. The primary aspect of PPACA affecting you as an individual is known as the individual mandate, which took effect Jan. 1, 2014. Under that mandate, most Americans are required to purchase health insurance coverage that meets the minimum essential coverage (MEC) standard, or pay a penalty.

As your employer, we continue to implement provisions to comply with the requirements of the health care reform law. This summary focuses on the impact PPACA has on you as an individual. We encourage you to pay careful attention to your health care benefits so you can keep up with the changes.

WHAT COVERAGE MUST I CARRY TO AVOID PAYING A PENALTY?

Nearly all Americans are required to carry MEC or pay a penalty. Most employer-sponsored group health insurance qualifies as MEC, as does governmental coverage (like Medicare, Medicaid, Children’s Health Insurance Program (CHIP) and TRICARE), retiree coverage, COBRA coverage and individual policies. The coverage we offer you qualifies as minimum essential coverage. If you decide not to take our coverage, the penalty amount applies if you go without minimum essential coverage for at least three months during a calendar year. (You cannot have a gap in coverage for more than a continuous three-month period.) The penalty assessed when you file your taxes will be the greater of a flat dollar amount or a percentage of income amount, illustrated in the table below.

Health care reform requires individuals to take action — enroll in minimum essential coverage or pay a penalty.

	FLAT DOLLAR		PERCENTAGE OF INCOME
Year	Adults in household	Children in household 18 or younger	Calculated when filing taxes for the applicable year*
2014	\$95	\$47.50	1%
2015	\$325	\$162.50	2%
2016	\$695	\$347.50	2.5%

*The penalty amount is determined by subtracting exemptions and standard deductions from household income. The resulting figure is multiplied by the percentage of income. If this figure is greater than the flat dollar amount, the taxpayer pays the percentage of income penalty.

DO I HAVE TO TAKE THE COVERAGE MY EMPLOYER OFFERS ME?

No. But be aware that in most cases, the election you make is considered irrevocable and cannot be reversed if you change your mind. If you decide not to take employer-sponsored coverage, you should purchase coverage elsewhere, such as through a health insurance exchange, discussed next.

In some cases, you could experience either a HIPAA special enrollment right or qualifying event that would allow you to enroll in our coverage midyear. Examples might include if you get married, have a baby or adopt a child midyear, qualify for premium assistance through CHIP or lose coverage (through Medicaid or another employer-sponsored plan).



Importantly, not paying premiums for an individual policy or having a change in financial condition will not allow you to join our plan midyear. Ask your Human Resources representative for more information about this. In all cases, we are not permitted to retaliate against you for choosing to enroll in coverage somewhere other than our plan.

WHERE CAN I GET COVERAGE IF I WAIVE MY EMPLOYER'S COVERAGE?

The federal government and states have set up online public health insurance exchanges. You may hear these referred to as marketplaces. There are also many private exchanges and marketplaces being formed.

Importantly, the public exchanges set up and administered by the federal government and the states are the only avenue for qualifying individuals to receive assistance with paying premiums and reducing other cost sharing normally associated with health insurance (including deductibles, copayments and coinsurance) in the form of advance premium tax credits and subsidies. Income parameters and other eligibility requirements apply to qualify for a tax credit or subsidy. Generally, to qualify for a premium tax credit, an employee must have household income of between 100 percent and 400 percent of the federal poverty line. Plus, for 2015 the cost of health insurance premiums must exceed 9.56 percent of household income (9.66 percent for 2016 and 9.69 percent for 2017).

WHAT SHOULD I CONSIDER WHEN DECIDING WHETHER TO ENROLL IN COVERAGE OFFERED THROUGH MY EMPLOYER OR AN EXCHANGE?

Employer-sponsored coverage is generally subsidized by the employer offering the coverage. This means the cost to you is most likely less than if you purchased it on your own. Another reason to keep employer-sponsored coverage is the tax implications of paying for coverage on your own. Coverage purchased through a public exchange cannot be paid on a pretax basis. Finally, allowing us, as your employer, to handle the design choices and narrow down the network of providers, as well as issue the required tax filings, can relieve you of many of the tasks inherent when purchasing coverage on your own. The chart below provides a summary of the primary differences between an employer-sponsored plan and insurance purchased through the public health insurance exchange:

	EMPLOYER-SPONSORED PLAN	HEALTH INSURANCE EXCHANGE
What is it?	Health insurance that you can obtain through your employer .	A new way to buy health insurance. Plans are available on the Internet , similar to shopping on retail websites.
Who can obtain it?	Benefits-eligible employees .	Most citizens and individuals legally working in the U.S., regardless of their medical condition.
How do I obtain it?	Information about the employer-sponsored plan is provided by your employer during open enrollment or upon request.	Information about the health insurance exchange is available at www.healthcare.gov .
How do I pay for it?	Your employee contribution, if required, will continue on a pretax basis via payroll deduction.	Premiums for insurance on the health insurance exchange are paid directly by you on an after-tax basis.
Does my employer contribute to the health insurance plan?	Yes. Your employer will continue to contribute to your health insurance plan.	No. Your employer will not contribute to a health insurance plan purchased through the health insurance exchange.
Which health insurance option is cheaper?	Subsidies will be available through the health insurance exchange for individuals within a certain income bracket, in the form of tax credits and cost sharing, if they are not offered coverage through their employer or are not offered coverage that meets certain standards. The amount of the subsidy will vary based on household income.	

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