



AFFORDABLE CARE ACT

Frequently Asked Questions About Affordable Care Act

Questions from Individuals and Families

Q: 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.

Q: 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.

Q: 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.

Q: 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).

Furthermore, beginning in January 2014, you will receive additional protections and benefits under the health care law, including:

- 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.
- You are protected by a cap on your out-of-pocket costs.

Q: 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.

Q: 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.

Q: 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.

Q: 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.

Q: 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.

Q: 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.

Q: 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.

Q: 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.

Q: 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.

Q: 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.

Questions From or Regarding Business Owners

Q: I am concerned that the health care law will destroy my small business because I can't afford to buy health insurance for my employees.

A: Under the health care law, if you are a small business with fewer than 50 full-time employees, your business is required to do NOTHING. There is no employer responsibility requirement, no penalty, no reporting requirements, NOTHING. For 96% of America's businesses, that is the answer. Furthermore, there are provisions in the health care law that can make it more affordable for you to offer health insurance to your employees if you choose to do so:

- There is a key health insurance tax credit for small businesses in the health care law. If you have fewer than 25 employees and average annual wages of less than \$50,000, you qualify for this tax credit, which will make employee health insurance more affordable. Beginning in January, the tax credit is worth 50 percent of a small business's premium, an increase from 35 percent in 2013. The credit is available for two years.
- Beginning in January, there will be a new online Marketplace for small businesses in each state – a SHOP (Small Business Health Options Program) -- that will make the purchase of health insurance affordable and accessible for these small businesses. 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.

Q: Under the Affordable Care Act, if I have 50 or more full-time employees on an annual basis, what do I have to do?

A: Under the Affordable Care Act, there is no mandate on employers to provide health insurance to your employees per se. Instead, for employers with 50 or more full-time employees, there is an "employer responsibility requirement." The "employer responsibility requirement" provides that if an employer with 50 or more full-time employees doesn't offer health coverage to full-time employees and at least one full-time employee receives a premium tax credit in the new Marketplaces, the employer then pays a penalty of \$2,000 times the total number of full-time employees (excluding the first 30 employees).

Q: Isn't the health care law's "employer responsibility requirement" for firms with 50 or more employees unfair to America's employers?

A: Actually, the employer responsibility requirement in the health care law matches what is common business practice today. Currently, with no responsibility requirement, 94 percent of firms with 50-199 employees and 98 percent of firms with more than 200 employees ALREADY VOLUNTARILY offer health insurance.

- The health care law's employer responsibility requirement doesn't require businesses with 50 or more employees to provide employees coverage. Rather, under the employer responsibility requirement, businesses with 50 or more employees that don't offer affordable health coverage to full-time employees and have at least one full-time employee receiving a premium tax credit in the new Marketplaces will have to pay a penalty.
- Thus the employer responsibility requirement simply ensures larger employers don't try to achieve cost savings for themselves by not offering coverage and thereby dump the costs of their employees' health care costs onto taxpayers.

Q: Won't employers refuse to hire that 50th employee because of the health care law's requirements for businesses with 50 or more employees?

A: There is no evidence that this will be the case.

- First, there are already numerous labor and civil rights laws that only apply to businesses with a number of employees over a certain threshold. When many were passed, there were many claims that employers would work to avoid having to comply with the new law by refusing to hire workers above the threshold but this has never happened. Examples of key laws with employee thresholds are:
 - Family and Medical Leave Act only applies to firms with 50 or more employees.
 - Age Discrimination in Employment Act only applies to firms with 20 or more employees.
 - Title VII of the Civil Rights Act only applies to firms with 15 or more employees.
- Secondly, the vast majority of employers with 25-49 employees already offer health coverage so the bill's provisions create no disincentive to hire that 50th employee for these firms. Specifically:
 - 87% of employers with 25-49 employees already offer health coverage; and
 - 94% of employers with 50-199 employees already offer health coverage.

Q: Won't a very large number of employers start only hiring part-time workers, instead of full-time workers, because of the health care law's requirements for businesses with 50 or more employees?

A: Once again, the vast majority of employers potentially affected by the threshold of 50 or more employees already offer health insurance to their employees. Therefore, the responsibility requirement in the health care law should not have an impact on their hiring decisions.

- It is employers with 25-49 employees who could potentially be thinking about the 50-employee threshold. However, 87% of employers with 25-49 employees already offer health coverage.
- The health care law's "employer responsibility requirement" does not require employers with 50 or more employees to provide coverage to their full-time employees. Rather, it only requires these employers to pay a penalty for full-time employees if they do not offer them affordable health coverage and at least one full-time employee then receives a premium tax credit in the New Marketplaces.
- Also, employers cannot completely avoid responsibility by hiring additional part-time workers. Under the health care law, part-time workers can collectively equal a full-time employee in terms of the employee threshold. Under the health care law, while employers would not pay penalties for part-time workers, the health care law counts full-time equivalents when determining if the employer is over the 50-employee threshold.
- A recent report concludes that the vast majority of employers are unlikely to shift workers to part-time. This report, released by U.C. Berkley, suggests that the possible impact of the health care law on part-timers has been overblown --- concluding that only 1.8% of the U.S. workforce might be at risk for a work-hour reduction.

Q: If I am a small business owner with less than 50 full-time employees and I choose not to offer health insurance, what options for insurance will my employees have?

A: Under the Affordable Care Act, there will be NEW options for your employees to obtain health insurance if you have chosen not to offer coverage. First, there is NO penalty for you for not offering your employees coverage. If an employee has an income between 138% and 400% of the poverty level (between \$32,430 to \$94,200 for a family of four in 2013), they can go into the new Marketplace and buy a private health plan with the help of a premium tax credit to make the coverage more affordable. If the employee's income is below 138% of the poverty level, in states that expand Medicaid to those with incomes up to 138% of the poverty level, the employee and his family can enroll in Medicaid. In states that rejected the Medicaid expansion, the employee and his family can go into the Marketplace and qualify for the premium tax credit.

Q: 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:

- 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.
- 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:

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