

BENEFITS CORNER



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“Changes (Part 3: Consumers)”

The Affordable Care Act (ACA) is changing the landscape of health care in many expected and unexpected ways. All sectors of healthcare; insurance companies, providers and consumers will be impacted by this sweeping law. Many of the impacts are just beginning to be felt while others will take years to be realized. This article marks the conclusion of a three-part series that have examined some of the changes occurring. The focus for this article is on consumers.

Consumers, for the purpose of the article, are defined as those subject to the provisions of the ACA- all legal residents of the United States.

Consumers are at the heart of the Affordable Care Act. The main goal of the ACA was to provide consumers with more access to insurance coverage, greater legal protections in claim situations, improved levels of coverage and the possibility of more affordable health insurance. All of these goals are still a work in progress, but most are being realized.

Insurance carriers can no longer deny or exclude coverage based upon known health conditions. Health Insurance must provide full protection from the effective date of an individual's coverage. Pre-existing condition limitations have been eliminated from all health insurance plans. This is a big deal.

Consumers are now protected by much more stringent laws regarding potential claim issues. All commercial health insurance plans must now follow Federal rules in handling any claim appeals. These laws spell out timelines and also must include an independent review board.

The Federal government has now defined what must be covered by all health insurance plans. The Feds have promulgated a list of ten “Essential Health Benefits” (EHBs) that includes things from office care, emergency care, hospitalization, prescriptions and mental health benefits. All of these benefits are required to be covered in full subject to plan cost sharing provisions.

Cost sharing provisions are now more standardized between plans than they have ever been. One of the greatest consumer protections under the ACA is that all plans must now include an all-inclusive out-of-pocket maximum. All EHB services that require cost-sharing in the form of copays, deductibles or coinsurance must now accumulate to the same out-of-pocket limit. This figure cannot exceed \$6,600 for 2015.

The ACA can also make the purchase of health insurance more affordable. If your household income is below 400% of the Federal Poverty Level (FPL) and you do not have an affordable plan available to you through your employer, the Federal government is providing generous subsidies to assist your purchase of a commercial health insurance plan. Additionally, Colorado has expanded its Medicaid eligibility rules to include households up to 133% of the FPL.

These affordability measures have aided in Colorado's uninsured rate to drop significantly this year from 2013 levels. In 2013 approximately 17% of Coloradoans did not have health insurance coverage; that figure has dropped to 11%. This represents almost 350,000 Coloradoans that now have coverage when they previously had none. Approximately 220,000 of this total are now covered under Medicaid.

With all of these expanded protections comes the requirement of greater responsibility for consumers. The biggest of which is the Individual Mandate. This is the requirement that all legal U.S. residents must have health insurance coverage or pay a penalty. The amount of the penalty phases in with the 2014 tax year, growing to the greater of \$695 or 2.5% of household income in 2016.

There will likely be a few surprises for the uninsured this year when their income tax refund is less than expected, or taxes are owed, due to the Individual Mandate. A recent Harris poll indicated that 46% of

the uninsured are still not aware that they are required to have coverage or pay a fine!

Another responsibility is for those folks that are receiving a subsidy for the purchase of their own coverage. The amount of subsidy can change throughout the year based upon household income. If you are receiving a subsidy and your household income has increased from the estimate given when you enrolled please be aware that you may have to pay some back with your taxes. The final accounting is done based upon your final Modified Adjusted Gross Income for the year- not the prior year.

The Affordable Care Act is bringing about the biggest change in the American health care sector since Medicare began in the 1960's. With it brings a whole new lexicon that most of us are just at the beginning stages of understanding.

Change is difficult. Like any major change, it will take time with which to become familiar and comfortable. A few years down the road the process of annual open enrollment and “Metallic” coverage levels will likely seem very standard.

The Affordable Care Act is far from perfect. There are some obvious changes that could and should be made. It is, however, the law of the land. Even if it were to be repealed there is really nothing to go back to as the old system has been, for the most part, dismantled. Improving the ACA is really the best way forward.

I would encourage you to momentarily put aside any political rhetoric and take the time to become more familiar with the provisions of the Affordable Care Act to determine how it impacts you. Then let your elected leaders know your concerns. Just like the ACA, being an American comes with its own set of rights and responsibilities.

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As published in

COLORADO
Serenity
Colorado's Premier Lifestyles Magazine