The Affordable Care Act is Here!

Administrator’s Forum, November 12, 2013
What do I need to do?

- You need to make sure you and your dependents are covered by applicable health insurance no later than March 31, 2014.
What counts as “insurance?”

- Rice plan (or other employer-sponsored policy)
- Government sponsored plans (Medicare, Medicaid/CHIP, TRICARE, veteran health)
- Individual policy (either through broker or marketplace)
- Student plan
- Any other plan that meets the minimums
What does not count?

- Coverage only for vision care or dental care
- Workers' compensation
- Coverage only for a specific disease or condition
- Plans that offer only discounts on medical services
- Plans that do not meet the minimum for essential benefits
What are these minimums?

- There are two tests that apply:
  - Minimum value, which evaluates the comprehensiveness of the plan
    - By law, the plan must offer minimum value which is defined as satisfying a 60% actuarial value test – this means that a plan would pay for at least 60% of medical expenses on average for a standard population. Most employer-sponsored plans today will easily pass this requirement.
  - Affordability, which evaluates an employee’s ability to pay for the plan
    - The affordability test looks at each employee uniquely, not the aggregated population. It compares what employees pay for coverage to each employee’s wages.
    - The employee’s premium contribution for self-only coverage for the lowest cost plan cannot exceed 9.5% of employee wages (either Box 1 of the W-2 or rate of pay).
    - Rice’s HMO costs $83/month for employee only coverage, so it is “affordable” to any Rice employee earning more than $10,484.21 per year
What if I do not want health insurance?

- Then you will be subject to a penalty. You’ll pay whichever of these amounts is higher in 2014:
  - 1% of your yearly household income - the maximum penalty is the national average yearly premium for a bronze plan
  - $95 per person for the year ($47.50 per child under 18) - the maximum penalty per family using this method is $285
- The fee increases every year
  - In 2015 it’s 2% of income or $325 per person
  - In 2016 and later years it’s 2.5% of income or $695 per person
  - After that it is adjusted for inflation
- If you’re uninsured for just part of the year, 1/12 of the yearly penalty applies to each month you’re uninsured
- If you’re uninsured for less than 3 months, you don’t have to make a payment
Why does having health insurance matter?

- When someone without health coverage gets urgent—often expensive—medical care but doesn't pay the bill, everyone else ends up paying the price.
- That's why the health care law requires all people who can afford it to take responsibility for their own health insurance by getting coverage or paying a fee.
- People without health coverage who pay the penalty will also have to pay the entire cost of all their medical care.
  - They won't be protected from the kind of very high medical bills that can sometimes lead to bankruptcy.
Can I enroll at Rice?

- Yes, if you are eligible for benefits and are currently without coverage you may enroll in the month of December for coverage effective January 1, 2014
- Contact Benefits at x2363 or benefits@rice.edu for an appointment to enroll
- All new faculty and staff will automatically be enrolled in HMO, employee only coverage on January 1, 2014
  - Remember coverage is effective on the first of the month following employment
  - Changes can be made within 31 days of hire (or qualifying change in status)
Is ACA going to increase our premiums?

- Yes. The ACA has built in fees that will increase our costs slightly (~2.5%)
  - These fees have already been factored into our 2013-2014 rates
- Most of our premiums are based on our usage of the plan
  - Video
Questions?