Navigating Healthcare Reform: What You Need to Know

Introduction

Beginning in 2014, all U.S. citizens including dependents are required to have health coverage. Those without coverage will pay a penalty!

You may choose to comply through:

- A government-sponsored program such as Medicare, Medicaid, CHIP or a Veteran’s healthcare program
- Private health insurance purchased through the new health insurance marketplace
- An eligible employer-sponsored plan available through Elon University
- Other approved coverage

What is THE PENALTY?

Individuals without qualifying healthcare coverage must pay an annual penalty that is equal to the greater of:

- $95 per individual, spouse or dependent per year who is without coverage in your household (1/2 that amount for individuals ages 18 and under) up to a maximum family amount of $285 per year, OR
- 1% of household income (after exemptions and standard deductions).

This penalty will be paid when you file your tax return for 2014 (or will be deducted from your refund if applicable) and INCREASES every year beyond 2014.

What if I choose to purchase private health insurance on the new Health Insurance Marketplace?

The new Marketplace is designed to provide those without health insurance with a way to compare private health plans and enroll for coverage. Open Enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

Individuals who are NOT eligible for Employer Sponsored health coverage could be eligible to receive a tax credit that lowers your monthly premium if you purchase insurance through the Marketplace.

Individuals who ARE eligible for Elon’s Group Insurance plans are advised that Elon’s plans do meet the minimum essential coverage requirements under the healthcare law; therefore, individuals eligible to participate in Elon’s plans will NOT be eligible for a tax credit to purchase insurance through the Marketplace. You still have the option to do so if you desire.
What about Elon’s Insurance Plan?

The only way to qualify for a credit in the Exchange Marketplace is if your employer does not offer coverage, or offers coverage that doesn't meet certain standards (minimum value and affordable).

1. Minimum Value is met when a plan covers 60% of medical expenses and is determined by actuary.

2. Affordable is met when the employee only rate from the lowest cost plan is less than 9.5% of “Applicable Taxpayer” Household Income.
   - 9.5% of Box 1 Wages on Employee’s W-2
   - 9.5% of Federal Poverty Level Safe Harbor ~ $92/month
   - 9.5% of Rate of Pay

All of Elon’s health plans meet both of these standards.

Summary

You may elect to:

- Go without health insurance in 2014 and pay the annual penalty of either $95 per person (family max of $285) or 1% of household income, whichever is greater;
- Remain covered under a government-sponsored program such as Medicare, Medicaid, CHIP or a veteran’s healthcare program;
- Purchase private insurance coverage through the new Health Insurance Marketplace;
- Purchase coverage through an employer-sponsored plan like the Elon Group Insurance Plan (if you are eligible) or a spouse or parent’s plan

You will need to consider your options carefully and choose the one that best meets the needs of you and your family.

Please visit www.healthcare.gov for more information about the new Health Insurance Marketplace.