A Union of Professionals

The Affordable Care Act: Questions for Members

When developing a healthcare benefit strategy in the wake of healthcare reform, it is important to gather information about the needs of your members. The following sample questions can help you collect pertinent information about your membership. The data collected should illustrate how members may be affected by healthcare exchanges, premium subsidies, and employer penalties.

I. Who has coverage through the employer?

- Are any members offered coverage under the employer's health plan?
  - The answer is "yes" if an employee has the opportunity to purchase coverage in the employer's group plan, even if the employer does not contribute anything towards the premium.
- If yes, how many members are enrolled in health insurance coverage through the employer?
  - How many have single coverage?
  - How many have 1+1 or family coverage?

(a) Members who ARE offered coverage under the employer's health plan

Employees who are able to purchase group coverage through their employer are generally not eligible for subsidized coverage on the new exchanges. However, if an employee has to pay more than 9.5% of his or her household income for the employer's lowest-cost self-only (individual) coverage, then the employee may be eligible to opt out of the employer plan and purchase a subsidized plan on the exchange. To determine if any members might be eligible, you might ask:

- How much of the premium do members pay for self-only (individual) coverage in the employer's lowest-cost plan?
- Is this amount greater than 9.5% of any member's household income?
  - If so, that employee may be eligible for a subsidy in the exchange, if his or her household income is at or below the following incomes by household size:

Household Size	Annual Household Income
1	$46,000
2	$62,000
3	$78,000
4	$94,000

II. Who has coverage, but not through the employer?

Employees are generally not eligible for exchange subsidies if they have insurance coverage through a spouse or partner, or through a retiree healthcare plan or a program such as Medicare or Medicaid. You might ask:

- How many members are insured but not through the employer's plan?
- How many have coverage from:
    - A spouse or partner
    - Another employer (i.e., a second or third employer for whom the employee is currently working)
    - Medicare, Medicaid, or another public program
    - A retirement plan (i.e., the employee retired from another employer and is covered by that employer's retiree health plan)
    - Another source

III. Who is NOT offered coverage under the employer's health plan?

Employees who do not have health coverage available to them through their employer may be eligible for subsidized coverage through the health insurance state exchanges. Even if they are not eligible for subsidies because their household income is too high, the exchanges may be a welcome option for them. To determine who might be eligible for exchange subsidies, you might ask:

- How many members are not offered coverage under the employer's plan?
    - Note: "not offered coverage" means that the employee does not have the opportunity to purchase group coverage through the employer at all.
    - Employees who pay the entire cost of coverage are still considered to have an offer of employer-sponsored coverage. An employer does not have to contribute toward the cost of the premium for the plan to be considered employer-sponsored coverage.
- How many employees do not have health insurance of any kind?
- How many employees have household income at or below the following incomes by household size (400% federal poverty level):

Household Size	Annual Household Income
1	$46,000
2	$62,000
3	$78,000
4	$94,000

- Note that those with lower incomes receive larger exchange subsidies.

IV. Employer penalties

Starting in 2014, the Affordable Care Act levies penalties against large employers who do not offer affordable (defined as self-only coverage costing the employee less than 9.5% of household income) health coverage to their full-time employees. The Act defines a "full time" employee as one who is employed on average at least 30 hours per week. The penalties apply when at least one employee receives a subsidy to buy insurance in a state's exchange. Large employers are subject to penalties if they:

- fail to offer coverage to full-time employees and their children
  - An employer does not have to contribute toward the cost of the premium to avoid penalties for not offering insurance
  - The penalty for failing to offer coverage is based on the total number of full-time employees (including those who are covered elsewhere)
- offer coverage that is unaffordable, meaning self-only coverage in the lowest-cost plan offered by the employer costs employees more than 9.5% of their household income.
  - Note that the definition of "affordable" is based only on the cost of self-only coverage, even if the employee purchases family coverage.
  - The penalty for offering unaffordable coverage is based on the number of full-time employees who receive a subsidy in the exchange.

Below are questions to ask to determine whether the employer might owe a penalty for failing to offer insurance coverage to members:

- How many members work at less than 30 hours per week for a single employer?
- How many members are very close to the 30-hour-per week threshold, working between 28 and 32 hours per week?

Employer penalties for failing to offer coverage only apply if an employer fails to offer insurance coverage to less than 95% of its full time workforce.