A Union of Professionals

Q&A
On The Affordable Care Act

Basic Questions on ACA

Q1. Who is eligible to get health insurance from an Exchange in 2014?
A. Individuals, families and small businesses with less than 50 employees. This will be especially helpful to many part-time and low paid workers who do not qualify for employer sponsored health insurance.

Q2. Who is not eligible to get insurance from an Exchange?
A. People who are undocumented, incarcerated, or do not meet the state's residency requirements.[1] Large employers are not permitted to insure their employees through the Exchange until 2017 at the earliest.

Q3. Who is eligible for Exchange premium subsidies?
A. In general, exchange subsidies are only available to people who:

- Do not have health coverage through their employer or through Medicare, Medicaid or other qualifying coverage, AND
- Have household income between 100% - 400% of the federal poverty level (FPL).

However, if the worker's share of the self-only premium in employer's plan is more than 9.5% of the worker's household income, then the worker will be eligible for subsidized coverage in the exchange if he or she is otherwise eligible.

Q4. Who is not eligible for Exchange premium subsidies?
A. In general, people are not eligible for exchange subsidies if they:

- Have household income below 100% of the federal poverty line (FPL), or above 400% FPL
- Have the chance to buy into an employer's group plan. (This applies only if the employee's share of the premium for the employer's lowest-cost self-only coverage is considered "affordable," meaning it does not exceed 9.5% of household income.)
- Qualify for Medicare, Medicaid, TriCare or other qualifying coverage

Q5. When is the exchange enrollment period?
A. The first exchange open enrollment period begins October 1, 2013, and runs through March 31, 2014.[2]

Q6. Are adjunct professors who work part-time at several colleges required to get coverage from an exchange? Can they get a premium subsidy?
A. While most people will be required to have health insurance or else pay a penalty starting in 2014, no one is required to purchase coverage through an exchange. However, an adjunct who is not

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[1] www.fas.org/sgp/crs/misc/R42663.pdf, p. 15
[2] Ibid., p. 10

offered affordable coverage through an employer or a spouse's employer could get a premium subsidy on the exchange if his or her household income is between 100% and 400% of the federal poverty level.

Q7. Are early retirees required to get coverage from an exchange? Can they get a premium subsidy?
A. Again, no one is required to purchase coverage through an exchange. However, an early retiree who is not eligible for coverage through an employer's retiree plan, a spouse's plan, Medicare, TriCare, or other source will likely have to purchase coverage to avoid the individual mandate penalty. Early retirees without coverage could get a premium subsidy on the exchange if their household income is between 100% and 400% of the federal poverty level.

Q8. Will public employees who retired without eligibility for Medicare (hired before 1986) be required to get coverage from an exchange? Can they get a premium subsidy?
A. Again, no one is required to purchase coverage through an exchange. However, a retiree who is not eligible for coverage through an employer's retiree plan, a spouse's plan, Medicare, TriCare or other source will likely have to purchase coverage to avoid the individual mandate penalty. Retirees without coverage could get a premium subsidy on the exchange if their household income is between 100% and 400% of the federal poverty level.

Q9. What is the penalty for members who do not have insurance coverage in 2014 and beyond?
A. With some exceptions, most people will be required to have insurance starting in 2014. Those who are uninsured will have to pay a penalty. The penalty will be the greater of:

- A percentage of income.[3] The penalty will be 1% of income exceeding the filing limit in 2014, 2.0% in 2015 and 2.5% thereafter; OR
- A flat dollar amount per person. The penalty is $95 in 2014, $325 in 2015, and $695 in 2016 (indexed to inflation[4]).
    - The dollar amount for dependent children is one-half that of adults.
    - The total family penalty is capped at 300% of the annual flat dollar amount.

In either case, the penalty will not exceed the average premium of a bronze plan in the exchange.[5]

Q10. When is employer-sponsored coverage considered "unaffordable"?
A. When the premium for self-only coverage in the lowest-cost employer-sponsored plan costs an employee more than 9.5% of household income.

Q11. If my coverage is "unaffordable," what can I do?
A. You can shop on an Exchange for a lower cost plan. If your household income is between 100% and 400% of poverty, you may also be eligible for a premium subsidy.

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[3] These percentages are applied to the amount by which "household income exceeds the applicable filing threshold." https://www.fas.org/sgp/crs/misc/R41331.pdf
[4] Indexed to a cost of living adjustment which is "the percentage (if any) by which—(A)the CPI for the preceding calendar year, exceeds (B)the CPI for the calendar year 1992" IRS Code 26 USC § 1(f)(3) http://www.law.cornell.edu/uscode/text/26/1.
[5] https://www.fas.org/sgp/crs/misc/R41331.pdf.

Q12. What happens if my family coverage is "unaffordable" (i.e., costs more than 9.5% of household income)?

A. The unaffordability test is only based on single coverage. If your family plan (or two-adult, or adult-and-dependent plan) is unaffordable, you could drop employer-sponsored coverage and shop on the Exchange for a lesser cost plan. However, you would not be eligible for a federal subsidy if self-only employer coverage is affordable.

Bargaining Questions

Q13. Can AFT make its own national plan?

A. AFT has considered this concept in the past, but concluded that it was not feasible. Some of the problems that AFT would have to confront are:

- Lack of claims data.
- Lack of local density to negotiate premiums.
- Mandated participation vs. voluntary participation by locals creates an adverse selection problem.
- Withdrawal liability for participating locals.
- National rates vs. regional rates vs. local rates?
- Local broker response to competition.
- Employer response would be to shift to DC approach.
- Plan governance.
- AFT would likely have to bear 100% of the risk and reserve millions before any member was enrolled in a plan.

Q14. What should I do if the employer drops spousal coverage?

A. First, know that the ACA does not penalize employers for failing to offer coverage to the spouses of full-time employees. Then, if you bargain health benefits, treat the situation like any other bargaining issue:

- Organize members to put pressure on the employer.
- Examine your contract. Consider filing a grievance or group of grievances, if appropriate.
- If the employer unilaterally drops spousal coverage, consider filing an unfair labor practice charge based on the facts of your situation.
- Do a cost-benefit analysis for use in bargaining; determine how much the change saves the employer.

Q15. What should I do if the employer cuts employees' hours to avoid penalties?

A. Clarify the rules. Does the employer really need to cut hours to avoid a penalty? Do they understand their options?

- Use the penalty delay as leverage. There is now more time for the employer and union to reach a mutually-agreeable solution before penalties are implemented.
- Organize members to put pressure on employer.
- Examine your contract. Consider filing a grievance or group of grievances if appropriate.
- Consider filing an unfair labor practice charge based on the facts of your situation.
- Engage allies and community members.
- Do a cost-benefit analysis for use in bargaining