



Arthur J. Gallagher Risk Management Services, Inc.

Healthcare Exchanges / Marketplaces Frequently Asked Questions For Students & Campus Administrators

This FAQ is intended to provide our clients and customers with information about Healthcare Exchanges, also known as Marketplaces, and how they apply to college students. Exchanges/Marketplaces were established under the Patient Protection and Affordable Care Act (PPACA) which is often referred to simply as the “Affordable Care Act” (ACA), “Healthcare Reform”, or “ObamaCare”. This document is not intended to provide legal advice, but rather to guide our clients and customers toward a better understanding of the insurance options that are available.

| Questions | Answers |
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| Q: What health insurance options are available to college students? | <p>A: College students may be eligible for the following health insurance options:</p> <ul style="list-style-type: none"> • Coverage as a dependent on Parents’ health insurance plan to the age of 26 • Coverage through Medicaid based on expanded eligibility requirements in some States • Coverage through the Exchange/Marketplace; with premium tax credit, or subsidy, if income requirements are met • Catastrophic Plan offered through the Exchange/Marketplace • School-Sponsored Student Health Insurance Plan • Coverage through an Individual Health Plan offered outside of the Exchange/Marketplace |
| Q: Does coverage under a Student Health Insurance Plan satisfy the “Individual Mandate” requirement of Minimum Essential Coverage? | <p>A: The Individual Mandate goes into effect in 2014 and will require documentation of Minimum Essential Coverage on Federal Tax returns. Coverage under a Student Health Insurance Plan <u>does</u> satisfy this requirement because it meets the Department of Health and Humans Services (HHS) definition of providing Minimum Essential Coverage.</p> <p>Student Health Insurance Plans and plans offered through the Exchanges/Marketplaces cover Essential Health Benefits which include: Ambulatory Patient Services, Emergency Services, Hospitalization, Maternity & Newborn Care, Mental Health / Substance Abuse Disorder Services, Rehabilitative Services, Durable Medical Equipment / Devices, Prescription Drugs, Diagnostic Tests, and Wellness / Preventive Care.</p> <p>In the 2014-2015 policy year, in addition to the coverage currently in place, fully-insured Student Health Insurance Plans will provide unlimited benefits and coverage for pre-existing conditions. In addition, pediatric dental and vision benefits will be covered up to the age of 19.</p> |
| Q: What is the penalty for not having Minimum Essential Coverage? | <p>A: The initial amount of the penalty is \$95.00 or 1% of individual’s income, whichever is greater on the individual’s tax return.</p> |

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| <p>Q: Is anyone exempt from the Individual Mandate and subsequent penalty?</p> | <p>A: Individuals NOT subject to penalty are:</p> <ul style="list-style-type: none"> • Undocumented Immigrants • Those with individual income below the Internal Revenue Service (IRS) tax filing threshold (\$10,000 for individuals/ \$20,000 for families in 2013) • Those that would be required to spend 8% of their income on health insurance • Incarcerated individuals • Members of a federally-recognized Native American tribe • Members of a religion who oppose benefits from a health insurance policy |
| <p>Q: What is a Health Insurance Exchange, or Marketplace?</p> | <p>A: Exchanges, also known as Marketplaces, were established under the Patient Protection and Affordable Care Act (PPACA) to serve as online markets where individuals and small businesses can compare policies and buy insurance. To locate information on Exchange/Marketplace options applicable to your State, go to www.healthcare.gov or call the Customer Service Center toll-free at 800-318-2596. Individuals interested in purchasing coverage through the Exchange/Marketplace may <u>only</u> apply for plans available in the State where he/she is a resident. Residency status is established by each State.</p> |
| <p>Q: How is a person's State of Residence and other information verified to determine eligibility to enroll in the Exchanges/ Marketplaces?</p> | <p>A: The Internal Revenue Service (IRS) and the Department of Health and Human Services (HHS) have created a database known as the Federal Data Services Hub.</p> <p>Information maintained in this database for individual applicant/enrollees includes, but may not be limited to, the applicant's first name, last name, middle initial, mailing address or permanent residential address (if different from the mailing address), date of birth, Social Security Number (if the applicant has one), taxpayer status, gender, ethnicity, residency, email address, and telephone number.</p> <p>The system will also maintain information that will verify the information provided by the individual/enrollee or by the application filer on behalf of other applicants that will enable a decision about an applicant's eligibility. The system will collect and maintain submitted information pertaining to:</p> <ul style="list-style-type: none"> • Citizenship or immigration status; • Enrollment in Federally-funded minimum essential health coverage (e.g. Medicare, Medicaid, Federal Employees Health Benefit Program (FEHBP), Veterans Health Administration (Champ VA), Children's Health Insurance Program (CHIP), Department of Defense (TRICARE), Peace Corps); • Incarceration status; • Native American status; • Enrollment in employer-sponsored coverage; • Requests for and accompanying documentation to justify receipt of individual responsibility exemptions, including membership in a certain type of recognized religious sect or health care sharing ministry; • Employer information; • Veteran status; • Limited health status information (pregnancy status, blindness, disability status); and • Household income, including tax return information from the IRS, income information from the Social Security Administration, and financial information from other third party sources. Information will also be maintained with respect to the applicant's enrollment in a Qualified Health Plan through the Exchange/Marketplace, the premium amounts and payment history. |

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| <p>Q: Who manages the Exchanges/ Marketplaces?</p> | <p>A: The answer to this varies by State. Some States have declared State-Based Exchanges/Marketplaces while others have defaulted to the Federally-Facilitated Exchange/Marketplace. The Federally-Facilitated Exchange/Marketplace is managed by the Centers for Medicare & Medicaid Service (CMS). Regardless of whether the Exchange/Marketplace you are eligible to participate in is managed by your State or the Federal Government, you may visit www.healthcare.gov or call the Customer Service Center toll-free at 800-318-2596 to be directed to the correct Exchange/Marketplace applicable to you.</p> |
| <p>Q: When is open enrollment for plans offered through the Exchanges/ Marketplaces, and when would the plans become effective?</p> | <p>A: Open enrollment for plans offered through the Exchange/Marketplace starts on October 1, 2013 and proceeds through March 31, 2014, with coverage going into effect as early as January 1, 2014.</p> <p>Open enrollment for coverage beginning in 2015 will begin on October 15, 2014 and proceed through December 7, 2014. The same open enrollment period will apply in future years.</p> <p>Losing insurance from another source, i.e. employer-based or student health insurance will trigger a special enrollment period for the Exchange/Marketplace in which a person can apply for coverage.</p> |
| <p>Q: What kinds of health insurance options are available through the Exchanges/ Marketplaces?</p> | <p>A: There is a menu of plan designs that are based on actuarial value levels of benefits offered through the Exchange/Marketplace. These plans are categorized as: Bronze (60%), Silver (70%), Gold (80%) and Platinum (90%), and are often structured through limited provider networks.</p> <p>Individuals with low and moderate incomes may be eligible for an upfront premium tax credit (subsidy) when purchasing insurance through the Exchanges/Marketplaces in order to reduce their monthly premiums. Premium tax credits (subsidies) will be based on the lowest cost “Silver Plan”. That amount can be used to purchase a lesser or greater plan, however, the individual will be responsible for any additional premium.</p> <p>Once enrolled in an Exchange/Marketplace plan, one must continue enrollment in the same plan throughout the policy year unless a qualifying life event occurs, such as moving to a new state, certain changes in income, or changes in family size (i.e., marriage, divorce, or birth of a child).</p> |
| <p>Q: What is the “Catastrophic Plan” or “Young Invincible Plan” that is being offered through the Exchanges/ Marketplaces?</p> | <p>A: Exchanges/Marketplaces have included a Catastrophic Plan option that is available to individuals up to the age of 30 years old, or those who have received a certification from an Exchange/Marketplace that they are exempt from the Individual Mandate because they do not have an affordable coverage option or they qualify for a hardship exemption.</p> <p>These plans cover up to three primary care visits per year and preventive care at no cost. They will also cover essential health benefits, but only <u>after</u> out-of-pocket cost sharing reaches a high deductible that will match the level of PPACA’s required out-of-pocket maximum (2013 maximums are \$6,350 for an individual, \$12,700 for a family of two or more). As described on www.healthcare.gov, Catastrophic Plans “basically protect you from worst case scenarios”. Additionally, there is no premium tax credit (subsidy) for this type of plan, and it is important to note that these plans may not meet the minimum coverage required by most Colleges or Universities.</p> |

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| <p>Q: Who is eligible for a premium tax credit, or subsidy, through the Exchanges/ Marketplaces?</p> | <p>A: Eligibility for premium tax credit (subsidy) is based on the Tax Filing and Social Security data provided by the applicant to verify <u>household income</u>. Therefore, if a student is considered a dependent on their parents' tax return, their eligibility for a subsidy is based on their parents' income.</p> <p>To qualify for a premium tax credit (subsidy) to purchase insurance through the Exchange/Marketplace in a State that <u>has</u> expanded Medicaid, one must be a member of a household with earnings between 133% (138% with a 5% disregard = 133%) and 400% of the Federal Poverty Level, with no access to affordable employer-sponsored coverage that has minimum value.</p> <p>To qualify for a premium tax credit (subsidy) to purchase insurance through the Exchange/Marketplace in a State that <u>has not</u> expanded Medicaid, one must be a member of a household with earnings between 100% and 400% of the Federal Poverty Level, with no access to affordable employer-sponsored coverage.</p> <p>The initial intent under PPACA, was that all States would be required to provide Medicaid coverage for adults between ages 18 to 65 with incomes up to 133% of the Federal Poverty Level, regardless of their age, family status or health. Due to the Supreme Court's Decision, not all States will expand Medicaid eligibility.</p> <p>To find out if your State has expanded Medicaid, visit http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/.</p> <p>To determine your eligibility for a premium tax credit (subsidy) go to www.healthcare.gov or call the Customer Service Center toll-free at 800-318-2596.</p> |
| <p>Q: Who is eligible for Medicaid under PPACA?</p> | <p>A: This answer varies by State as some States have opted to expand Medicaid while others have not. Visit http://medicaid.gov/ and select your State for complete information regarding eligibility.</p> |
| <p>Q: How can one calculate the premium tax credit, or subsidy, they may be eligible for through their State Exchange/ Marketplace?</p> | <p>A: The Henry J. Kaiser Family Foundation has created a Subsidy Calculator, located here: http://kff.org/interactive/subsidy-calculator/.</p> <p>Now that the Healthcare Exchanges/Marketplaces are up-and-running, you may also go to www.healthcare.gov, select your State, and complete the application process to determine your qualifications for a subsidized premium through the Exchanges/Marketplaces.</p> |
| <p>Q: How are premium tax credits managed and reconciled?</p> | <p>A: Premium tax credits (subsidies) will be administered by the Internal Revenue Service (IRS) and Department of Health and Human Services (HHS) through the Exchanges/Marketplaces.</p> <p>The IRS will reconcile advance payment of the premium tax credit when the individual files his/her annual federal tax return at the end of the year and will recoup overpayments and provide refunds when appropriate, subject to statutory limits. These safeguards apply to either a State or Federal-Facilitated Exchanges/Marketplaces.</p> <p>It is important to note that those receiving a premium tax credit (subsidy) will need to pay for their premium portion to an Insurance Carrier by direct debit arrangement with their bank.</p> |

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| <p>Q: If a student attends a College or University that offers a school-sponsored Student Health Insurance Plan, will he or she be eligible to purchase a plan through the Exchange/ Marketplace?</p> | <p>A: Yes, students attending a College or University that offers a school-sponsored plan will be eligible to purchase a plan through the Exchange/Marketplace. However, students should review both policies carefully to determine:</p> <ul style="list-style-type: none"> ▪ Whether the Exchange/Marketplace plan will cover medical care beyond emergency services (i.e. doctor's office visits, diagnostic testing, x-rays, prescription drugs, mental health, etc.) in the geographic region where the student attends school? ▪ Whether the plan has doctors and hospitals in the geographic region where the student attends school? ▪ Check the cost -- is the annual cost of this Student Plan less? Be sure to compare deductibles, total out-of-pocket costs, and premiums. ▪ Are there administrative pre-requirements, pre-certification or Primary Care Physician referrals required under the Exchange/Marketplace plan that may delay receipt of care? |
| <p>Q: Can a College of University continue to have an Insurance Requirement for their students?</p> | <p>A: Yes, Colleges and Universities may continue to require students to have health insurance as a condition of attendance. This requirement can be met by enrolling in the school-sponsored Student Health Insurance Plan, or completing a waiver form showing proof of comparable coverage. In addition, schools may set specific coverage standards.</p> |
| <p>Q: Can a student who attends College outside of their State of Residency apply for an Exchange/ Marketplace plan in the State in which their College or University is located?</p> | <p>A: No, individuals interested in purchasing coverage through the Exchange/Marketplace may <u>only</u> apply for plans available in the State where he/she is a resident. Each State has its own residency definitions and requirements which must be met for a person to legally be considered a resident.</p> |
| <p>Q: Are International students eligible to purchase a plan through the Exchange/ Marketplace? If so, are they eligible for a premium tax credit or subsidy?</p> | <p>A: International students who are legally in the United States are eligible to purchase a plan through the Exchange/Marketplace, but are <u>not</u> eligible for a premium tax credit (subsidy). Coverage requirements for International students are outlined in the final HHS Rule on Student Health Insurance Plans.</p> |
| <p>Q: Are plans purchased outside of the Exchanges/ Marketplaces eligible for a premium tax credit, or subsidy?</p> | <p>A: Health Insurance Plans purchased outside of the Exchange/ Marketplace, including Student Health Insurance Plans, are <u>not</u> eligible for any federal premium tax credit (subsidy).</p> |
| <p>Q: What is "Community Rating"? How does this apply to Exchanges/ Marketplaces and Student Health Insurance Plans?</p> | <p>A: As required by PPACA, Insurance Carriers are required to consider the claims experience of all enrollees in all of their individual health plans in a State within a single risk pool. This rule constitutes a significant change from current rating practices which can result in less healthy people paying higher premiums than healthier people for similar benefits. This is considered "community rating". PPACA does allow for some modifications; there must be a ratio of 1 to 3 premium ranges of the best to worst risk.</p> <p>Exchange/Marketplace plans are calculated within this community rating ratio whereas Student Health Insurance Plans are not subject to this single risk pool or community rating. This allows Insurance Carriers to keep the premium costs of Student Health Insurance Plans lower since outside populations are not being considered into their underwriting risk pool.</p> |

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| <p>Q: Why is enrollment in a Student Health Insurance Plan a good alternative to enrolling in a plan through the State Exchanges/Marketplaces?</p> | <p>A: It is important to explore all options and choose the one that is the most cost effective when taking into consideration both premium cost and out-of-pocket costs. Here are some aspects of Student Health Insurance Plans to consider:</p> <ul style="list-style-type: none"> • Student Health Insurance Plans offer lower deductibles, copayments, out-of-pocket maximums, and premiums as compared to the lower cost options (i.e. Bronze, Silver, and Catastrophic) offered through the Exchanges/Marketplaces. • Coverage under a Student Health Insurance Plan meets the Individual Mandate requirement of Minimum Essential Coverage. • Student Health Insurance Plans are designed to “wrap around” campus Student Health/Counseling/Athletic Services to provide the best access to Primary and Preventive healthcare. • One can only purchase coverage under the Exchange/Marketplace applicable to the State in which he or she is a resident. For students attending school out-of-state, this poses risky coverage limitations given that Exchange/Marketplace plans most often require participants to receive non-emergency care within their Preferred Provider Network, which is often Regional. • Student Health Insurance Plans offer access to expansive Preferred Provider Networks – they are typically designed around a robust National Network. • Student Health Insurance Plans include Travel Assistance Coverage which guarantees coverage during semester breaks, summer vacation and even while traveling or studying abroad. • Student Health Insurance is purchased either voluntarily, or on a hard waiver basis as a charge to the student’s tuition bill. Though there is no premium tax credit (subsidy) available, there are also no tax implications. • Depending on the institution, in some cases students can use Financial Aid to purchase Student Health Insurance. • For low income students living in States that have not expanded Medicaid, Student Health Insurance will likely prove to be the most cost-efficient option. • Student Health Insurance Plans are not subject to community rating requirements; therefore, premiums are based on the actual claims experience of a similar population (college students) as opposed to the general population, as is the case through the Exchanges/Marketplaces. |

The above information was compiled from various sources including:

- Henry J. Kaiser Family Foundation (www.kff.org)
- American College Health Association (www.acha.org)
- Centers for Medicare & Medicaid Services (www.cms.org and www.healthcare.gov)
- Young Invincibles, (<http://younginvincibles.org/>)
- PPACA Regulations as published in the Federal Register