



# OLR RESEARCH REPORT

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## **AFFORDABLE CARE ACT—QUESTIONS AND ANSWERS**

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This report presents a series of questions and answers about the federal Patient Protection and Affordable Care Act (ACA) (P.L. 111-148), as amended.

For a more detailed overview of the law's private health insurance provisions, see OLR Research Report [2010-R-0255](#).

### ***Q1. Under the ACA, will everyone have to enroll in a health insurance plan?***

Beginning January 1, 2014, the ACA requires most U.S. residents to maintain a minimum level of health insurance. People exempt from this so-called "individual mandate" are those who (1) have a qualifying religious exemption, (2) are not in the United States lawfully, or (3) are incarcerated.

### ***Q2. What will you have to do if you are currently uninsured?***

A person who is currently uninsured will need to enroll in a health insurance plan by January 1, 2014. Access Health CT, Connecticut's health insurance marketplace (or "exchange") under the ACA, will begin enrollment October 1, 2013 for coverage effective January 1, 2014.

**Q3. What is the basic role of the exchange?**

Access Health CT's basic role is to be an online marketplace where individuals and small employers (i.e., those with 50 or fewer employees) will be able to compare and enroll in health insurance plans. Find them online at <http://www.accesshealthct.com/>.

**Q4. How will the federal government know who is or is not enrolled in a health insurance plan?**

It is anticipated that people will have to report to the Internal Revenue Services on their annual tax forms whether or not they have health insurance coverage. The federal government is in the process of developing processes to verify such information.

**Q5. Will people be penalized for not obtaining health insurance?**

In general, people who do not comply with the individual mandate will have to pay a penalty with their taxes. The penalty amount increases overtime and is calculated as the greater of either (1) a percentage of the amount by which household income exceeds the personal exemption for the applicable tax year or (2) a flat dollar amount assessed on each taxpayer and dependent, with a family's total penalty capped at 300% of the flat dollar amount.

The percentage amount is 1% in 2014, 2% in 2015, and 2.5% thereafter. The annual flat dollar amount is \$95 on 2014, \$325 in 2015, and \$695 thereafter, adjusted for inflation. (The flat dollar amount is reduced by one-half for dependents under age 18.)

Certain people will not be penalized for their failure to comply with the individual mandate. For example, no penalty will be imposed on:

1. a person whose required premium contribution exceeds 8% of household income,
2. a person who goes without insurance for less than 90 days in a year,
3. members of Indian tribes whose household income is less than the personal exemption amount for the applicable tax year, or
4. anyone who the U.S. Health and Human Services secretary determines to have had a hardship obtaining insurance.

**Q6. Up to what age are children allowed to stay on their parents' health insurance plan?**

Health insurance plans that provide dependent coverage must allow children to stay on their parents' plan until age 26.

**Q7. Will people with preexisting conditions be able to enroll in health insurance plans as of January 1, 2014?**

Yes, for plan years beginning on and after January 1, 2014, health insurance plans may not deny enrollment or specific benefits to anyone because of a preexisting condition. Since September 2010, plans have been prohibited from denying enrollment to children under age 19 because of a preexisting condition.

**Q8. How does the law affect people who are already enrolled in a health insurance plan?**

Various consumer-oriented provisions under the ACA took effect in September 2010. People who already are enrolled in a health insurance plan may have noticed increased benefits as a result. For example, plans may no longer include a lifetime limit on the dollar value of "essential health benefits" (see below). And annual benefit limits are being phased out.

Also, health insurance plans issued after September 2010 must provide full coverage for preventive care and screenings that the U.S. Preventive Services Task Force recommends. (The task force is an independent group of national experts in prevention and evidence-based medicine that makes evidence-based recommendations about clinical preventive services, such as screenings, counseling services, or preventive medications.)

**Q9. Are there additional benefits for the public under the ACA?**

Beginning for plan years on and after January 1, 2014, individual and small employer health insurance plans, among other things:

1. may not exclude coverage for preexisting health conditions,
2. may not base eligibility on a person's health status,
3. must offer coverage on a "guaranteed issue" and "guaranteed renewal" basis,

4. must develop premiums using “adjusted community rating” rules, and
5. must allow premium discounts or rewards based on enrollee participation in wellness programs.

“Guaranteed issue” is the requirement that an insurer accept every applicant. “Guaranteed renewal” is the requirement that an insurer renew (1) group coverage at the option of the plan sponsor (e.g., employer) and (2) individual coverage at the option of the enrollee.

“Adjusted community rating” prohibits insurers from setting premiums on health factors. It requires a base (or community) rate that is adjusted for key, permissible characteristics. Under the federal law, premiums will be allowed to vary based on family composition, location, age, and tobacco use.

In addition, the law requires individual and small employer health insurance plans to cover "essential health benefits." Essential health benefits include:

1. ambulatory patient services;
2. emergency services;
3. hospitalization;
4. maternity and newborn care;
5. mental health and substance use disorder services, including behavioral health treatment;
6. prescription drugs;
7. rehabilitative and habilitative services and devices;
8. laboratory services;
9. preventive and wellness services and chronic disease management; and
10. pediatric services, including oral and vision care.

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