

Affordable Care Act 2014

The Patient Protection and Affordable Care Act (PPACA) commonly called the Affordable Care Act (ACA) was signed into law by President Barack Obama on March 23, 2010. The ACA aims to reduce costs, and increase quality and affordability of health insurance for the uninsured. It requires insurance companies to cover all applicants within new minimum essential standards, and offer the same rates regardless of pre-existing conditions.



Listed below are some important changes regarding ACA and how it will affect the benefits you currently offer.

Standardized Levels of Coverage

All small group health plans will fall into **four levels of coverage**: *bronze, silver, gold, and platinum*. The levels represent the “actuarial values” the plans must meet, 60%, 70%, 80%, and 90% respectively. The actuarial value represents the *anticipated* share of costs a plan will cover for the average beneficiary. By grouping plans in these levels, purchasers can more easily compare plans with similar levels of coverage. The ACA does not mandate where small businesses purchase coverage.

Essential Health Benefits

All health plans in the small group market, both inside and outside of Covered California, must offer Essential health benefits. These benefits must include items and services in the following 10 categories: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services, including behavioral health treatment; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric services, including oral and vision care.

Health Insurance Exchanges

Health insurance exchanges are new marketplaces and have been established as of October 1, 2013 for an effective date of coverage as of January 1, 2014. California established “Covered California” as the state exchange. California’s Marketplace website is www.coveredCA.com.

ACA Taxes

Effective January 1, 2014, ACA will tax plans to pay for subsidies and finance high-risk individuals.

- **a) Health insurer tax will be approximately 2.3% of premiums**
- **b) Transitional reinsurance tax: From 2014 through 2016, this tax funds programs to finance the cost of high-risk individuals and is expected to represent 1.5% of premiums.**

ACA Taxes will be added to all insurance premiums and will be reflected on the invoice for your health insurance plans. MMC will bill for the tax amount on your statement.

Definition of Small Group

The ACA definition of a small group in California is 1 to 50 employees. In 2016, it will expand to 1 to 100 employees.

For detail information on all ACA Provisions, please visit the IRS website at:

<http://www.irs.gov/uac/Affordable-Care-Act-Tax-Provisions>

Cap on Waiting Periods

The new provisions setting forth the 60-day limit take effect January 1, 2014 and will be applied to “plan” years beginning on or after that date. The waiting period maximum requires coverage to be available as of the specified day (60th), not as of the first of the month following that day. Waiting period rules take all calendar days into account, not only business days. California employers will be required to offer coverage as of the first of the month following 30 days of employment, in order to meet the 60-day limit.

Most carriers will impose the new waiting periods upon the renewal of the group’s health insurance. MMC will advise you during the renewal process when the new waiting period will take effect for your plan.

Contact Us

If you have any questions, please contact MMC Benefits Department at (800) 899-6624, or email: Benefits@MMChr.com

