

The impact of national health reform on Ohio Privately-insured Ohioans

updated Sept. 8, 2010

How will reform impact Ohioans who have private insurance coverage?

According to the March 2008 Current Population Survey, nearly 7 million non-elderly Ohioans (70%) received coverage through either employer-sponsored or directly-purchased insurance plans. The federal Affordable Care Act (ACA) is designed to simplify enrollment, increase affordability, and ensure basic benefits for consumers. The law establishes state Health Benefit Exchanges for qualified health plans and provides cost-sharing subsidies to households with incomes between 139% and 400% FPL.

Federal reform timeline

2010

- Temporary **reinsurance program** for employers providing health insurance coverage to retirees 55-64 who are not eligible for Medicare, as well as their spouses and dependents (through January 1, 2014). Seventy-eight Ohio organizations have received funding in the first round of the program.

2011

- Community Living Assistance Services and Supports (CLASS program) to allow voluntary purchasing of **long-term care insurance** at a benefit of \$75/day. Must pay for itself through premiums; will not be subsidized by the federal government.
- Exclude costs for **over-the-counter drugs** not prescribed by a doctor from being reimbursed through **HRA, FSA** or other tax-free accounts
- **Increase tax rate** to 20% on distributions from **HSAs** that are not used for qualified medical expenses

2013

- **Cap contributions to FSAs** for medical expenses to \$2,500/year (adjusted annually by the cost of living increases).
- Increase limit for **itemized deductions** of unreimbursed medical expenses from 7.5% to 10% of adjusted gross income. This increase will be waived for those 65 and older from 2013-2016.
- Increase **Medicare A tax rate** on wages by 0.9% (to 2.35%) on earnings over \$200,000 (individual) /\$250,000 (couples), and impose a 3.8% assessment on unearned income for higher-income taxpayers.

2014

- **Require** US citizens and legal residents to have **qualified health coverage** through enrollment in an employer-sponsored, government-sponsored or privately-purchased health plan or face **penalties** (see box)
- Establish **health insurance exchanges** through which individuals and small businesses with up to 100 employees will be able to purchase qualified health coverage
 - May be state-administered or run through a contract with a non-profit organization
- Provide individuals and families receiving coverage through an employer-sponsored insurance plan to purchase coverage through the health insurance exchange with an employer contribution in the form of a **free choice voucher**
- Provide **tax credits and cost-sharing subsidies** to eligible individuals and families with incomes between 139-400% FPL to purchase qualified health insurance through a state exchange
- Reduce **out-of-pocket limits** for those with incomes up to 400% FPL to the following levels:
 - 100-200% FPL = one-third of the HSA limits (\$1,983/individual; \$3,967/family in 2010)
 - 201-300% FPL = one-half of HSA limits (\$2,975/individual; \$5,950/family in 2010)
 - 301-400% FPL = two-thirds of HSA limits (\$3,987/individual; \$7,973/family in 2010)

2018

- Assessment of **excise tax** on insurers of employer-sponsored health plans with aggregate values that exceed \$10,200/individual; \$27,500/family ("Cadillac Plans")

Individual penalties

- If individual fails to enroll in a qualified health plan, the penalties will be:
 - 2014:** The greater of \$95/year or 1% of taxable income
 - 2015:** The greater of \$325/year or 2% of taxable income
 - 2016:** The greater of \$695/year or 2.5% of taxable income
- After 2016, the tax penalty will be increased by a cost-of-living adjustment not to exceed the greater of \$2,085/year or 2.5% of taxable income
- Waivers for coverage will be available for those with religious objections, Native Americans, those without coverage for less than three months, those for whom the lowest cost plan option exceeds 8% of their income, and those with incomes below the tax filing threshold (\$9,350 for an individual, \$18,700 for couples in 2009)

Considerations:

*Information shared in this fact sheet is based on the most updated version of federal law and analysis of Ohio data. As regulations are written and language clarified, there may be changes in HPIO's interpretation of the impact on Ohio.

**Estimates for "children 0-18" are merged totals using differently weighted OFHS child (0-17) proxy responses and OFHS adult (18+) responses. Point estimates fall within the standard error for all measures.

This fact sheet is one in a series created by the Health Policy Institute of Ohio to examine the coverage expansion implications of national health reform on Ohio

Coverage expansion

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POTENTIAL ENROLLMENT IN EXCHANGES UNDER REFORM

[NON-ELDERLY OHIOANS]

Federal ACA establishes **American Health Benefit Exchanges** and **Small Business Health Options Program (SHOP)** through

which individuals and small businesses may purchase qualified health coverage. These exchanges are meant to act as a high-quality, competitive marketplace through which consumers may purchase a plan with standard benefits and actuarial value. To be eligible for a federal subsidy of a plan purchased through the exchange, non-elderly adults must have a household income of 139-400% FPL and be uninsured. Children must be uninsured and live in households with an income of 200-400% FPL. Subsidy amounts will be higher for those in lower income households and decrease as income is closer to 400% FPL. Those living in households with incomes above 400% FPL will not be eligible for federal subsidies, but may purchase a plan through the exchange with their own funds (or a free choice voucher).

	ELIGIBLE for subsidies	NOT ELIGIBLE for subsidies
Currently uninsured	536,560	127,824
Currently insured	2,913,335	3,092,012
TOTAL	3,449,895	3,219,836

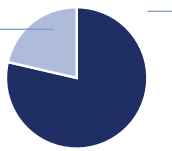
Source: July 2010 HPIO analysis of 2008 OFHS data

Cost share for employer-sponsored health coverage

individual

\$885

Average individual cost share for health coverage



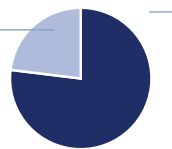
\$4,089

Average total cost of individual plan

family

\$2,642

Average family cost share for health coverage



\$11,425

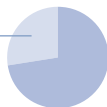
Average total cost of family plan

Percentage of income spent on employer-sponsored health coverage

If an INDIVIDUAL earns ...

\$14,945.40 (138% FPL)

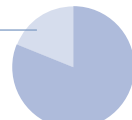
27.36%



total premium costs would equal **27.36%** of annual income
[individual share would be **5.92%** of income]

\$21,660 (200% FPL)

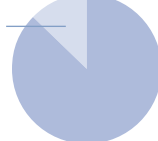
18.88%



total premium costs would equal **18.88%** of annual income
[individual share would be **4.09%** of income]

\$32,490 (300% FPL)

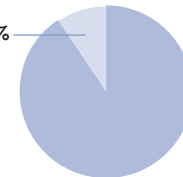
12.59%



total premium costs would equal **12.59%** of annual income
[individual share would be **2.72%** of income]

\$43,320 (400% FPL)

9.44%

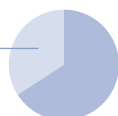


total premium costs would equal **9.44%** of annual income
[individual share would be **2.04%** of income]

If a FAMILY OF FOUR earns ...

\$30,429 (138% FPL)

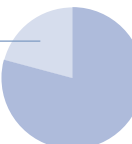
37.55%



total premium costs would equal **37.55%** of annual income
[family share would be **8.68%** of income]

\$44,100 (200% FPL)

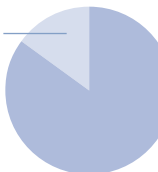
25.91%



total premium costs would equal **25.91%** of annual income
[family share would be **5.99%** of income]

\$66,150 (300% FPL)

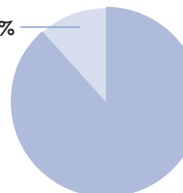
17.27%



total premium costs would equal **17.27%** of annual income
[family share would be **3.99%** of income]

\$88,200 (400% FPL)

12.95%



total premium costs would equal **12.95%** of annual income
[family share would be **3.00%** of income]