

## A SHORT GUIDE TO THE AFFORDABLE CARE ACT (ACA)

- I. Requirement to buy coverage under ACA beginning 2014
  - A. There is no penalty for being without health insurance if any of the following apply:
    1. You are part of a religion opposed to acceptance or benefits from a health insurance plan.
    2. You are an undocumented immigrant.
    3. You are incarcerated.
    4. You are a member of an Indian tribe
    5. Your family income is below the threshold requiring you to file a tax return.
    6. You have to pay more than 8% of your income for health insurance, after taking into account any employer contributions or tax credits.
  - B. The requirement to have health insurance is satisfied and no penalty is assessed if you were insured for the whole year through a combination of any of the following sources.
    1. Medicare
    2. Medicaid or Children's Health Insurance Program (CHIP)
    3. TRICARE for service members, retirees and their families
    4. Veterans' health insurance program
    5. A plan offered by an employer
    6. Insurance bought on your own that is at least at bronze level
    7. A grandfathered health plan in existence before the health care reform law was enacted.
  - C. There is a penalty for being without insurance.
    1. 2014: Penalty is \$95 per adult and \$47.50 per child up to \$285 per family or 1% of family income, whichever is greater.
    2. 2015: Penalty is \$325 per adult and \$162.50 per child up to \$975 for or 2% of family income, whichever is greater.
    3. 2016 and beyond: Penalty is \$695 per adult and \$347.50 per child up to \$2,085 for a family or 2.5% of family income, whichever is greater.
  - D. Key facts:
    1. Premiums for health insurance bought through Exchanges would vary by

age. The Congressional Budget Office estimates that the national average annual premium in an Exchange in 2016 would be \$4,500 – \$5,000 for an individual and \$12,000 - \$12,500 for a family for bronze coverage, the lowest of four tiers of coverage that will be available.

2. In 2010 employees paid \$899 on average towards the cost of individual coverage in an employer plan and \$3,997 for a family of four.

E. Penalties for employers not offering affordable coverage under ACA

1. If employer had 50 or fewer full-time equivalent employees, no penalties apply.
2. Employers with 50 or more full-time equivalent employees must pay a penalty.

II. Preventive health care under ACA with no co-pays

- A. Healthy Behaviors
- B. Chronic Conditions
- C. Immunizations
- D. Reproductive Health
- E. Cancer

III. Why is ACA important for New Mexico

- A. New Mexico has 4<sup>th</sup> highest rate of uninsured at 22.6%
- B. With expansion over 170,000 low-income people could get health care coverage.
- C. Three out of four newly eligible people live in poverty.
- D. Over 375 New Mexicans die each year because they are uninsured.
- E. Tens of thousands of New Mexicans are sent to collection each year for medical bills.
- F. According to UNM Bureau of Business and Economic Research and NM Legislative Finance Council, expansion of Medicaid will save money for the state because costs will be less than the new revenue coming into the state.
- G. The state has no costs even after 2020, when the state pays 10% of costs because of the multiplier effect and taxation as federal money flows through the economy.
- H. Medicaid opportunity brings federal funds of \$5 to \$6 billion into New Mexico between 2014 and 2020, resulting in up to 8,000 new jobs. Local economies, hospitals, clinics and health care providers will benefit from increased revenues.
- I. Over 400,000 uninsured New Mexicans are about to become eligible for free or discounted health coverage and most of them do not know it yet. You need to let them know!

## FOR MORE INFORMATION

A Kaiser Family Foundation subsidy calculator illustrating premiums and tax credits for people in different circumstances is available at:

<http://healthreform.kff.org/subsidycalculator.aspx>

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