

AFFORDABLE CARE ACT AND FREE CLINICS

The following information is a snapshot of how the Affordable Care Act (ACA) will impact people who are currently uninsured. It is NOT an attempt to explain the entire bill and its implications for healthcare in general.

Premise

By 2014, most people will be required to have health insurance, and most employers will be required to provide health insurance or pay a financial penalty/tax. However, there are significant GAPS in the plan for everyone to be insured. The most significant is low-income persons who are NOT eligible for either Medicaid OR for employer-sponsored health insurance.

NC Medicaid Explained in Brief

- Each state implements a Medicaid program in conjunction with the federal government
- Each state has the option to expand Medicaid eligibility, allowing more people coverage
- North Carolina has elected NOT to expand Medicaid. The current guidelines will stay in place.

Current Medicaid guidelines are:

~Persons must be children, pregnant women, disabled, elderly or one parent of an eligible child

~Childless, non-disabled, non-elderly adults DO NOT qualify for Medicaid regardless of income

~Medicaid only covers 27% of low-income adults in NC

Understanding Federal Poverty Levels

- The 'federal poverty level' (FPL) is calculated annually.
- The 2013 FPL is \$11,490 gross annual income for a single person, or \$958/month.
- Many agencies whose services are based on income use 200% FPL as the eligibility cut-off.
- In 2013, the 200% FPL is \$22,980 gross annual income for a single person, or \$1,915/month.
- For a family of four, 200% FPL is \$47,100 gross annual income, or \$3,925/month
- The complete FPL income table can be found at <http://aspe.hhs.gov/poverty/13poverty.cfm>

Snapshot of Uninsured Persons in Watauga County

- In 2012, the population estimate was 51,871, of whom 73.5% (or approximately 38,125 people) were ages 18 - 64
- In 2012, 26.3% of the population (or approx. 13,500 people) were below 100% FPL.
- In 2012, 20% of the population was uninsured (or approx. 10,375)
- It is estimated that 4,100 adults between 18 – 64 will remain uninsured in 2014.
- As employers cut back personnel hours to avoid mandated insurance coverage, more people will become uninsured, and may or may not be able to afford a subsidized policy.

ACA Requirement to Purchase Insurance

- ACA does require persons to purchase insurance or pay penalties **unless** they qualify for employer-sponsored insurance or public options (Medicare or Medicaid).
- The only exceptions to this rule are the following:
 - ~ individuals who are not required to file taxes (income too low, or undocumented)
 - ~ those without coverage for less than 3 months
 - ~ if the lowest cost plan is more than 8% of the individual's income
 - ~ undocumented, Native American and incarcerated individuals

Subsidies

- Subsidized plans will be available to assist persons whose income is 100% - 400% FPL. They are not available for persons whose income is less than 100% FPL.
- These plans will be available through the Health Insurance Marketplace.
- People are eligible for a tax credit to reduce the cost of coverage.
- People who meet the thresholds for unaffordable employer-sponsored insurance are eligible to enroll in the Health Insurance Marketplace and may receive tax credits to reduce the cost of coverage purchased.
- For a person at 200% FPL, it is estimated that persons will receive subsidies so that the cost of purchasing insurance will be approximately \$120.65/person/month.

Penalties

- ~ 2014: \$95 or 1% of your taxable income
- ~ 2015: \$325 or 2% of your taxable income
- ~ 2016: \$695 or 2.5% of your taxable income

Impact of ACA on Community Care Clinic's Patient Population

- Approximately 62% of clinic patients are at or below 100% FPL. These patients will not be eligible for subsidized plans, and will likely not have access to employer health coverage. They are either unemployed, or their share of the cost will exceed 8% of their income.
- Approximately 28.6% fall somewhere between 100% and 200% FPL. The remaining 9.4% fall somewhere between 200% and 400% FPL. These are the patients that would be eligible for subsidies. However, as noted above, they are not penalized if the cost is more than 8% of their income.
- Patients will be subject to a decision – to purchase subsidized insurance (estimated at \$120.65/person/month or \$1,447.80/person/year for families at 200% FPL) OR pay penalties of increasing amount with a maximum of \$695/person/year.
- For most low-income families it is already a challenge to meet the costs for rent, food, utilities, medication and transportation.