



2010 FEDERAL HEALTH REFORM EXCHANGES FACT SHEET

President Obama signed comprehensive health reform, the Patient Protection and Affordable Care Act on March 23, and the Health Care and Education Reconciliation Act of 2010, on March 30, 2010.

The measures require state-based health Exchanges that allow individuals and small businesses to purchase coverage. The measure creates the American Health Benefit Exchange to allow individuals to purchase qualified coverage. Additionally, the measures create the Small Business Health Options Program (SHOP) Exchange to allow small businesses with up to 100 employees to purchase qualified coverage. States will have the option to operate two separate Exchanges or to combine the individual and small business exchanges into one.

American Health Benefit & Small Business Health Options Program (SHOP) Exchange

- Funding available to states to establish Exchange from 2011 through January 1, 2015.
- Beginning in 2017, businesses with more than 100 employees can purchase coverage through the SHOP Exchange.
- States may form regional Exchanges.
- States may operate more than one exchange as long as Exchange serves distinct geographic area.
- If a state opts to not create an Exchange, the federal government will operate an Exchange directly in that state (and may do so in an agreement with a non-profit entity).
- U.S. citizens and legal immigrants are eligible to purchase coverage through the Exchange. Incarcerated citizens and undocumented immigrants cannot purchase through the Exchange.
- Exchanges must maintain call centers for customer service.
- Exchanges must establish procedures for enrolling individuals and businesses and for determining eligibility for tax credits.
- States are required to develop a single form for applying for state health subsidy program that can be filed online, in person, by mail or by phone.
- Exchanges may contract with state Medicaid agencies to determine eligibility for tax credits in the Exchanges.

Benefits

The Exchange will offer four benefit categories of plans, plus a catastrophic plan, in the individual and small group markets. The plans will be required to guarantee issue and renew; rating variation will be based only on age. Tiers:

- **Bronze:** Minimum creditable coverage. Provides essential health benefits. Covers 60 percent of the benefit costs of the plan, with an out-of-pocket limit equal to the Health Savings Account current law limit (\$5,950 for individuals and \$11,900 for couples).

- Silver: Provides essential health benefits. Covers 70 percent of the benefit costs of the plan, with an out-of-pocket limit equal to the Health Savings Account limit.
- Gold: Provides essential health benefits. Covers 80 percent of the benefit costs of the plan, with an out-of-pocket limit equal to the Health Savings Account limit.
- Platinum: Provides essential health benefits. Covers 90 percent of the benefit costs of the plan, with an out-of-pocket limit equal to the Health Savings Account limit.
- Catastrophic: Available to individuals up to age 30 or individuals exempted from the mandate to purchase coverage. Provides catastrophic coverage only with the coverage level set at the Health Savings Account limit. Prevention benefits and coverage for three primary care visits would be exempted from deductible. This plan is only available on the individual market.

Premium Credits

Refundable and advanceable premium credits will be available to individuals and families between 133 and 400 percent of the federal poverty level (FPL) to purchase insurance through the Exchanges. The credits will be on a sliding scale such that the premium contributions are limited to the following percentages of income:

- Up to 133 percent FPL: 2 percent of income
- 133-150 percent FPL: 3-4 percent of income
- 150-200 percent FPL: 4-6.3 percent of income
- 200-250 percent FPL: 6.3-8.05 percent of income
- 250-300 percent FPL: 8.05-9.5 percent of income
- 300-400 percent FPL: 9.5 percent of income

The premium credits will be adjusted to reflect the difference between premium growth over the rate of income growth.

Cost Sharing

Cost sharing subsidies will also be available to people with incomes between 100 and 400 percent FPL. The cost sharing credits reduce the cost-sharing amounts and annual cost sharing limits and have the effect of increasing the actuarial value of the basic benefit plan as follows:

- 100-150 percent FPL: 94 percent
- 150-200 percent FPL: 85 percent
- 200-250 percent FPL: 73 percent
- 250-400 percent FPL: 70 percent