

**YOUNG**

**ADULTS**



# **New Health Insurance Landscape for Young Adults**

November 18, 2013

**Covering Kids & Families - Wisconsin**

Updated November 1, 2013

# Topics to be Covered

- What is the Affordable Care Act (ACA)?
- Individual Mandate
- The importance of young adults and the ACA

# What is the ACA?

Also known as the Patient Protection and Affordable Care Act, ACA, ObamaCare and the Health Reform Law, it:

- Provides new rules to improve the overall health care system
- Improves coverage for those with health insurance
- Provides coverage for people who are uninsured or looking for new coverage, beginning in 2014

# ACA – Current Provisions

- Free preventive care for people with insurance, including Medicare
- No lifetime limits on coverage of essential benefits
- Young adults on parent's private insurance plans until age 26
- Children cannot be denied coverage for having pre-existing conditions

# ACA – 2014 Provisions

- Adults cannot be denied coverage for pre-existing conditions.
- Annual limits on insurance coverage eliminated
- Medicaid eligibility may change, based on each state's decision
- As of October 1<sup>st</sup>, 2013: Opening of the Health Insurance Marketplace (Exchange) and the Small Health Options Program (SHOP)
- Government will provide tax credits to purchase coverage for individuals within specific income ranges
- Individual Mandate – most individuals required to have insurance or pay a fee

# Individual Mandate

- **Most** individuals will be required to have insurance or pay a tax penalty/fee
  - 2014: \$95 per adult or 1% of income
  - 2016: \$695 per adult or 2.5% of income
- Penalty also referred to as the “Shared Responsibility Payment”
- Individuals may be uninsured for a period of up to three months before penalty would apply

# Individual Mandate Exemptions

Some individuals may be **exempt** including:

- Religious conscience;
- Membership in a health care sharing ministry;
- Member of an Indian tribe;
- Taxable income below the threshold to pay taxes (\$9,750 for individual in 2013 tax year)
- Hardship (based on personal circumstance or a lack of affordable coverage); and
- Ineligible for Medicaid based on a state's decision not to expand (In WI - income between 100-133% FPL - \$958-\$1,245 per month for an individual).

# The Three-legged Stool Approach



**Employer-based and  
Private Coverage**

**Health Insurance  
Marketplace Coverage**

**Public Programs  
(Medicaid/BadgerCare+/Medicare)**

# Wisconsin Health Insurance Coverage

- Employer-Sponsored Insurance 54%
- Medicaid 16%
- Medicare 15%
- Uninsured 10%
- Individual Insurance Plans 6%

Source: <http://kff.org/other/state-indicator/total-population/>

# How Young Adults Fit In

- As a way to keep health/premium costs lower for everyone, healthy people need to access health insurance.
- This allows people you may know with more severe health concerns to access affordable care.
- Health insurance acts as a safety net for when something unexpected occurs (if you get sick/hurt).

# Health Insurance Options for Young Adults

- Young adults can stay on parent's private insurance plans until age 26
- Student Health Insurance Plans
- BadgerCare+ (if an individual makes less than \$11,490/yr)
- The Health Insurance Marketplace with access to financial assistance (up to \$45,960/yr for an individual)
- Private market
- Catastrophic plans (on and off the Marketplace)
- Employer-sponsored insurance