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The Affordable Care Act: What it Means for Seniors

Amber Cutler, Staff Attorney
National Senior Citizens Law Center



The National Senior Citizens Law Center is a non-profit organization whose principal mission is to protect the rights of low-income older adults. Through advocacy, litigation, and the education and counseling of local advocates, we seek to ensure the health and economic security of those with limited income and resources, and access to the courts for all. For more information, visit our Web site at www.NSCLC.org.

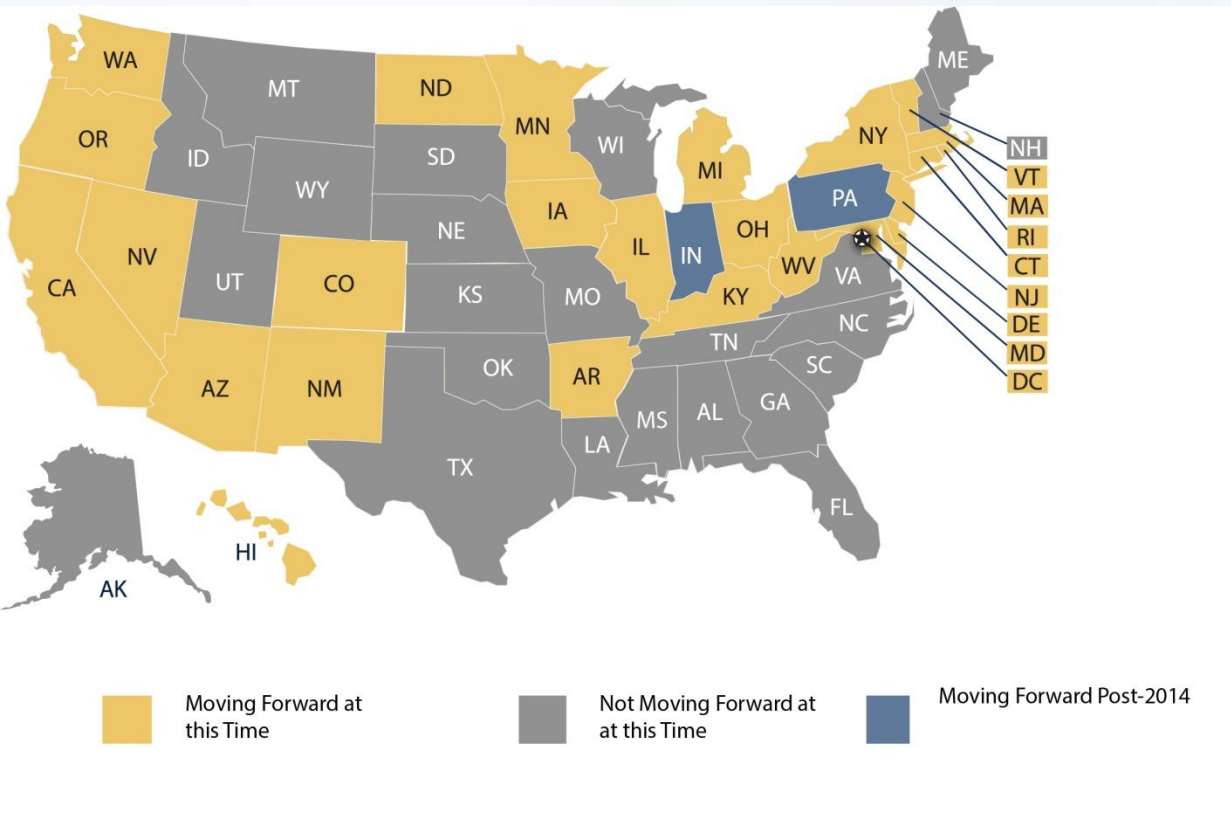
Today's Discussion

**Medicaid
Expansion**

**Health Insurance
Marketplace**

**Other Changes
under the ACA**

Medicaid Expansion



— 26 Moving Forward in 2014

-2 Moving Forward Post 2014 (IN & PA)

—23 Not Moving Forward

As of October 22, 2013. <http://kff.org/medicaid/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/#map>

Medicaid Expansion Eligibility

Expands Eligibility for Medicaid

- Individuals with Incomes Up to 138% FPL
 - 133% + 5% Income Disregard = 138%
 - \$15, 856/individual
 - Income - calculated using **MAGI**
- No Asset/Resource Limit
- Individuals up to age 64
- No disability requirement
- Ineligible
 - Medicare Enrollees
 - 5-year ban for immigrants (see www.nilc.org for more information)

Medicaid Expansion

MAGI

Adjusted Gross Income (1040, line 37)

+ Foreign Income

+ Tax exempt interest

+ Non-taxable Social Security Benefits

MAGI

See National Health Law Program's: "**The Advocate's Guide to MAGI**," available at

http://healthlaw.org/images/stories/2013_10_18_AGMAGI.pdf?utm_source=MAGI+Notice&utm_campaign=NHeLP+Matters+-+6%2F2013&utm_medium=email

Medicaid Expansion

MAGI

- **Not included in Adjusted Gross Income**

- Veteran's Benefits
- Child Support Received
- Alimony Paid
- Pre-tax contributions for purposes such as child care, retirement savings, health insurance premiums paid through a cafeteria plan

- **Not included in MAGI***

- Scholarships, awards, or fellowship grants used for education purposes
- Certain American Indian and Alaska Native income
- Lump sum is counted as income only in the month received

- **Household Size**

- Based on number of personal exemptions claimed on tax return

***MAGI rules differ between Medicaid Expansion and calculating eligibility for financial assistance in the marketplaces.**

Medicaid Expansion

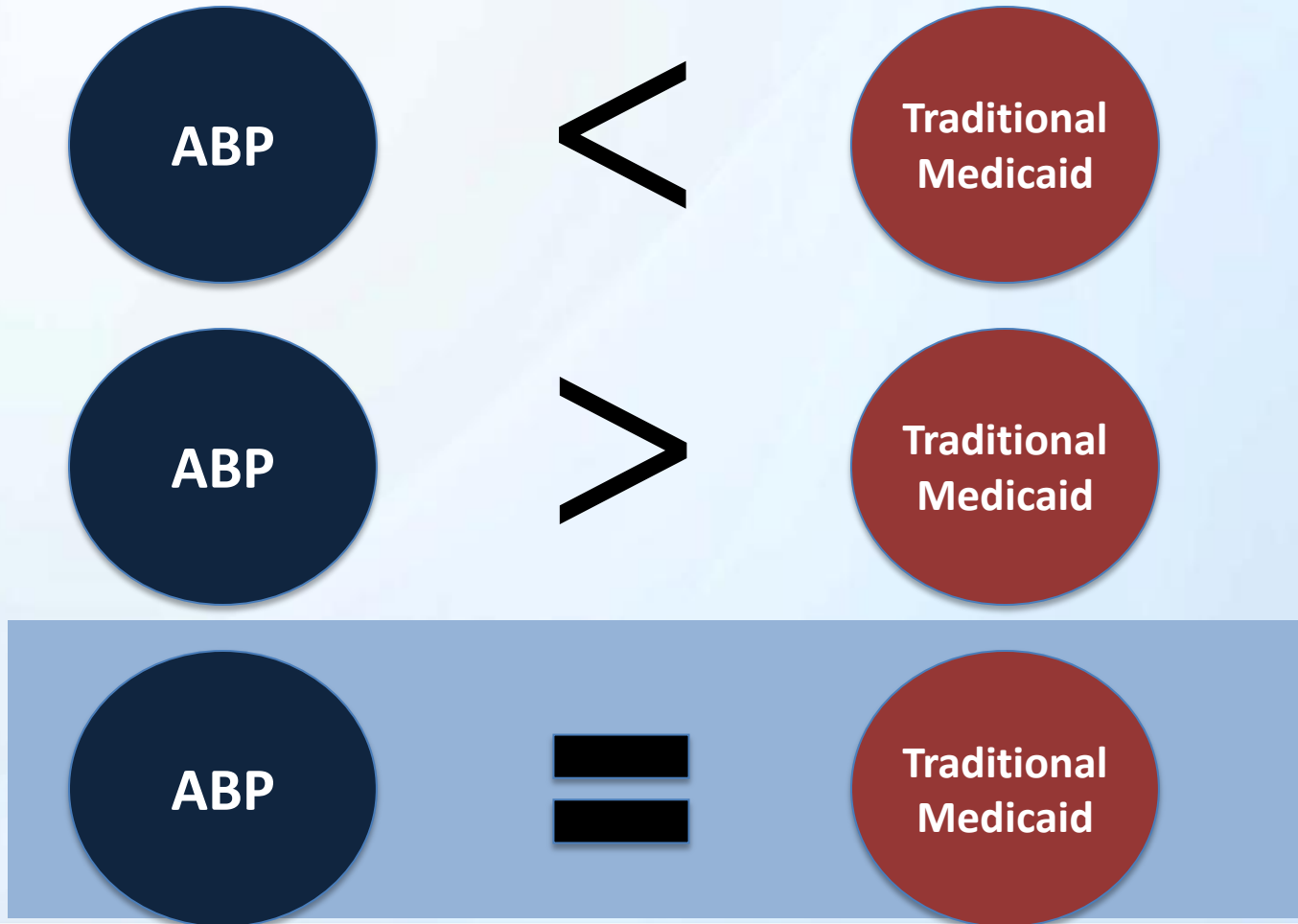
Example



Beneficiary A	Traditional Medicaid	Expansion Medicaid
\$1400.00/monthly Veteran's Benefit	Counted	Not Counted
\$2400.00/savings	Counted	Not Counted
\$450.00/child support	Counted	Not Counted
	NOT ELIGIBLE	ELIGIBLE

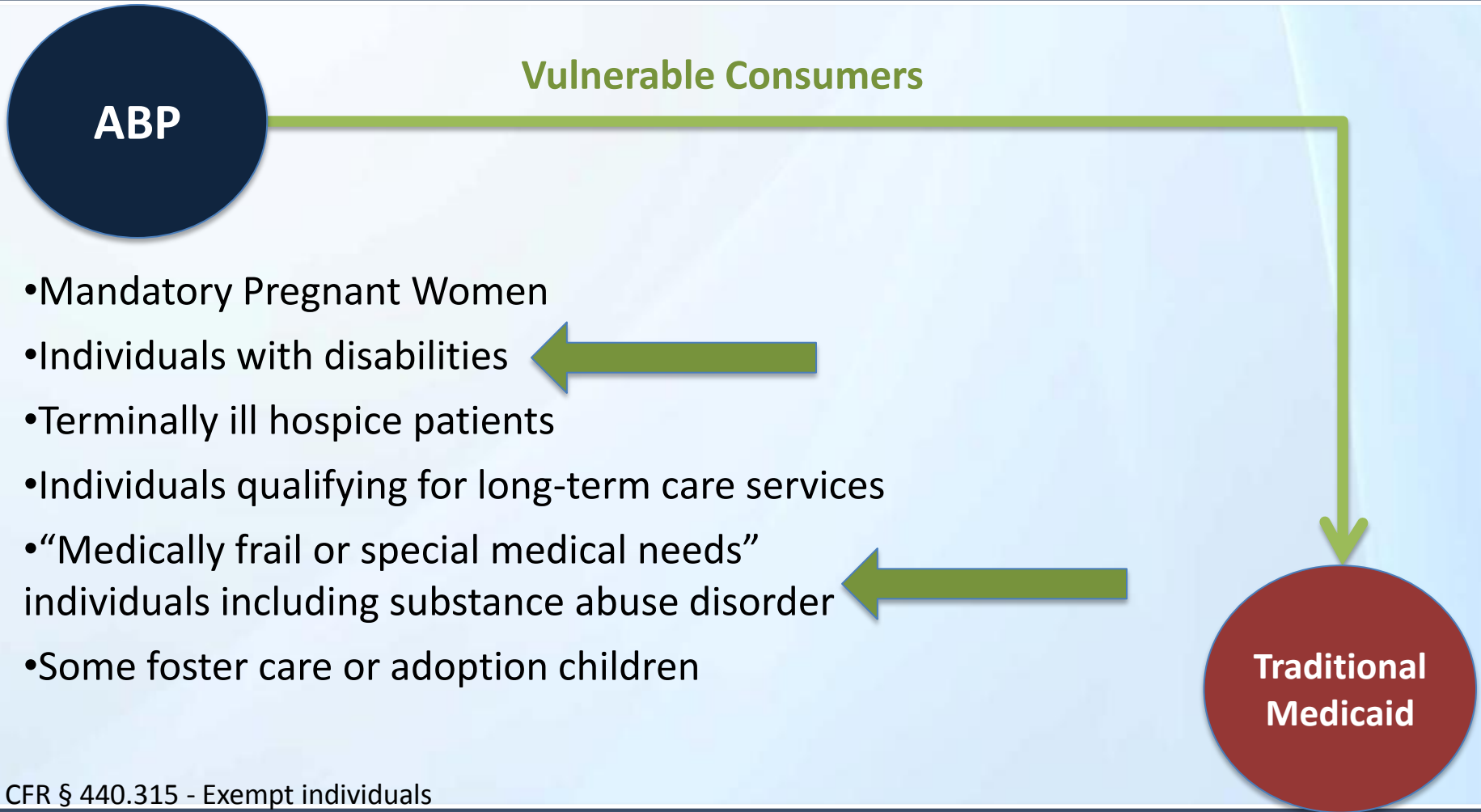
Medicaid Expansion

Alternative Benefit Package (ABP)



Medicaid Expansion

Vulnerable Consumers



42 CFR § 440.315 - Exempt individuals

Medicaid Expansion

Vulnerable Consumers Cont.

Individuals with Disabilities

- The individual qualifies for medical assistance under the State plan on the basis of being blind or disabled
- Without regard to whether the individual is eligible for Supplemental Security Income.

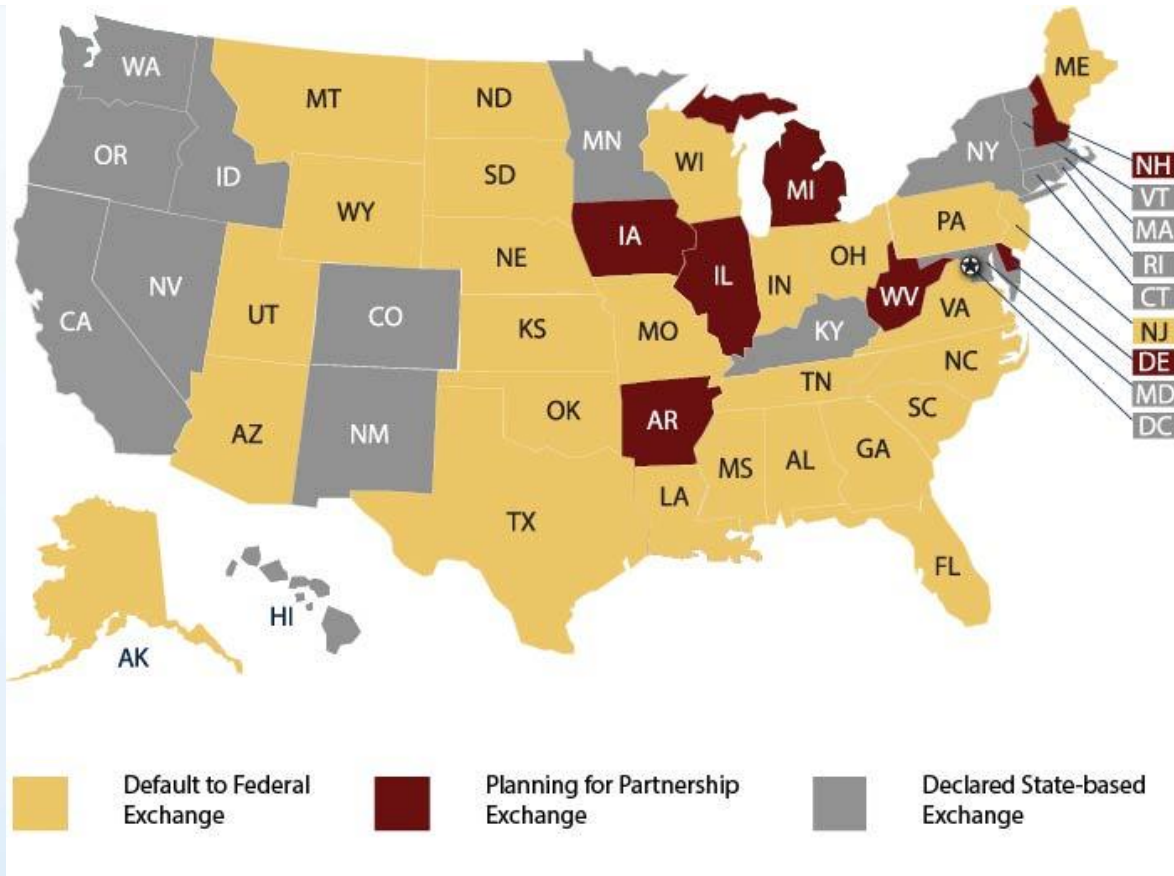
Medically Frail Individuals

- Individuals with disabling mental disorders
- Individuals with serious and complex medical conditions
- Individuals with a physical, intellectual or developmental disability that significantly impairs their ability to perform 1 or more ADLs
- Individuals with a disability determination based on Social Security criteria

States will need to develop a policy to process exemptions to the ABP

Health Insurance Marketplace

January 1, 2014



— 27 Default to Federal Exchange

— 7 Partnership Exchange

— 17 Declared State-Based Exchange

As of May 28, 2013.

<http://kff.org/health-reform/state-indicator/health-insurance-exchanges/#>

Health Insurance Marketplace Eligibility

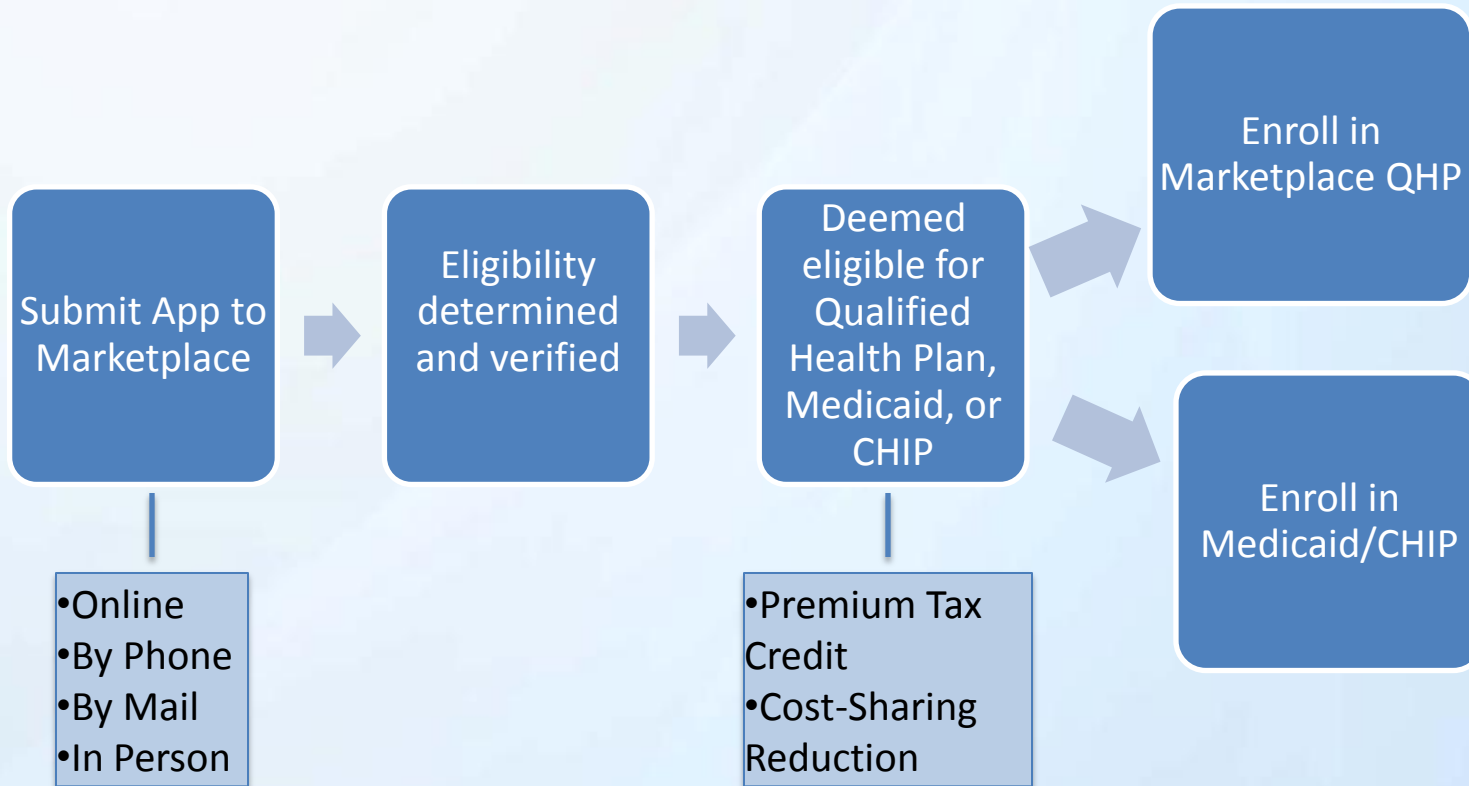
Marketplace to purchase private insurance

- Anyone can purchase insurance on the health exchange
 - Live in the service area;
 - US citizen or national, or
 - Non-Citizen who is lawfully present in the US for entire period for which is enrollment is sought
 - Not incarcerated



Health Insurance Marketplace Enrollment: No Wrong Door

Enrollment October 1, 2013 – March 31, 2014



Health Insurance Marketplace Qualified Health Plans (QHP)

**ALL PLANS MUST INCLUDE THE ESSENTIAL
HEALTH BENEFITS**

Bronze

Covers 60%

Silver

Covers 70%

Gold

Covers 80%

Platinum

Covers 90%

Health Insurance Marketplace Financial Assistance


Premium Tax Credit

- **Refundable or Advanced tax credit***
- **Eligibility**
 - **Based on household size and income (MAGI)**
 - **Income between 100%-400% FPL**
 - **Lawfully residing immigrants with incomes below 100% of FPL who are not eligible for Medicaid because of their immigration status (IRS Rule 26 USC 36B(c)(1)(B))**
- **Ineligible**
 - **Governmental Benefits (Medicare/Medicaid)**
 - **Minimum Essential Coverage**
 - **Unless Inadequate**
 - **Unless unaffordable = more than 9.5% of income**
 - **Spousal/kid glitch**

*APTC (Advanced Premium Tax Credit)

Health Insurance Marketplace Premium Tax Credit - Example

Step 1: Determine Household Size

– Example: 

Step 2: Determine Household Income

– Example: \$28,735 (250% FPL)


Step 3: Determine second lowest silver plan

– Example: \$5733

Step 4: Determine max

– Example: 8.1% of income = \$2,328

Step 5: Deduct Amount in Step 4 from Step 3

– Example: $\$5733 - 2328 = \text{\$3405 Tax Credit}$ 

Health Insurance Marketplace Financial Assistance

Cost Sharing Assistance

- Reduces out-of-pocket spending: reduces deductibles, co-pays and coinsurance.
- **Eligibility**
 - Household income and family size
 - Income between 100%-250% FPL
- **Ineligible**
 - Governmental Benefits (Medicare/Medicaid)
 - Minimum Essential Coverage
 - Unless Inadequate
 - Unless unaffordable = more than 9.5% of income
 - Spousal/kid glitch
- **Amount**
 - Depends on income limit

Health Insurance Marketplace Cost Sharing Example- Example

SILVER PLAN: Plan pays 70%, you pay 30%



Household Income = \$17, 120 (149% FPL)

**With Cost Sharing Assistance:
Plan Pays 94%, you pay 6%**

Health Insurance Marketplace

Catastrophic Plans

- Eligibility

- Young adults under 30 years of age

- Individuals who obtain a hardship exemption

- (12 circumstances: see <https://www.healthcare.gov/exemptions/>)

- Coverage

- Plans with high deductible and lower premiums

- Covers 3 primary care visits and preventive services

- Protects consumers from high out of pocket expenses

Health Insurance Penalty

Starting in 2014, individuals must have health coverage

What coverage counts?

- Employer Coverage
- Medicare
- Tricare
- VA Coverage
- Medicaid
- CHIP
- Marketplace Plan
- Individual Policy

How much is the penalty (2014)?

- \$95.00 per adult; \$47.50 per child (up to \$285.00 for a family) or 1.0% of family income, whichever is greater. Assessed on tax returns. Increases in 2015.

Who is exempt?

- Religious conscientious exemption
- Incarcerated
- Undocumented immigrant
- Member of Indian tribe
- Family income below threshold for filing tax
- Have to pay more than 8% of income for health insurance after employer contributions of tax credits

Coverage Transitions for Older Adults

Medicaid Expansion Coverage Ends

- Turn 65
- Eligible for Medicare

Financial Assistance Ends on Marketplace

- Eligible for Medicare

Coverage Transitions

Example: Income Gap

Rule: To obtain traditional Medicaid coverage, a beneficiary must meet traditional Medicaid income guidelines.

Example: Ms. Smith has expansion Medicaid under MAGI rules, but loses this coverage when she starts getting Medicare after turning 65. Ms. Smith has 1300.00 in an employee pension. Her income is too high to qualify for traditional Medicaid.

Assistance: Ms. Smith will need help with...

- Identifying alternative Medicaid programs with higher income limits.
- Identifying appropriate deductions that reduce countable income
- Review for eligibility for Medicare Savings Programs
- Review for eligibility for Part D Low Income Subsidy

Coverage Transitions

Example: Resource Gap

Rule: To obtain traditional Medicaid coverage, a beneficiary must meet traditional Medicaid asset/resource guidelines.

Example: Mr. Jones has expansion Medicaid under MAGI rules, but loses this coverage when he turns 65. Mr. Jones Social Security retirement benefit is only \$945.00, but he has \$6500.00 in savings. Under traditional Medicaid rules, Mr. Jones is ineligible because his resources exceed \$2000.00.

Assistance: Mr. Jones will need...

- Adequate education & notice of what traditional Medicaid limits are and the rules on transfers of assets.
- Low-cost counseling and legal advice so he does not inadvertently disqualify himself for Medicaid program.

Coverage Transitions

Example: Benefit Gap

Rule: To obtain traditional Medicaid coverage, a beneficiary must meet traditional Medicaid asset/resource guidelines.

Example: Mr. Jones has expansion Medicaid, but loses this coverage when he obtains Medicare. Mr. Jones qualifies for traditional Medicaid, but his coverage under the ABP included extensive substance use treatment – a benefit traditional Medicaid does not cover in his state.

Assistance: Mr. Jones will need assistance identifying alternative sources for substance abuse treatment help– if any is available.

Coverage Transitions

Example: Affordability Gap

Example: Ms. Thomas is 64 with a monthly income of \$1500.00 (too high for Medicaid expansion). Signs up for marketplace coverage at the “silver” plan level. After premium tax and share of cost assistance, she pays only \$65.00 a month with co-pays ranging from \$5-\$30. She turns 65 and obtains Medicare. She must pay \$104.90 for Part B premium and \$147 per year for her deductible & 20% co-pays. She must also enroll in Part D and responsible for premiums, deductible and co-pays. Not eligible for Medicare Savings Programs because she has more than 150% FPL monthly income.

Assistance: Ms. Thomas will need help with...

- Identifying alternative Medicaid programs with higher income limits, if available.

Long-term fix: expansion of Medicare Savings programs and LIS programs.

Other Changes under the ACA

Medicare

- **Medicare coverage is protected:** a Medicare beneficiary is able to keep her Medicare, whether through original Medicare or a Medicare Advantage plan.
- **More Preventive Services:** Medicare covers preventive services like mammograms and colonoscopies without a Part B coinsurance or deductible.
- **Free yearly “Wellness” Visit**
- **Medicare Advantage** – if the plan is improved, company will get a bonus.
- **Part D** – if a beneficiary is in the donut hole, she will receive discount when buys Part- D-covered prescription drugs.*

Additional Information

- NSCLC Website
 - www.nsclc.org
 - Amber Cutler – acutler@nsclc.org
 - Issue Brief: Medicaid Expansion in California: Opportunities and Challenges for Older Adults and People with Disabilities.
- NHeLP
 - www.healthlaw.org
- Centers for Budget and Policy Priorities
 - www.cbpp.org
- Kaiser Family Foundation
 - <http://kff.org/health-reform/>
- HealthCare.gov