

MEMORANDUM

To: All Faculty and Staff Employees
From: Cassandra Tarver-Ross, PHR, SHRM-CP
Director of Human Resources
Date: September 24, 2013
Re: Health Insurance Marketplace Coverage Options Provided by the Affordable Care Act (ACA)

Beginning January 1, 2014, the Affordable Care Act (ACA) mandated that individuals are required to purchase health insurance through their employer or purchase their own individual plan. Alabama A&M University is required by law to provide this notice to all employees whether you are participating the university's group health insurance or/and working full-time or part-time.

In the state of Alabama, the federal government will operate Alabama's exchange program. The federal government requires employer's health plans to cover at least 60% of the cost of covered medical procedures for a premium cost and does not exceed 9.5% of the employee's household income. The University offers a health plan that meets the minimum value test that is required by ACA.

Please note: The tax penalties for not obtaining health insurance that meets the government's minimum coverage requirement are:

- For the year of 2014, the penalty will be \$95 or 1% taxable income for no insurance
- For the year of 2015, the penalty will be \$325 or 2% taxable income for no insurance
- For the year of 2016, the penalty will be \$695 or 2.5% taxable income for no insurance

Those who can't afford health insurance may be eligible for a tax credit to help purchase coverage on the health care exchange. Uninsured Americans whose incomes range between 133% and 400% of the poverty level (which currently means incomes of \$14,856 to \$44,680 for individuals; \$30,656 to \$92,200 for a family of four) may be eligible for the federal subsidies to buy insurance through the exchange.

If an employee purchases coverage through the insurance exchange, the employee may lose any employer contribution towards the cost of the employer-provided coverage. All or a portion of the university's contribution may be excludable for federal income tax purposes.

Full-time employees working 30 hours or more per week are eligible to enroll in the university's group health plan.

Please note: Alabama A&M University has no information or expertise on options nor is the Office of Human Resources allowed to answer questions regarding the options on the exchange. For additional information regarding the ACA or the Health Insurance marketplace, please call 1-800-318-2596 or visit <https://www.healthcare.gov/>. The federal government will operate the exchange for Alabama.

If you have any questions regarding the letter, please contact the Office of Human Resources at 256-372-5835.



New Health Insurance Marketplace Coverage Options and Your Health Coverage

Form Approved
OMB No. 1210-0149
(expires 5-31-2020)

PART A: General Information

When key parts of the health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace.

What is the Health Insurance Marketplace?

The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

Can I Save Money on my Health Insurance Premiums in the Marketplace?

You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn't meet certain standards. The savings on your premium that you're eligible for depends on your household income.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?

Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer's health plan. However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.¹

Note: If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution—as well as your employee contribution to employer-offered coverage—is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

How Can I Get More Information?

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit HealthCare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

¹ An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs.

PART B: Information About Health Coverage Offered by Your Employer

This section contains information about any health coverage offered by your employer. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

3. Employer name		4. Employer Identification Number (EIN)	
5. Employer address		6. Employer phone number	
7. City	8. State	9. ZIP code	
10. Who can we contact at this job?			
11. Phone number (if different from above)		12. Email address	

You are not eligible for health insurance coverage through this employer. You and your family may be able to obtain health coverage through the Marketplace, with a new kind of tax credit that lowers your monthly premiums and with assistance for out-of-pocket costs.