

Employee Relations - Health Care Reform FAQs

Q. What is Health Care Reform?

A. Health Care Reform is also known as “Obamacare”, the Affordable Care Act, and the Patient Protection and Affordable Care Act (PPACA). It is all the same thing.

Q. How does this impact me?

A. Starting January 1, 2014, all individuals in the United States must have medical coverage for themselves and family members or pay a penalty. If you currently have health insurance through your employer and will be continuing coverage in 2014, you can keep it and meet the requirement. You don't need to purchase insurance through the Exchange to avoid penalty.

Q. What is the Exchange?

A. The Exchange is a marketplace that sells health insurance policies to individuals. There is a California Exchange operated by the State of California called "Covered California." Insurance policies purchased through Covered California are eligible for federal subsidies for low income individuals. There are also a number of private exchanges that may be selling individual health insurance policies that have not been qualified by Covered California, and are not eligible for federal subsidies. If you intend to request government assistance, make sure that you are purchasing coverage from Covered California.

Q. What does Covered California have to do with the requirement that I must have medical coverage?

A. Covered California was set up to make coverage available to people who do not have medical coverage. You can buy coverage from Covered California but you need to do your homework first because the medical coverage may be quite different than what you have available from your employer.

Q. Is my employer coverage better or worse than what I can purchase on Covered California?

A. Generally speaking, your employer's coverage will be better than the coverage that you could buy from Covered California but it really depends on your personal circumstances with respect to the cost, doctors and hospitals. For some people with low incomes, the Federal government will subsidize the purchase of coverage from Covered California. However, the physician networks and hospitals may differ significantly from what you are used to under our plan. In other words, you need to do your homework and compare our coverage to the coverage you can buy from Covered California.

Q. How do I know whether I am eligible for a Federal government subsidy to purchase medical coverage from Covered California?

A. Covered California, the IRS, Homeland Security and the Department of Health and Human Services will review your application, tax information and legal residency requirements. They will decide whether you are eligible for government assistance. In

general, people with low incomes whose employers do not offer medical coverage or whose coverage is unaffordable would be eligible for government assistance.

Q. Is my employer's coverage affordable?

A. Your employer's coverage is intended to be affordable based on employees' wages.

Q. Will employees be eligible for government assistance to purchase coverage from the California Exchange?

A. To determine if you are eligible for government assistance to purchase coverage from Covered California, contact Covered California. They also have a calculator on their website that will be helpful. However, in order to be sure that you will receive government assistance, it is likely that you will have to complete a Covered California application and submit it for approval.

Q. How do I find out more about coverage on Covered California and whether I should purchase coverage from them and receive government assistance?

A. To find out more, you must contact Covered California by any one of the following means:

» Call 1-888-975-1142

» Visit www.coveredca.com

» Additional information regarding Health Care Reform can be found at: www.healthcare.gov

Q. Is the enrollment in Covered California different than my employer enrollment?

A. Yes. Open enrollment for Covered California begins on October 1, 2013 for coverage starting January 1, 2014. You will need to complete an extensive application form because Covered California does not know you. By comparison, the enrollment process for coverage with your employer may be more simplified.

Q. Will the cost of my coverage with Covered California be deducted from my pay?

A. No. You will have to write a check each month or have amounts automatically deducted from your personal checking account. That means you will pay for your coverage on an after-tax basis, not through your employer's cafeteria plan (pre-tax) or by means of payroll deductions.

Q. What types of medical plans are offered on Covered California?

A. Covered California has indicated that they will be selling HMO coverage and PPO coverage. You will need to contact them to evaluate and compare your employer coverage and their coverage. However, the medical coverage sold on Covered California will be different than that offered by your employer.

Q. How will I know which is better?

A. You will need to contact Covered California and compare the plans they have available with the plans your employer offers.

Q. Is coverage on Covered California cheaper than my employer coverage?

A. This is a very difficult question to answer because the value of a plan is not just found in the premiums paid but also includes the deductibles, copayments, out-of-pocket maximums and other out of pocket expenses incurred. Moreover, the value of a plan would include the quality of providers and hospitals. If you are considering the purchase of coverage from Covered California, you are urged to do your homework and comparison shop before making a purchase.

Q. Can I drop my employer coverage and purchase coverage from Covered California?

A. You cannot drop your employer's coverage in the middle of the plan year because you wish to purchase coverage from Covered California. Moreover, should you not like the coverage you purchased from Covered California; you cannot go back into your employer's plan until the next open enrollment period.

Q. If I elect employer coverage, can I purchase coverage on Covered California in the middle of the plan year?

A. You can purchase coverage from Covered California's open enrollment period but you cannot drop employer coverage in the middle of the year simply because you purchased coverage from Covered California.

Q. If I don't like the coverage I purchased from Covered California, can I come back to my employer's plan?

A. You have an opportunity to enroll in your employer's plan only during open enrollment each year. There are no special enrollment rights with respect to dropping coverage that you purchased from Covered California. In other words, you cannot enroll in your employer's plan in the middle of the plan year just because you decided you don't like your coverage with Covered California.

Q. When can I go to the Exchange and when can I go back to my employer's plan?

A. Covered California's open enrollment begins October 1, 2013 and is effective on January 1, 2014. If you chose not to be covered under your employer's plan, you can re-enroll during their next open enrollment and that coverage would be effective on the first day of the plan year.

Q. Can I purchase coverage for me and my family from Covered California and from my employer so that I have dual coverage?

A. Covered California has not established its rules with respect to dual coverage and guidance has not been received about coordination of benefits with group and individual policies.

Q. I read about Health Care Reform, am I now eligible for coverage under my employer's group medical plan?

A. Please refer to information provided by your employer to determine if you are eligible for group health coverage.

Q. I am on COBRA, is it better for me to drop my COBRA coverage and purchase coverage from Covered California?

A. The answer depends on what you mean by "better" coverage. If the cost of coverage is your concern, it may be possible to find less costly, and a greater variety of, options with Covered California. If adequacy of networks and hospitals are your concern, you would need to compare your COBRA coverage with coverage offered by Covered California. For example, if you have a certain doctor that you like and use under COBRA, or are undergoing a treatment for a specific condition but the physician providing those services is not available as an in-network physician under coverage from Covered California, you may prefer to continue with COBRA. There is no one right answer to this question; you need to do your homework so you can make an informed decision.

Q. Did Health Care Reform extend the time period I can have COBRA beyond 18 months?

A. No. The coverage period for COBRA has not been extended and related rules have not changed.

Q. If I am on COBRA, can I drop COBRA and enroll in Covered California?

A. You may terminate your COBRA coverage at any time. The COBRA rules have not changed with respect to the availability of other coverage.