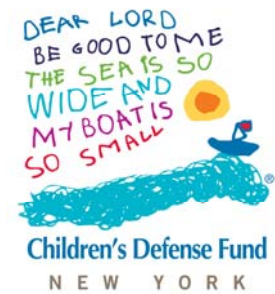


## Health Reform

# The Exchange

In 2014, each state will have a Health Insurance Exchange, a marketplace where individuals and employers can purchase coverage. States have two options: (1) to create one exchange where both individuals and small businesses can purchase coverage, or (2) set up two separate exchanges, one for individuals and one for small businesses. Details about setting up the Exchange will be decided by the State and announced before 2014.



### How the Exchange will be used

Consumers will be able to access the Exchange in four ways:

- ✓ Internet
- ✓ In person
- ✓ By phone
- ✓ By mail

The Exchange will determine what health insurance a person might be able to get and allow consumers to compare health plans. It will determine whether people are eligible for a public health insurance program, such as Medicaid or Child Health Plus, or tax credits. Individuals with access to employer-sponsored coverage cannot purchase coverage through the Exchange.

### Qualified health plans

Only qualified health plans will be able to offer coverage offered through the Exchange. Qualified health plans must offer minimum essential benefits, which include full or partial payments for doctor visits, prescriptions, emergency care, as well as other critical services.

### Rating system

While all health plans offered through the Exchange must offer minimum essential benefits, plans will be rated—Bronze (least coverage), Silver, Gold and Platinum—based on how much (what percentage) of a person's health care costs the plan will cover. The maximum out-of-pocket costs, such as copays and deductibles, will be \$5,950 for an individual and \$11,900 for a family.

### Tax credits

People purchasing insurance through the Exchange will be eligible for tax credits if their income is below 400% of the federal poverty level. (Currently, the federal poverty level is \$10,830 for an individual. So people with incomes of 4 X \$10,830, or \$43,320, will be eligible for credits.) These credits can be refunded at the end of the tax year or advanced at the beginning of the year.

### Consumer assistance and Navigators

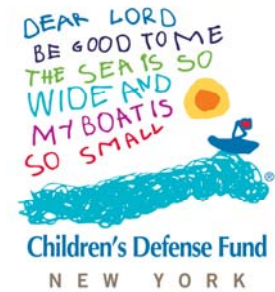
The State will set up a public education and outreach program to help people navigate the Exchange and to facilitate enrollment in coverage offered through the Exchange.

### The individual mandate

As of 2014, most people will be required to obtain health insurance coverage or will be charged a penalty. In 2014, the penalty will be \$95 or 1% of a person's annual income, whichever is greater. Some individuals are exempt from the mandate. If the lowest-cost plan available is more than 8% of a person's income, he or she will not be required to have health insurance. While the Exchange is not responsible for enforcing the mandate, it will determine whether people are exempt from the individual mandate and pass that information to the Department of Treasury.

## January 2011

# Questions and Answers



**Q: When can I start using the Exchange to purchase coverage for my family and me?**

State exchanges must be up and running on or before January 1, 2014.

**Q: I have coverage through my employer, but it is expensive. Can I purchase coverage through the Exchange instead?**

If the coverage offered through your employer does not adequately cover your benefits or if your premium is more than 9.5% of your income, you may be able to purchase coverage through the Exchange. You may also be eligible for tax credits.

**Q: How much can I receive in tax credits?**

The amount you receive will be based on your income. If your income is less than 400% of the federal poverty level, you will be eligible for tax credits.

**Q: What if there is no plan offered through the Exchange that I can afford?**

If you cannot afford any of the plans offered through the Exchange and you are not eligible for a public health insurance program, individuals under the age of 30 and those exempt from the individual mandate may consider purchasing catastrophic coverage. Catastrophic coverage, which will be available through the Exchange, is less expensive but does not include comprehensive coverage.

**Q: I run a small business. Am I required to provide health insurance for my employees?**

Not if you have fewer than 50 employees. However, beginning in 2014, any business with more than 50 employees must provide health benefits or offer adequate coverage. (Businesses failing to do so will incur penalties.)

**Q: I run a small business. What are my options for offering my employees health insurance?**

Depending on how many employees you have and how New York State decides to set up its Exchange, you may be able to purchase coverage for your employees through the Exchange. As of 2010, businesses with fewer than 25 employees that subsidize at least 50% of the cost of their employees' health insurance will be eligible for tax credits for up to two years.

**Q: There seem to be a lot of undecided details about the Exchange. When will I know more about how the Exchange will be set up?**

In the spring of 2011, the federal government will provide more details to the states about what the Exchange should look like. After reviewing those guidelines, over the next couple of years, New York will start to develop an Exchange for the state, if it chooses to do so. If New York does not create its own Exchange, one created by the federal government will be used.