

National Health Care Reform: Helping People and Small Businesses Afford Private Insurance



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Community Catalyst

Community Catalyst is a national non-profit advocacy organization dedicated to quality affordable health care for all. Since 1997, Community Catalyst has been working in partnership with national, state and local consumer organizations, policymakers, and foundations to build the consumer and community leadership required to transform the American health system so it serves everyone—especially vulnerable members of society.

Our staff of experienced policy analysts, attorneys, community organizers, and communications specialists has worked with organizations in over 40 states. From Oregon to Orlando, Community Catalyst strengthens organized consumer voices wherever important decisions about the health system are made: in communities when hospitals go up for sale; in courtrooms where consumers challenge the illegal practices of drug companies; and in statehouses when advocates strive to win improvements in health care programs.



Overview of Presentation

Subsidies for People

- ✓The Big Picture
- ✓Who will be eligible?
- ✓What will they pay for premiums?
- ✓What will they pay for cost-sharing?

Subsidies for Small Business

- ✓The Big Picture
- ✓Which businesses will be eligible?
- ✓How much will the credits cover?

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Community Catalyst
PHAN conference
April 2010*

Subsidies for Low- and Moderate-Income People



The Big Picture

Key Takeaway: Hard-working Americans who haven't been able to afford coverage will get subsidies according to a sliding scale. They can use those subsidies to buy a private plan that best suits their family's needs.

Under Health Reform:

- ✓ Up to **904,000** Pennsylvanians will qualify for tax credits to help make health insurance more affordable
- ✓ The average subsidy will be **\$5,200** in 2015
- ✓ **\$14.6 billion** in premium and cost-sharing tax credits will be brought into Pennsylvania during the first five years of the health insurance Exchange.

Who Is Eligible?

- ✓ Starting in 2014, premium subsidies for plans purchased through Exchange will be available to people who:
 - do not have affordable employer sponsored coverage, AND
 - are earning up to 400% of the Federal Poverty Level (around \$73,000 for a family of three)
- ✓ Legal immigrants are eligible
- ✓ Those eligible for premium subsidies are also eligible for lower annual out-of-pocket caps and reduced cost-sharing

How Much Are the Premium Subsidies?

| Family Income | | Premiums for those who qualify for subsidies | |
|--|---------------------------------------|--|---|
| Income as a percent of the Federal Poverty Level | Annual salary (for a family of three) | Premiums as a percent of income | Annual premiums (for a family of three) |
| 150% | \$27,465 | 4.0% | \$1,099 |
| 200% | \$36,620 | 6.3% | \$2,307 |
| 300% | \$54,930 | 9.5% | \$5,218 |
| 400% | \$73,240 | 9.5% | \$6,958 |

How Much Are the Cost-Sharing Subsidies?

Value of the Benefit Package by Family Income

| Income | | Value of the Benefit Package |
|--|---------------------------------------|--|
| Income as a percent of the Federal Poverty Level | Annual salary (for a family of three) | Actuarial Value (percent of health care costs covered by insurance company for the average enrollee) |
| 150% | \$27,465 | 94% |
| 200% | \$36,620 | 87% |
| 300% | \$54,930 | 70% |
| 400% | \$73,240 | 70% |

How Much Are the Cost-Sharing Subsidies? (continued)

Annual out-of-pocket limits by Family Income

| Income | | Annual Out-of-Pocket Cap for Those Who Qualify for Subsidies | |
|--|---------------------------------------|--|---------|
| Income as a percent of the Federal Poverty Level | Annual salary (for a family of three) | As a percent of income (for a family of three)* | Total* |
| 150% | \$27,465 | 14.1% | \$3,867 |
| 200% | \$36,620 | 10.6% | \$3,867 |
| 300% | \$54,930 | 10.6% | \$5,800 |
| 400% | \$73,240 | 10.6% | \$7,733 |

*The law specifies the out-of-pocket caps based on IRS limits for high-deductible plans. The numbers above are calculated based on the 2009 IRS limits, but the 2014 limits will be higher than these.

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Subsidies for Small Businesses



The Big Picture

Key Takeaway: Small business are the key to economic growth and recovery, but rising health care costs hamper innovation and entrepreneurial efforts. Health care reform provides tax credits to lessen the burden of health care costs on small businesses.

Currently:

- ✓ Small businesses make up **73.6** percent of all Pennsylvania businesses
- ✓ Just **48.7** percent of these small businesses are able to offer health insurance to their employees.

Under health reform:

- ✓ Up to **162,245** Pennsylvania small businesses will qualify for tax credits to help make coverage more affordable
- ✓ These small businesses employ **654,689** Pennsylvanians.

Which Businesses Will Be Eligible?

- ✓ No more than 25 full-time equivalent (FTE) employees
 - Max subsidy: <10 FTEs
- ✓ Average wage of less than \$50,000
 - Max subsidy: <\$25,000 in average wages
- ✓ Employers must contribute at least 50% of the premium costs for employees
- ✓ Starting in 2014, stricter criteria for employers:
 - must provide coverage through the Exchange
 - can only qualify for 2 years

How Much Will the Tax Credit Cover?

2010-2013:

- ✓ Maximum of 35% of the cost of providing coverage to employees
 - 25% for tax-exempt businesses

2014 & beyond

- ✓ Maximum of 50% of the cost of providing coverage to employees
 - 35% for tax-exempt businesses

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Questions?

Please feel free to contact me with any questions that we don't get to today:
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