



7 Important Facts about Health Insurance Marketplaces

The Health Insurance Marketplace (also called an exchange) is a key provision of the Affordable Care Act (ACA). Our experts have compiled a list of key details business leaders need to understand about marketplaces and the impact they will have on employer-sponsored benefits in 2014.

1. A marketplace is a web portal to buy and sell benefits

A health insurance marketplace is a web portal where individuals and businesses can shop for and buy health insurance. There will be two types of marketplaces throughout the U.S. that will impact employee benefits:

- 1 The Health Insurance Marketplace facilitated by the state and/or federal government
- 2 Private marketplaces facilitated by private industry stakeholders (insurance providers, brokers or benefits consultants).

2. The Health Insurance Marketplace will be open for small businesses and individuals to enroll on October 1, 2013 for coverage to go into effect January 1, 2014

The Health Insurance Marketplace facilitated by the state and/or federal government is expected to provide an online market for individuals and small employers.¹

Who can use the Marketplace?

- » Anyone can use the Health Insurance Marketplace operating in their state to explore health insurance options, even if they already have insurance. The requirements include:
 - » You must live in the U.S.
 - » You must be a U.S. citizen or national (or lawfully present)
 - » You can't be currently incarcerated
- » Generally, small businesses can use the Small Business Health Options Program (SHOP) Marketplace to obtain insurance if they have no more than 50 full-time employees. Starting in 2016, SHOs will be open to those with 100 or fewer full-time employees.

In 2017, the Health Insurance Marketplace may make provision for businesses with more than 100 employees to purchase employee benefits plans.

3. Private marketplaces generally provide cost-controlling options for businesses of all sizes

Private marketplaces will offer health coverage options to multiple workforce segments and sizes. Additionally, private marketplaces can sell all products and services, including voluntary insurance, unlike the Health Insurance Marketplace, which can only offer medical and dental insurance. Many private marketplaces can help employers to move toward a defined contribution model that can help better control health care costs, while still offering employees robust benefits options through defined contribution.³

4. Tax subsidies are only available through the Health Insurance Marketplace

The Health Insurance Marketplace will assess and determine an individual's eligibility for subsidies or credits to help off-set the cost of coverage and defray some costs associated with using health care services. Small businesses may be eligible for a tax credit for their contribution toward coverage purchased in a SHOP Marketplace.⁵

Tax Credits and Subsidies

Individual Subsidies	Small Business Credits
Individuals with household incomes between 100% and 400% of the federal poverty level may be eligible for cost-share and/or premium subsidies if they are not eligible for affordable, minimum value coverage. ⁵	Small businesses may be eligible for a tax credit of up to 50% of their premium payments if they have 25 or fewer full-time equivalents whose average annual wages are less than \$50,000. ⁶

5. “Silver” or 70/30 coverage will be the Health Insurance Marketplace benchmark

The Health Insurance Marketplace will offer four levels of coverage, which vary depending on the proportion of medical expenses the insurance plan is expected to cover. Of these plans, a “silver” plan (one that pays approximately 70 percent of covered medical expenses or actuarial value) will be the benchmark for calculating subsidies. Individuals can “buy-up” to other plan levels, as well as dental coverage.⁵

Plan Tiers:⁵

Bronze	Silver	Gold	Platinum
60% actuarial value	70% actuarial value	80% actuarial value	90% actuarial value

6. Marketplaces affirm the importance of employee education

Health insurance reforms and marketplaces will provide employees with the option to purchase insurance directly from the individual market, so individuals will need to better understand both their options and health risks. While the ACA requires businesses to communicate to employees about the Health Insurance Marketplace and potential eligibility for tax subsidies, employees will be responsible for deciding how they spend their health care dollars. As health care costs continue to be a concern for many Americans, it is increasingly important for employees to understand their benefits options, make smart benefits decisions, and wisely manage their health care dollars.

40 percent of employees say they do not truly understand their employer's contribution to their insurance benefits.⁷

7. Voluntary products work with major medical coverage to provide an essential safety net

As health care costs continue to rise, supplemental policies help provide an extra layer of financial protection for your employees. Unlike major medical insurance, supplemental policies, like the ones offered by Aflac, pay cash benefits directly to the policyholder (unless assigned otherwise) if they get sick or injured, and are a way to offer a broader benefits package to your workforce. Additionally, employees who are offered voluntary benefits by their employer are 12 percent more likely to say their current benefits package meets their family's needs extremely or very well.

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For more information ...

Aflac will continue to provide helpful information at: aflac.com/insights. To learn more about health care reform and coverage available in your state, visit healthcare.gov, <http://cciio.cms.gov> and irs.gov.

Sources

¹For states that do not establish an exchange, the HHS will operate a federally-facilitated exchange (FFE) for those states, and premium tax credits will be available for those who buy individual coverage in an exchange. Information on the exchange that will be operating in each state may be found at www.healthcare.gov and <http://www.cms.gov/CCIIO/Resources/Fact-Sheets-and-FAQs/state-marketplaces.html> (accessed on August 6, 2013).

²Congressional Research Service (2010). Summary of Potential Employer Penalties under the Patient Protection and Affordable Care Act (ACA), accessed on November 9, 2012, from <http://www.ncsl.org/documents/health/EmployerPenalties.pdf>.

³Booz & Company (2012). The Emergence of Private Health Insurance Exchanges Fueling the “Consumerization” of Employer-Sponsored Health Insurance, accessed on November 9, 2012, from <http://www.booz.com/media/uploads/BoozCo-Emergence-Private-Health-Insurance-Exchanges.pdf>.

⁴Towers Watson, 2012 Health Care Trends Survey, accessed on November 8, 2012, from <http://www.towerswatson.com/assets/pdf/8139/TW-HealthCare-Trends-Survey-NA-2012.pdf>.

⁵Congressional Research Service (2012). Health Insurance Exchanges Under the Patient Protection and Affordable Care Act (ACA), accessed on November 9, 2012, from <https://www.fas.org/sgp/crs/misc/R42663.pdf>.

⁶Internal Revenue Service (2013). Small Business Health Care Tax Credit for Small Employers. Accessed August 9, 2013, from <http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>.

⁷2013 Aflac WorkForces Report, a study conducted by Research Now on behalf of Aflac, January 7 – 24, 2013.

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