CARE RING
THE HEART OF COMMUNITY HEALTH

Care Ring Health Policy Update
February 2012

A. Plain Language Materials Required for Health Plan Benefits

Beginning later this year (September 2012), new rules will require health insurers and group health plans to provide more common-language explanations of benefits. All individuals with private insurance will have access to an easy-to-understand summary of their benefits and coverage, as well as a uniform glossary of terms that are commonly used in health insurance coverage (e.g. "deductible" and "co-payment"). These changes are intended to facilitate the comparison of plans and help people better understand their benefits. Learn more here.

B. New Data on Disparities in Income—Implications for Health Insurance and Access to Care

While it is well established that income disparities lead to disparities in access to health insurance and barriers to care, new research from the Commonwealth Fund Health Insurance Tracking Survey shows the stark challenges facing our low-income population (both insured and uninsured) as they seek to access healthcare. For a graphic of the survey results that illustrates disparities in income, health insurance and access to care, see this diagram.

- *Low-income and uninsured adults are going without important preventive tests.*
  - Of adults under 250% of poverty ($55,875 for a family of four), 10% of the uninsured had received a colon cancer screening in the recommended time frame compared with 50% of the insured.
  - Of women age 40-64 under 250% of poverty, 32% had received a mammogram compared with 64% of the insured.
- *Low-income adults (even with insurance) go to the ER for non-emergency needs more than those with higher income.*
  - 35% of insured adults with income under 250% of poverty report going to the ER because they need a prescription drug, while 17% with higher incomes report this reason.
  - 20% of insured adults with income under 250% of poverty report cost as a deciding factor for choosing the ER, while only 6% of those with higher incomes report this reason.
  - People with low income are more likely to go to the ER for after-hours care, regardless of insurance status.
- *Low-income adults are more likely to encounter a primary care doctor who doesn't accept their insurance and to face, on average, longer wait times for specialists than those with higher incomes.*

C. Individual Mandate for Minimum Essential Coverage Explained

With debate about the individual mandate to purchase coverage under the Affordable Care Act (ACA) increasingly in the news as its constitutionality is considered by the Supreme Court, here are the basics of what the law requires. Get even more details in this primer from Health Reform GPS, a project of the Robert Wood Johnson Foundation and Georgetown University School of Public Health and Health Services.

- *What does minimum essential coverage mean?* –The Affordable Care Act requires that almost everyone purchase health insurance coverage for themselves and their dependent children starting in 2014. Acceptable coverage includes any government coverage (Medicaid, Medicare, TRICARE), employer-sponsored coverage and private health insurance plans purchased on the individual market. It does not include plans that cover accident or disability only.
- *Who is subject to this mandate and who is excluded?*—The only people not subject to this mandate are those who are incarcerated, members of an Indian tribe, immigrants without proper documentation, those qualifying for a religious exemption and those in a health care sharing ministry. Other circumstances that qualify for exemption from the penalty include:
    - Coverage is unaffordable, meaning that the employee's share of their employer-sponsored coverage is more than 8% of the household income. If individual coverage (employee only) is "affordable" but the family policy is not, the employee would not be penalized for their dependents not having coverage but would be required to purchase the policy for himself/herself or face a penalty.
    - The household income does not meet tax filing threshold ($9,000 for individual and $19,000 for family).
    - The individual experiences a short lapse (only three months or less) in their coverage.
- *What is the penalty for not having coverage?*—The penalty is phased in incrementally over three years and will be capped at $695 in 2016 (plus inflationary increase in subsequent years). For the 2014 tax year, the penalty will be the greater of $95 per individual or 1% of the amount by which the household's income exceeds the taxpayer's filing threshold. If a taxpayer claims a dependent, he/she is responsible for any penalty for the dependent not having coverage. For more details on the penalty, see the Health Reform GPS brief.
- *When does enforcement of the penalty start?*—The mandate goes into effect in January of 2014 and will be assessed on that year's federal tax return (penalty must be paid by April 15, 2015). However, failure to pay the penalty will not result in any criminal charges nor does the IRS have the authority to forcibly collect any unpaid penalties.

D. Supreme Court Case—New Resource

Last month's policy update featured a brief explanation of the upcoming Supreme Court case on the Affordable Care Act. For those of you interested in learning more, Kaiser Family Foundation has an excellent new guide to the case. Read it here. In addition to providing a comprehensive overview, it also outlines how the Court could decide each of the issues and the potential implications.

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