

**STUDENTS' GUIDE TO THE AFFORDABLE CARE ACT**  
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What do students need to know about the the Affordable Care Act?

**THE BASICS:**

- 1) It encourages you to have health insurance.
- 2) You are guaranteed access to affordable health insurance even if you have a pre-existing medical condition,
- 3) It helps you identify and compare healthcare services that meet your particular needs, and
- 4) You may have to pay a fine if you do not obtain health insurance.

The Affordable Care Act (ACA), also known as “Obamacare”, helps individuals obtain affordable healthcare insurance and offers many other protections and benefits to healthcare insurance applicants that guarantee access to coverage regardless of income or pre-existing conditions. The provisions of the ACA apply generally to most individuals, including students, though certain provisions relating to age or income of healthcare applicants may be of particular interest to students.

This brief article summarizes where students can look to for healthcare plans, when students can enroll in healthcare plans, what some of the benefits provided by the ACA are, and what potential consequences may apply for not obtaining healthcare.

**THE DETAILS:**

**I. WHERE STUDENTS CAN LOOK TO FOR HEALTHCARE PLANS**

**A. Family Plan Through Parents**

First, many students may already enjoy healthcare coverage under an existing family plan through their parents. Under the Affordable Care Act, young individuals are entitled to remain on their parent’s healthcare plan until they reach the age of 26.

Once an individual reaches the age of 26, he or she may no longer be eligible for coverage under the family plan unless the specific plan provides otherwise. Notably, many insurance providers allow students to remain on their parents’ insurance plan after they reach the age of 26 so long as they maintain status as a student -- i.e. undergraduate, graduate, professional school, etc.

**B. Through School or Employer**

Alternatively, most schools generally offer health insurance plans for enrolled students. Students can check with their school for details on any health insurance plans offered.

Similarly, some jobs may offer health insurance plans to employees. Under the ACA, large employers who employ 50 or more full-time employees are incentivized to offer health insurance

to their employees as they may face penalties if they fail to do so. Thus, if a student is employed, he or she should check with their employer to learn about any available health insurance plans.

### **C. Federal Recommendations**

Students who are not getting insurance through a family plan, school, or employer, can find alternative options available at [www.healthcare.gov](http://www.healthcare.gov). This website is operated by the federal government and helps direct users to insurance providers or other resources that will assist users in finding healthcare plans that fit their particular needs.

While this centralized website will assist individuals identify health insurance providers, individuals may still need to contact the insurance provider directly to obtain health insurance. This often can be done electronically by filling out an application on the insurance providers' website.

## **II. WHEN STUDENTS CAN ENROLL IN HEALTHCARE**

Under the Affordable Care Act, there are set periods of time called “open enrollment” periods in which health insurance companies *must* accept new applicants. During these periods, all individual applicants are entitled to sign up for a new plan or switch their existing plans. Thus, all individual applicants will be accepted during these periods. This is a change from previous law, which did not require that insurance companies accept all applicants or that individuals themselves were required to have coverage.

The next open enrollment for healthcare begins October 1, 2013 and ends March 31, 2014. Health care coverage for users who register in this time period will begin by January 1, 2014, or upon their enrollment after January 1, 2014.

Insurance providers may still accept new applicants outside of the set “open enrollment” periods at the insurance companies own discretion, but there is no entitlement to application acceptance during those periods.

Once an individual has identified an appropriate health insurance provider, they can participate in the open enrollment period by contacting the health insurance provider directly and applying for an insurance plan.

## **III. BENEFITS TO APPLICANTS UNDER THE AFFORDABLE CARE ACT**

### **A. Assistance to Help Pay for Insurance**

Under the Affordable Care Act, subsidies and tax credits are available to help pay for insurance for persons with lower incomes. Specifically, persons with income of up to 400% of the poverty

level (\$45,960 for a single person; \$94,200 for family of four) may receive subsidies and tax credits at varying degrees based on their income.

Eligible individuals can apply for these subsidies and tax credits when filing their annual tax forms with the IRS. Thus, individual students with income less than \$45,960 can receive some amount of subsidies or tax credits for their healthcare premiums by claiming those tax credits on their annual tax filings.

### **B. No Discrimination Based on Pre-Existing Health Conditions**

Under the Affordable Care Act, insurance providers may no longer deny insurance coverage to applicants or increase healthcare premiums based on pre-existing health conditions. Thus, during open enrollment periods, all applicants are entitled to health insurance coverage from providers at standard rates regardless of any pre-existing medical conditions they may have.

However, there is one limited exception that allows insurance providers to charge higher healthcare premium rates to smokers. Otherwise, no discrimination is permitted.

### **C. Minimum Coverage**

Under the Affordable Care Act, all insurance providers must offer plans that provide “minimum essential coverage.” This includes:

1. Ambulatory Patient Services
2. Emergency Services
3. Hospitalization
4. Maternity and Newborn Care
5. Mental Health and Substance Use Disorder Services, Including Behavior Treatment
6. Prescription Drugs
7. Rehabilitative and Habilitative Services
8. Laboratory Services
9. Preventive and Wellness Services and Chronic Disease Management
10. Pediatric Services, Including Oral and Vision Care

Each state will determine specifically what essential coverage must be provided under each of these categories based on existing normal health insurance standards within the state.

### **D. More Standardization**

To assist healthcare applicants in making educated decisions when comparing healthcare options, the Affordable Care Act requires insurance providers to provide standardized labels to insurance plans based on the varying percent of covered services (90 percent for a “platinum plan,” 80 percent for a “gold plan,” 70 percent for a “silver plan,” and 60 percent for a “bronze plan”). This allow individuals to understand how much out of pocket expenses they would incur under various plans up front.

#### **IV. CONSEQUENCES OF NOT HAVING HEALTH INSURANCE**

Under the Affordable Care Act, individuals who do not obtain health insurance may be subject to an annual fee which will be assessed on their annual tax form if they fail to show proof of health insurance:

- In 2014, the fee for not having health insurance will be \$95 per adult and \$47.50 per child (up to \$285 for a family) or 1.0% of family income, whichever is greater.
- In 2015, the fee for not having health insurance will be \$325 per adult and \$162.50 per child (up to \$975 for a family) or 2.0% of family income, whichever is greater.
- In 2016, the fee for not having health insurance will be \$695 per adult and \$347.50 per child (up to \$2,085 for a family) or 2.5% of family income, whichever is greater.

However, individuals with an income below the threshold for filing a tax return are not subject to the penalty -- specifically, in 2014, individuals who make less than \$10,000 a year, or families with an income of less than \$20,000 a year are not subject to the penalty.

Thus, students with income below the threshold amounts will not be subject to the fee for not having health insurance.

There are also exceptions to the fee for other groups of individuals, including those who are part of a religion opposed to acceptance of benefits from a health insurance policy, undocumented immigrants, and members of an Indian tribe.

More details on individuals exempted from the annual fee can be found on this info-graphic provided by the Henry J. Kaiser Family Foundation:

<http://kff.org/infographic/the-requirement-to-buy-coverage-under-the-affordable-care-act/>

#### **V. CRITICS OF ACA**

There are of course many critics of the ACA who principally oppose the federal government imposing health insurance on individuals. In relation to student interests, some critics note that the requirement that large employers provide health insurance to full-time employees may discourage employers from offering full-time employment positions. Thus, some students could potentially have more difficulty finding full-time positions with employers who wish to avoid providing health insurance to employees.

#### **VI. CLOSING**

Ultimately, the Affordable Care Act helps young individuals maintain coverage on family plans for a longer period of time, helps individuals identify and compare affordable healthcare services that meet their particular needs, and protects applicants by guaranteeing affordable healthcare coverage regardless of pre-existing conditions.

**References and Other Resources:**

HealthCare.Gov -  
[www.healthcare.gov](http://www.healthcare.gov)

Young Adults and the ACA, The White House -  
[http://www.whitehouse.gov/sites/default/files/rss\\_viewer/qa\\_young\\_adults\\_may.pdf](http://www.whitehouse.gov/sites/default/files/rss_viewer/qa_young_adults_may.pdf)

The Requirement to Buy Coverage Under the ACA, Kaiser Family Foundation  
<http://kff.org/infographic/the-requirement-to-buy-coverage-under-the-affordable-care-act/>

Government Sets Essential Benefits for Insurance Plans, by Jeff Atkinson -  
<http://www.practicelink.com/magazine/>