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Insurance Department**

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The Affordable Care Act in New Hampshire

FAQs - Updated November 9, 2012

What is the Affordable Care Act?

The Affordable Care Act (ACA) is a federal law passed by Congress on March 23, 2010. It is also known as the Patient Protection and Affordable Care Act, and is sometimes referred to as “Obamacare.”

The Affordable Care Act is a very complex law involving both federal and state agencies. It affects many aspects of health care and health insurance.

What is the goal of the Affordable Care Act, and how is it meant to work?

The main purpose of the Affordable Care Act is to **expand access to health insurance**. The ACA uses four primary strategies to effect this purpose:

- **No one will be denied coverage because of illness or health status.** As of 2014, no insurer will be allowed to cancel or deny health insurance coverage, or to impose a pre-existing condition waiting period, based on a person’s medical condition.
- **More people could get Medicaid coverage.** The ACA makes money available to states to give many more low-income people (those at or below 138% of the federal poverty level) health coverage through Medicaid. New Hampshire has not yet decided whether it will participate in the Medicaid expansion.
- **Tax subsidies and rebates will help make health insurance more affordable.** The law provides funding to people whose income is 400% of the federal poverty level or less, so they can afford to pay health insurance premiums and cost-sharing. These subsidies will be available starting in January of 2014. The ACA also requires insurers to make rebates to customers if their medical loss ratios, the ratio of benefits paid to premiums collected, are too low.

- **The ACA levies tax penalties on those who choose not to obtain or offer insurance.** In some instances, the penalties apply to employers who choose not to offer affordable health insurance. In other instances, the penalties apply to individuals who can afford insurance but choose not to obtain it.

What parts of the Affordable Care Act have already taken effect?

As of November 2012, some parts of the law are **already in effect**:

- Health insurers must allow **dependents under the age of 26** to be covered on their parents' policies.
- Insurers **may not deny or cancel** coverage to **children under age 19** based on their **medical condition**.
- **Preventive care**, such as physicals and mammograms, must be fully covered with **no out of pocket cost** to the insured person.
- People who have been without health insurance for six months or more can buy insurance through a federal **high risk pool**. This supplements New Hampshire's own high risk pool, which has existed for many years.
- Insurance companies must give **rebates** if the insurer spends too much on administration, overhead, and/or profits as opposed to medical care. The first rebates went out in the summer of 2012.
- **Small employers** can get **tax credits** to help them afford to offer health insurance to their employees.
- Insurers must use a **standardized format** to explain health plan benefits, so customers can make an "apples to apples" comparison.

What parts of the Affordable Care Act take effect in 2014?

Most of the rest of the law will take effect **January 1, 2014**. As of that date:

- Insurers **may not deny or cancel coverage** to anyone **based on medical condition**.
- **Everyone** who can afford health insurance **must buy it**, or pay a tax penalty.
- People earning up to 400% of the federal poverty level can get **tax credits** to use toward buying insurance, as well as **cost-sharing subsidies**.
- **Large employers** (those with more than fifty employees) must **pay a penalty if they do not offer health insurance**, or if the insurance they offer is not affordable.
- Health Benefit **Exchanges** will be operating in each state.
- The state and federal **high risk pools will cease to operate**. People previously covered through the high risk pools will be able to get coverage in the commercial market regardless of health status or medical history.

What are Health Benefit Exchanges?

Health Benefit Exchanges are an important part of the Affordable Care Act. Exchanges are meant to be **one-stop online marketplaces**.

Through the Exchange, individuals will be able to determine eligibility and **enroll in Medicaid**, determine whether they are **eligible for a commercial insurance premium tax credit and/or cost-sharing subsidy**, and **purchase health insurance**. Tax credits and cost-sharing subsidies are available only for insurance purchased through the Exchange. However, individuals can still purchase health insurance or enroll in Medicaid outside of the Exchange.

Will there be an Exchange in New Hampshire?

Under the Affordable Care Act, there will be an Exchange in every state. Each state can choose to operate its own Exchange, or have the federal government set up an Exchange for the state. Whether an Exchange is federally or state operated, it performs the same basic functions.

In 2012, the New Hampshire legislature passed **HB 1297**, which prohibits New Hampshire from establishing a state-operated exchange. This means **the federal government will set up a federally-operated Exchange** for New Hampshire that will open for business in 2014.

Whom should I contact about problems with the Exchange?

Because we will have a federal exchange in 2014, **the federal government is responsible for setting up a consumer services office** to serve people who have problems with the exchange. You may also contact the New Hampshire Insurance Department with insurance related problems.

The New Hampshire Department of Health and Human Services currently runs the state Medicaid program and will continue to do so when the Exchange opens in 2014.

During 2013, the New Hampshire legislature will likely make further decisions about how state agencies will work with the federal government to perform functions relating to the Exchange.

Will I still be able to contact a state agency about problems with my insurance carrier or insurance policy?

Yes! Even after the Exchange is set up, **the New Hampshire Insurance Department** (“NHID”) **will continue to oversee health insurance companies** and will take consumer calls about insurance plans.

State regulation of health insurance by the NHID will continue as always in 2014 and beyond, including:

- Making sure insurers are **licensed** and **financially stable**;
- **Assisting consumers** who have questions or complaints about their health insurance plans;

- Reviewing and approving insurance **policies, forms and advertisements;**
- Reviewing and approving insurance **rates and premiums;** and
- Ensuring that health insurance **policies meet all requirements of state law**, including providing coverage for particular procedures and appeal rights when coverage is denied.

The role of state agencies in connection with the Exchange **may change over time**, even after the Exchange starts operating in 2014.

Link to New Hampshire Insurance Department website:

<http://www.nh.gov/insurance/>

Where can I get hands-on help using the Exchange?

People will be able to access the Exchange on their own, or seek assistance from a broker (known as a “**producer**” in New Hampshire) or a Navigator. A **Navigator** is an organization that has received a grant from the federal government to assist people in using the Exchange.

What are Essential Health Benefits?

Under the Affordable Care Act, all insurance **sold on the Exchange** as well as in the **individual and small group markets** outside of the Exchange **must cover certain basic services known as Essential Health Benefits**.

Essential Health Benefits must include **services in ten categories**:

1. Ambulatory patient services
2. Emergency services
3. Hospitalization
4. Maternity and newborn care
5. Mental health and substance use disorder services, including behavioral health treatment
6. Prescription drugs
7. Rehabilitative and habilitative services and devices
8. Laboratory services
9. Preventive and wellness services and chronic disease management, and
10. Pediatric services, including oral and vision care

For the first two years of Exchange operation (2014 and 2015), each state will have its own set of Essential Health Benefits, a specific “benchmark” plan chosen by the state, selected from plans offered in the state during the first quarter of 2012.

New Hampshire’s **Joint Health Reform Oversight Committee** has selected the **Matthew Thornton Blue** (Anthem Blue Cross/Blue Shield) plan as the Essential Health Benefit **benchmark for New Hampshire**.

This means all insurance plans must cover the **services** covered by Matthew Thornton Blue, or **equivalent services** with the same actuarial value. However, other insurance plans are not required to adopt the same cost-sharing features as the Matthew Thornton Blue plan.

The state is currently awaiting further guidance from the U.S. Department of Health and Human Services about the way the Essential Health Benefit requirements will work in practice.

I have health insurance. How will the Affordable Care Act affect me?

If your plan is considered “**grandfathered**” under the Affordable Care Act, you can keep your coverage even after 2014, and **very little will change**.

Health plans in effect as of March 23, 2010 that are not significantly changed are considered grandfathered. These plans will allow you to meet the requirement to have health insurance beginning in January 2014. Only a few of the ACA requirements, including free preventive care and guaranteed coverage for children under 19, apply to grandfathered plans.

If you decide to **switch to a policy that is not grandfathered**, or if you have an employer-sponsored policy and your employer switches plans, **you may see some changes**.

Most reforms that already took effect (coverage for dependents up to age 26, no lifetime limits) apply throughout the fully insured market. In addition, as of 2014, the Essential Health Benefits apply to all insurance plans sold in the individual and small group markets, not just to coverage bought on the Exchange.

Why does the law require me to purchase health insurance coverage?

The Affordable Care Act is designed to keep people from being denied or priced out of coverage due to a health problem. However, health insurance, like all insurance, works by **pooling risk**. If people are allowed to wait until they have a health problem to purchase insurance, there will be fewer healthy people in the pool, which will drive up costs. So, the law requires that everyone have minimum coverage, creating a larger pool of both sick and healthy individuals.

I'm a business owner who already provides health insurance to my employees. How will the Affordable Care Act affect me and my employees?

If you run a **small business** (50 or fewer full-time employees¹):

- The **Essential Health Benefits** will apply to the coverage you provide beginning in 2014.
- There will be a special part of the Exchange, called the **SHOP Exchange**, that you can use to offer coverage to your employees if you choose. Beginning in 2017, it may be possible for large employers to use the SHOP Exchange as well.
- You may take advantage of a **tax credit** for small employers to help pay the cost of providing health insurance to employees. This tax credit applies to employers with fewer than 25 full-time employees and average annual wages under \$50,000, where the employer pays at least 50% of the premium.

If you are a **large employer** (more than 50 full-time employees):

- Beginning in 2014 you must pay a **penalty** if any of your employees declines the health insurance you offer because it is unaffordable (employee's share exceeds 9.5% of household income), and purchases individual coverage on the exchange using a premium tax credit.

As of 2018, if you provide very rich health insurance benefits, you may be subject to an **excise tax** equal to 40% of the value of the benefit, above a certain amount. This tax is also known as the Cadillac plan tax.

¹ Full-time employees are those working thirty or more hours per week.

I'm a municipality, school district, or other public employer. How will the Affordable Care Act affect me and my employees?

The Affordable Care Act **does not distinguish between public employers and other types of employers**. States, municipalities and school districts are subject to the law based on the number of employees they have and whether they are self-funded or fully-insured.

I'm a business owner who does NOT currently provide health insurance to my employees. How will this affect me and my employees?

Beginning in 2014, employers with 50 or more full-time employees that do not offer health insurance will be assessed a **penalty** of \$2,000 per employee if any of their employees receives a premium tax credit through the exchange.

How will the Affordable Care Act affect health insurance premiums?

The Affordable Care Act will significantly reduce the cost of health insurance for people who receive **premium tax credits** to purchase coverage through the exchange.

The ACA contains a number of **mechanisms to address premium increases** that might result from its implementation. These include reinsurance, risk adjustment and risk corridors. These mechanisms are designed to mitigate potential premium increases and possible market instability due to the influx of people who were previously denied coverage due to medical conditions.

The Department is sponsoring **research and modeling** under its federal rate review grant to better understand how New Hampshire health care markets may respond to the new requirements of the Affordable Care Act. For instance, the Department has sponsored research on hospital costs and cost-shifting in order to assess the effect of uncompensated hospital care on commercial insurance premiums.

The Department will also continue to hold annual **public hearings** to investigate the factors contributing to health insurance premium increases.

Where can I get more information about the Affordable Care Act?

Several federal agencies have extensive information about the Affordable Care Act on their websites.

The **Healthcare.gov** website is the best central source of information about the Affordable Care Act. This website is maintained by the U.S. Department of Health and Human Services (“USDHHS”).

Here is a link: <http://www.healthcare.gov/index.html>

If you are an **employer**, many of the provisions that will affect you are overseen by the **U.S. Department of Labor**.

Here is a link: <http://www.dol.gov/ebsa/healthreform/>

If you are interested in more **technical information**, such as detailed guidance documents and regulations on insurance topics, look at the website of the **Center for Consumer Information and Insurance Oversight** (“CCIIO”), part of the Centers for Medicare and Medicaid Services (“CMS”) within the USDHHS.

Here is a link: <http://cciio.cms.gov/resources/regulations/index.html>