

Participant FAQs regarding the Affordable Care Act Carpenters Health and Welfare Trust Fund for California

1. What is the Affordable Care Act (ACA)?

The Patient Protection and Affordable Care Act (PPACA), sometimes called “Obamacare” or the Affordable Care Act (ACA), is a federal statute signed into law by President Barack Obama on March 23, 2010.

The ACA aims to increase the quality and affordability of health insurance coverage for Americans, and reduce the costs of health care for individuals and the government. It provides a number of mechanisms—including mandates, subsidies, and insurance exchanges—to increase coverage and affordability. The law also requires insurance companies to cover all applicants within new minimum standards, no pre-existing conditions and coverage for dependents to age 26. Additional reforms aim to reduce costs and improve healthcare outcomes by shifting the system towards quality over quantity through increased competition, regulations, and incentives to streamline the delivery of healthcare.

2. I thought ACA has been delayed?

Only a portion of the entire law has been delayed. On July 10, 2013, the Internal Revenue Service postponed for one year (until 2015) a requirement for large employers to provide health insurance for employees, or if no insurance is provided to pay Shared Responsibility penalties. Certain employer reporting requirements under the Act were also postponed until 2015. This delay does not apply to any other provisions of the ACA, including the individual mandate.

3. What does the delay of the employer Shared Responsibility payments mean to me?

The ACA requires employers with more than 50 full time employees to provide health insurance or pay a “Shared Responsibility” assessment. Originally the employer mandate was to be effective at the same time the individual mandate is effective in January 2014, but the employer mandate has been delayed until 2015.

The delay will not affect your Carpenters’ coverage. And, if (or when) you are not eligible for Carpenters’ coverage, this delay does not postpone the requirement for you to have health insurance. When uninsured, individuals may consider and purchase coverage through Covered California (or the state exchange of your residency).

4. What is the “individual mandate”? If I don’t have health coverage starting in 2014 will I have to pay a penalty to the government? If I’m covered under the Carpenters’ Plan, do I have to pay the penalty?

The Individual/Employee Mandate requires individuals to obtain minimum essential coverage or pay a personal income tax penalty: the 2014 penalty is the greater of \$95/adult or 1% of taxable income, \$325/per adult or 2% of taxable income in 2015, and \$695/per adult or 2.5% of taxable income (whichever is higher) in 2016.

Individuals eligible under the Carpenter Plan will not face a penalty for the time they are eligible under the Plan.

5. I've been receiving letters from my employers about the public exchanges (e.g., Covered California). Why am I getting these notices? What do they mean to me and what do I need to do?

On or before October 1, 2013 all employers, with gross revenue greater than \$500,000, must provide a notice to their employees informing them of the availability of obtaining health coverage through the Marketplaces that are being set up under the ACA and the premium subsidies. The employer must give similar letters to all future hires.

California's Marketplace will be known as "Covered California" <http://www.coveredca.com/>.

When you receive employer letters, remember that if you are eligible for Carpenters Health and Welfare benefits, you are not required to shop for different or additional insurance. If you are eligible for Carpenter Benefits you may wish to file the notices with your other plan information.

6. I've heard the "Exchanges" will not be ready. What are "Exchanges" and when will they open?

Exchanges or Marketplaces are a new way to shop for health insurance. Marketplaces are government regulated online health insurance stores set up by either the State or Federal Governments. People, who do not have other ACA approved coverage, will purchase individual/family policies that fit personal budgets and needs. Even though some exchanges are not ready yet, all must be fully certified and operational by January 1, 2014, under current federal law (ACA).

It is expected that the California Exchange will be ready for enrollment beginning in October for January 2014 coverage **for individuals and small employers.** <http://www.coveredca.com/>

7. Does my Carpenters' Plan provide Minimum Value?

At the current time, the Plan is considered to be providing at least Minimum Value as defined by ACA. It is the intention of the Carpenters Health and Welfare Trust Fund to offer coverage as of January 1, 2014 that will continue to meet the Minimum Value test, but satisfaction of the tests will be subject to interpretation by the government agencies responsible to enforce them.

8. Can I buy coverage from my state's health care Marketplace (e.g., Covered California)? If I do, will I get a subsidy to help me pay for coverage.

If (or when) you are not eligible for Carpenters' coverage, you may purchase coverage through Covered California (or the state Marketplace of your residency) <http://www.coveredca.com/>.

If you meet certain household income rules, you might be eligible for a premium subsidy from the federal government. Remember that because the Carpenters' Plan is considered affordable and adequate as defined by ACA, you are not eligible for federal premium subsidies while you are eligible for Carpenter benefits.

9. What is the difference between the public marketplaces and the private exchanges I am hearing about?

Individuals eligible for a federal subsidy for health coverage will only receive that subsidy if they purchase insurance from a state Marketplace such as Covered California. Other private marketplaces will be open and selling insurance that does not qualify for a federal subsidy.

10. If I lose my Carpenter healthcare coverage can I continue my coverage under COBRA or do I have to go to my state's exchange for coverage?

Provided that you qualify, and meet the enrollment requirements of the Plan, you may continue to participate in the Carpenters' COBRA program. However, at this time, it is not clear if you would be eligible for a federal subsidy if you drop COBRA and obtained coverage through the exchange.

11. I have heard about a Cadillac Tax. If that tax was charged to the Carpenters' Trust would I be responsible to pay the tax?

Beginning in 2018, there is a 40% Excise Tax on health plans that cost above \$10,200 (single) and \$27,500 (family), indexed to CPI-U.

At today's costs, the tax would not apply to the Carpenters' Plan. If such a tax is required someday, the Plan will deal with the Excise Tax.

12. If I lose my Carpenter coverage in the future how long do I have to enroll in the exchange?

If you lose your Carpenter coverage (for example, due to termination of employment or a reduction in hours), you will have a 60-day special enrollment period to enroll in Marketplace coverage. Losing your employment-based coverage is one of the events that trigger a special enrollment opportunity. The Exchange rules outline a number of triggering events that allow people to enroll in (or switch) Exchange coverage during a "special enrollment period" outside the annual open enrollment period. Other triggering events include marriage, divorce, and the birth or adoption of a child.

13. What if I miss the enrollment window? When is the next time I can enroll? What penalties may I be charged?

If you miss the enrollment window you may have to wait for the next annual open enrollment period. For 2014 coverage, the open enrollment period runs from October 1, 2013 through March 31, 2014. Starting in 2014, the annual open enrollment period will run from October 15 through December 7 for coverage effective the next January 1.

The individual mandate requires individuals to have coverage in place or pay a penalty when they file their federal income tax return. The law includes a number of exemptions from the penalty. One of those exemptions applies if you have a coverage gap of less than three consecutive months.

14. Do I have to purchase insurance through the Marketplace? Could I buy directly from another source?

You are free to purchase coverage from any source. However, you need to make sure that the coverage you purchase is “minimum essential coverage” or you may have to pay tax penalties as outlined above. Many types of coverage will qualify as minimum essential coverage, including most job-based coverage (whether through your employment or a spouse’s), individual coverage purchased from the Marketplace, or Medicaid and Medicare.

15. If I lose my Carpenter coverage and have to purchase through the Marketplace what level of coverage do I have to purchase to replace my Carpenter Plan?

The Carpenter Plan includes benefits not available through the Marketplace such as adult dental, life, accidental death, and the hour bank. If you purchase medical and prescription drug coverage from the Marketplace, you would likely need to purchase a Gold plan in order to approximate the Carpenter medical plan. Most multiemployer plans provide coverage in the Gold (80%) to Platinum (90%) range and those will cost the most when purchased from the Marketplace. To buy adult dental coverage from the Marketplace, you might have to purchase a separate stand-alone dental plan.