

Affordable Care Act Employee Education Packet

Your Health Plan Options under the Affordable Care Act

The Affordable Care Act (ACA) requires that most Americans be covered under a health plan by January 1, 2014 — whether they get coverage from an employer, a private insurance company or from the government. People who are not covered by a health plan beginning in 2014 may have to pay a tax penalty.

The Affordable Care Act (also referred to as Health Care Reform) makes it clear: it's up to you to make sure you are covered under a health plan beginning in 2014. Your school district's benefits office is here to help by explaining the options available to you and the steps you need to take so that you're covered.

Read this information to learn more about the requirements of the Affordable Care Act and the actions you will need to take. The information described in this Education Packet is designed to show how all the pieces fit together and where your path through the Affordable Care Act begins. So, please take a moment to read these materials.

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Your Responsibility for Health Plan Coverage

The Affordable Care Act requires that most Americans be covered under a health plan by January 1, 2014. This requirement is sometimes called the “Individual Mandate.” You can meet this requirement by getting a health plan through:

- Your school district/bargaining unit (if you are benefits eligible)
- Your spouse’s/domestic partner’s employer, as subject to the plan’s eligibility rules
- Your former employer (if you retired from another employer with retiree medical coverage)
- Your parent’s employer (if you are under age 26)
- A public Health Insurance Marketplace available in your state (which may also be referred to as an “exchange”). In California, the public, state-sponsored Health Insurance Marketplace is called Covered California™.
- Other coverage options may be available to you, including a health plan outside the public Health Insurance Marketplace or through government programs such as Medicare and Medicaid.

If you are not covered under a health plan by January 1, 2014, you may have to pay a tax penalty based on your income and family status. **This is important because every month you are without health plan coverage you may have to pay this tax penalty.** The total penalty amount will be collected as a single payment once a year.

Below are examples of the tax penalties for 2014, using a “tax filing threshold,” in 2014 of \$10,250 for individual tax returns and \$20,500 for jointly filed tax returns for those under age 65. The “tax filing threshold” is determined by the IRS and varies by age, marital status and the number of dependent children. Everyone who earns more than their tax filing threshold is required to file a federal tax return. Note: These penalties will increase in 2015 and 2016.

Family Size	Household Income (Example)	How the Penalty is Calculated	2014 Tax Penalty
Individual	\$25,000	Greater of: \$95 Flat Dollar OR 1% of (\$25,000 – \$10,250) (household income minus the tax filing threshold)	\$148
Married Couple	\$40,000	Greater of: (\$95 x 2) OR 1% of (\$40,000 – \$20,500) (household income minus the tax filing threshold)	\$195
Family of 3 (1 child < age 18)	\$40,000	Greater of: (\$95 x 2.5) OR 1% of (\$40,000 – \$20,500) (household income minus the tax filing threshold)	\$238
Family of 4	\$40,000	Greater of: (\$95 x 3) OR 1% of (\$40,000 – \$20,500) (household income minus the tax filing threshold)	\$285
Family of 5	\$150,000	Greater of: (\$95 x 3) OR 1% of (\$150,000 – \$20,500) (household income minus the tax filing threshold)	\$1,295

* These are only examples. Actual penalties will vary based on each person’s circumstances. Your school district can’t provide tax advice to employees. If you have questions, talk with your tax advisor.

What Does This Mean For Me?



It's up to you to have health plan coverage for yourself and any eligible dependents by January 1, 2014. Your school district is here to help by showing you all of the options available to you and explaining the steps you need to take so that you're covered.



You may be eligible to enroll in your school district's health plan (through California Schools VEBA) if you're benefits-eligible. During your school district's benefits Open Enrollment period this fall, be sure to enroll in your district's health plan so that you're covered on January 1, 2014.



If you are not benefits-eligible, you will need to get a health plan through another source. That might be your spouse's/domestic partner's employer, a former employer (if you retired from another employer with retiree medical coverage), your parent's employer (if you are under age 26), or the Health Insurance Marketplace (also known as an "exchange") available in your state – such as Covered California. Depending on your situation, you might be eligible for coverage through Medicare or Medicaid. You can also buy a policy on your own, separate from the Health Insurance Marketplace in your state.

What Do I Need to Do?

Learn if you are benefits-eligible. Contact your school district's benefits department.

- ***If you are eligible***, you can continue to get health plan coverage through your school district. You can enroll for the first time or make changes to your current coverage during Open Enrollment in the fall.

If you decide to get a health plan somewhere else on January 1, 2014, be sure to contact your district's benefits office to stop health plan coverage.

- ***If you aren't eligible for district benefits***, look into other options. Find out:
 - If you qualify for Medicaid benefits (Medi-Cal in the State of California) by contacting Medicaid in your state. State Medicaid contact information can be found at www.medicaid.gov.
 - If your parents or spouse/domestic partner can include you on their health plan. Review their plan to see if you qualify.
 - Or, if Covered California is the best option for you. You can find out more information about Covered California at www.coveredca.com or the Health Insurance Marketplaces at www.healthcare.gov, which is the website sponsored by the Department of Health and Human Services.

Your School District's Responsibility for the Affordable Care Act

Effective January 1, 2015, the Affordable Care Act will require employers with 50 or more full-time employees to offer health plan coverage to full-time employees and children up to age 26 or make a payment to the federal government. Under the law, "full-time" means working an average of 30 hours or more hours per week over an extended period of time. If an employer does not offer health plan coverage, it may have to pay a penalty to the government.

The law says employers must offer health plans that meet certain requirements. As of now, your district's health plan through VEBA provides more than the minimum amount of health care services that the law will require in 2015.

Also effective January 1, 2015, the Affordable Care Act says that an employer may have to pay a penalty if a full-time employee joins a health exchange and receives a premium subsidy because either:

- The employee is not eligible for health care through the employer
- The employee has to pay more than 9.5% of their total household income to buy single coverage in the lowest cost plan available through the district.

We are closely monitoring Affordable Care Act changes, and will provide updates about all health plan options available to our employees. Our main goal is to make sure all employees — both full-time and part-time — have access to a health plan.

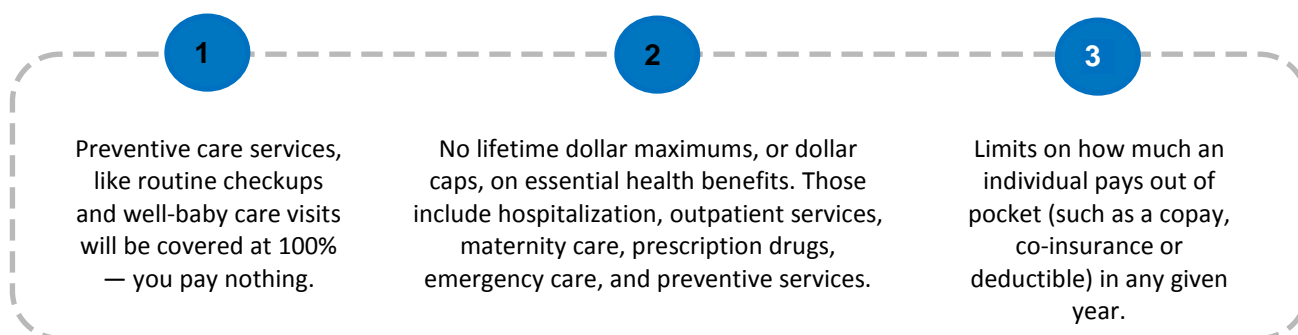
Health Insurance Marketplaces: Understanding the Public Exchanges

The Affordable Care Act says that each state must offer a public Health Insurance Marketplace — or a public “exchange.” These marketplaces will allow individuals and families, like you, to buy health plan coverage themselves instead of getting it through their employers. In California, the public, state-sponsored Health Insurance Marketplace is called “Covered California.”

Public marketplaces will be available in each state and operated by the state, by the federal government, or through a partnership between the state and federal government.

How Does the Public Health Insurance Marketplace Work?

You will be able to enroll online or speak with a representative to help you find a health plan that meets your needs. Each public marketplace will offer a range of plan choices, and each will provide its own set of benefits and have its own cost. But all the plans available through the public marketplace will have some benefits in common:



In addition, the public marketplaces can help you find out if you are eligible for financial assistance to pay for health plan coverage through the marketplace. Assistance may be available to help pay your premiums and also to help limit your cost when you use your benefits. Assistance like this is called a subsidy. Eligibility for subsidies is, in part, based on your family’s household income. Please note that if you are eligible for a district-sponsored plan with a payroll deduction of less than 9.5% of household income for single coverage, you will not be eligible for subsidies through the public marketplaces. That’s because your school district and VEBA offer health plans that meet the Affordable Care Act requirements.

More to Come...

The public marketplaces can help you determine if you are eligible for any subsidies or qualify for Medicaid (refer to the *Medicaid — More People Now Qualify* section of this document for more information). Open Enrollment through the public marketplaces will begin October 1, 2013. Health plan coverage purchased through the public marketplaces will start on January 1, 2014.

Contact information for the public marketplaces will be available this summer. We will continue to share updates as we learn more.

What Does This Mean For Me?



It's up to you to have health plan coverage for yourself and any eligible dependents by January 1, 2014. Your school district is here to help by showing you all of the options available to you and explaining the steps you need to take so that you're covered.



You are eligible to enroll in the school district's health plan (through California Schools VEBA) if you're benefits-eligible. During benefits Open Enrollment this fall, be sure to enroll in your school district's health plan so that you're covered on January 1, 2014.



If you are not benefits-eligible, you will need to get a health plan through another source. That might be your spouse's/domestic partner's employer, a former employer (if you retired from another employer with retiree medical benefits coverage), your parent's employer (if you are under age 26), or the Health Insurance Marketplace (also known as an "exchange") available in your state – such as Covered California. Depending on your situation, you might be eligible for coverage through Medicare or Medicaid. You can also buy a policy on your own, separate from the Health Insurance Marketplace in your state.

VEBA has been working to understand the Affordable Care Act and modify its plan designs in the best interest of participating school districts and bargaining units while keeping costs in mind. As long as you are not getting health plan coverage from another source, for instance, from your spouse's/domestic partner's or parent's employer plan, we believe your school district's health plan through California Schools VEBA may continue to be your best option for health plan coverage.

What Do I Need to Do?



Check to see if you qualify for financial assistance through the public marketplaces.

- **If you are eligible**, you do not qualify for financial assistance from the federal government through the public marketplaces because you are eligible for your school district's health plan through California Schools VEBA, which meets Affordable Care Act requirements.
- **If you aren't eligible**, the public marketplace in your state (Covered California) will help you see if you meet the requirements to qualify for financial assistance. You can find out more information about Covered California at www.coveredca.com or the Health Insurance Marketplaces at www.healthcare.gov, which is the website sponsored by the Department of Health and Human Services.



Check to see if you qualify for Medicaid (Medi-Cal in the State of California). State Medicaid contact information can be found at www.medicaid.gov.

- If your household income is below the cutoff, you may qualify for Medicaid.
- If your household income is more than the cutoff, you do not qualify for Medicaid.

Medicaid — More People Now Qualify

Medicaid is the nation's primary program for providing individuals and families at lower income levels with health plan coverage. Depending on where you live, eligibility for Medicaid may be expanding so that more people qualify for benefits. Even if you haven't qualified before, you may qualify now.

Each state runs its own Medicaid program and decides what services to offer. If you qualify, the health plan coverage provided through Medicaid meets the Affordable Care Act's individual mandate — the part of the law that requires Americans to have health plan coverage by January 1, 2014.

Medicaid provides coverage for a range of benefits, including:

- Doctor visits
- Emergency care
- Hospital care
- Vaccinations
- Prescription drugs
- Vision
- Hearing
- Long-term care
- Preventive care for children

What Does This Mean For Me?

If you are eligible for Medicaid in your state, you can receive health plan coverage through Medicaid.



It's up to you to have health plan coverage for you and any eligible dependents by January 1, 2014. If you do not have health plan coverage by that date, you may pay a tax penalty based on your income and family status. You may pay an annual penalty for every month you are without coverage. To find out more, review the *Your Responsibility for Health Plan Coverage* section of this document.

What Do I Need to Do?

- ✓ Find out if you are eligible for health plan coverage through your school district. Contact your district's benefits office for assistance.
 - **If you are eligible**, you can continue getting health plan coverage through your school district and VEBA.
 - **If you aren't eligible**, find out about your other options for health plan coverage.
- ✓ Find out if you are eligible for Medicaid by contacting Medicaid in your state (Medi-Cal in the State of California). State Medicaid contact information can be found at www.medicaid.gov.
- ✓ If you are eligible for both Medicaid and health plan coverage through your school district, you should:
 - Compare health plan options and costs to determine the best choice for you.
 - Get more information about your specific coverage options and eligibility under Medicaid by contacting Medicaid in your state. State Medicaid contact information can be found at www.medicaid.gov.

Who Can Receive Health Plan Coverage through your School District

Effective January 1, 2015, the Affordable Care Act says that employers with at least 50 employees must offer health plan coverage to employees who work an average of 30 hours per week. The coverage must include certain benefits at an affordable price.

If not, tax penalties may apply. The law does not require employers to offer health plan coverage to part-time employees (that is, those working, on average, less than 30 hours per week).

What Does This Mean For Me?



Your school district currently offers, and plans to continue to offer, health plan coverage through California Schools VEBA to all eligible. To find out if you are eligible for health plan coverage through your school district, contact your district's benefits office for assistance.

What Do I Need to Do?

- ✓ **If you are eligible for district-sponsored benefits** and want to continue getting health plan coverage through your school district, enroll or make changes to your plan coverage during the Open Enrollment period this fall.
- ✓ **If you are not eligible for district-sponsored benefits**, learn about your other options for health plan coverage. Visit www.healthcare.gov, the website sponsored by the Department of Health and Human Services, or the Covered California website at www.coveredca.com.

Frequently Asked Questions on the Affordable Care Act

Eligibility for Health Plan Coverage

1. What is the Individual Mandate?

This means that each American (with certain exceptions) has to have health plan coverage by January 1, 2014.

2. What happens if I don't have health plan coverage on January 1, 2014?

If you don't have health coverage by that time, you may owe a tax penalty to the federal government. It will apply for every month you don't have health coverage on and after January 1, 2014, and you will be required to pay this tax penalty when you file your annual federal income tax return.

3. If I'm covered by my school district's health plan, does that take care of the individual mandate for me?

Yes. If you're covered under your school district's health plan through California Schools VEBA on January 1, 2014, you'll meet the requirements for the individual mandate.

4. How do I prove that I have health coverage as of January 1, 2014, so that I don't get penalized by the government?

You will receive a report with the appropriate documentation from your district. The timing and details of this report are still being finalized by the government.

5. Can I cover my children under my school district's health plan?

Yes, you can cover your children up to age 26.

6. Does the Affordable Care Act mean I'll need to give up my school district's health plan coverage?

No. If you currently have coverage through your school district's health plan, you can keep it as long as you meet the eligibility requirements for coverage. If you're getting your coverage somewhere else (like from the employer's health plan of a parent or a spouse/domestic partner), it's a good idea to check to see if there are any changes to that coverage for 2014. The important thing is to be sure you're covered on January 1, 2014 and after.

Eligibility for Coverage through Other Sources

7. What is an “exchange” or “marketplace”?

An exchange (or Health Insurance Marketplace) is a place where people can go to buy individual health plans when they don't have or don't want health coverage through their employer or from another source (like through a parent's or a spouse's/domestic partner's health plan). Each state will have its own marketplace, either set up by the state itself, by the federal government, or by a partnership of both the state and federal government. The marketplace will offer a choice of health plan options so that people who live in the state can choose the type of plan that works best for their health care needs and their budget.

In California, the public, state-sponsored marketplace is Covered California.

8. Do I have to enroll in an exchange?

No. The Affordable Care Act makes it clear: it's up to you to make sure you have health plan coverage beginning in 2014. If you're eligible for your school district's health benefits through California Schools VEBA, during benefits Open Enrollment this fall, be sure to enroll in your school district's health plan so that you're covered on January 1, 2014. VEBA and your school district have made sure that the health plan options available to you as an employee provides you and your eligible family members with comprehensive coverage.

If you are not benefits-eligible, you will need to get health plan coverage through another source. That might be your spouse's/domestic partner's employer, your parent's employer (if you are under age 26), or the Health Insurance Marketplace (or “exchange”) available in your state – Covered California. Depending on your situation, you might be eligible for coverage through Medicare or Medicaid. You can also buy a policy on your own, separate from the marketplace in your state.

9. Is VEBA moving its health plans to Covered California?

No.

10. Is VEBA a marketplace?

No. VEBA manages Southern California's largest trust that specializes in providing health care benefits for education employees. VEBA pools together school districts to create a larger group of participants, which lowers health care premiums. This allows school districts to provide more comprehensive benefits to their employees. VEBA partners with private insurance companies to provide quality health benefits at the lowest possible cost.

11. Can my spouse/domestic partner and I get our health coverage from different places — my coverage under my school district's health plan and his/her coverage through a plan from a marketplace?

Yes, you and your spouse/domestic partner can enroll in different health plans. The important thing to remember is that you both will need to have health coverage on and after January 1, 2014, whether it comes from the same health plan or from two different plans.

12. Can my spouse keep his/her school district dental and vision plan if he or she joins the exchange (or Health Insurance Marketplace) for medical?

This depends on your school district. Contact your school district's benefits department to verify dental and vision plan eligibility.

13. Am I required to cover my spouse/domestic partner under the Affordable Care Act?

No. You don't have to provide health coverage for your spouse/domestic partner. If you choose not to, your spouse/domestic partner will still need his/her own coverage on and after January 1, 2014. It can come from his/her employer, or from health coverage purchased in a public Health Insurance Marketplace, such as Covered California. Note: The same tax law penalty applies to the spouse/domestic partner as applies to the employee.

14. What are my health coverage options for my spouse/domestic partner?

If you are eligible for your district's health plan coverage, contact the benefits department to determine your spouse's/domestic partner's eligibility. If your spouse/domestic partner is not eligible for your district's benefits, or if you decide not to enroll him/her, he/she can get coverage through a public Health Insurance Marketplace where he/she lives. He or she might have other options, too, like coverage through his/her employer or a parent's health plan.

15. Does my health coverage through the military satisfy the individual mandate requirement?

Yes, military benefits such as TRICARE satisfy the individual mandate requirement of the Affordable Care Act.

Help With Paying for Health Plan Costs

16. Is it true that the government will give some people money to help pay for health plan costs?

Yes. For certain low- and middle-income people who cannot get health coverage at work at a price the Affordable Care Act calls "affordable," or who are not eligible for comprehensive, affordable health coverage from their or their spouse's/domestic partner's employer, the federal government will offer financial help in paying for health plans purchased through a public Health Insurance Marketplace. This financial help is called a "subsidy."

17. How much of a subsidy is the government providing?

The amount of the subsidy will depend on each person's household income. It's important to know that, generally, if you are eligible for coverage through your district's health plan and you have single coverage available at a payroll deduction <9.5% of household income, you are probably not eligible for a subsidy. If you are not eligible for coverage through your district's health plan, you may be eligible for a subsidy depending on your household income. It's not just your income that counts, but the combined income of everyone in your home. Starting in October 2014, you can contact the public marketplace in your state (such as Covered California) to see if you qualify for a subsidy. Check www.coveredca.com or www.healthcare.gov to get contact information for the public Health Insurance Marketplace in your state.

Health Care Costs

18. I saw a number on my Form W-2 that showed the value of the health care coverage my school district provided to me in 2012. Am I being taxed on that?

No. Reporting the value of your health care coverage is another requirement of the Affordable Care Act. Your school district puts that value in box 12, code “DD” of your Form W-2. But the value of your school district-provided health care coverage isn’t taxable to you. It’s there just for your information. If you did not see a change in your 2012 W-2, note that districts with smaller numbers of employees were not required to put this information on a W-2.

Affordable Care Act Glossary

Affordable Care Act; Health Care Reform Law

A law that was passed in March 2010 to improve access to affordable health plan coverage for many Americans.

Benefits-Eligible

The ability to enroll in a your school district's health plan as defined by applicable collective bargaining agreement, memorandum of understanding, district-defined eligibility rules.

Cost-Sharing Discounts

Reduced dollar amounts for health plan features like annual deductibles and co-pays that are available to some people who get their health plan through the public Health Insurance Marketplace. To be eligible for these reduced dollar amounts, the person buying the coverage must qualify based on the amount of his or her household income. These discounts generally are not available if you are eligible to enroll in your school district's health plan.

Employer Responsibility

The requirement effective January 1, 2015, that each employer with at least 50 full-time equivalent employees must provide health coverage that includes at least a minimal amount of benefits that the Affordable Care Act says must be included, at a price employees can afford.

Guaranteed Issue

This part of the Affordable Care Act requires health plans to enroll individuals regardless of health status, age, gender, or other factors. Except in some states, guaranteed issue doesn't limit how much you can be charged if you enroll. Benefits-eligible employees have guaranteed issue for your school district's health plans.

Health Insurance Marketplace

This is a service set up in each state where individuals can buy affordable and qualified health plans. The marketplaces will offer a choice of health plans that provide different levels of benefits and have different costs.

Individual Mandate

The rule under the Affordable Care Act that says you must have health plan coverage that meets basic minimum standards by January 1, 2014. If not, a tax penalty may apply to you. Enrollment in a school district health plan through VEBA satisfies the individual mandate.

Job-Based Coverage

This is health plan coverage that is offered to an employee (and often to his or her family) by his/her employer.

Medicaid (Medi-Cal in the State of California)

This is a state-run health plan program for low-income adults, families and children, pregnant women, the elderly, people with disabilities, and in some states, others who qualify. The federal government provides a portion of the funding for Medicaid and sets guidelines for the program. States decide how they design their programs, so Medicaid (and what it is called) varies state by state. The Affordable Care Act expands Medicaid eligibility in many states.

Medicare

This is a federal system of health plan coverage for people over 65 years of age and for certain younger people with disabilities or end-stage renal disease (ESRD).

Minimum Essential Coverage

This is the type of coverage an individual needs to have to meet the individual mandate under the Affordable Care Act. You can get it from individual market policies, job-based coverage (including your school district's health plan through VEBA), Medicare, Medicaid, CHIP, TRICARE and certain other coverage.

Premium

This is the amount that must be paid for your health plan. You usually pay it through payroll deductions.

Preventive Care

Routine services like screenings, checkups, and patient counselling that help prevent illnesses, disease, or other health problems. Under the Affordable Care Act, you and your family may be eligible for some of these services, with zero out-of-pocket costs.

Public Exchanges

(See Health Insurance Marketplace)

Subsidy

This is a form of financial assistance provided by the federal government. Under the Affordable Care Act, those who qualify can receive this assistance in the form of an advanced tax credit or cost-sharing discount when purchasing a health plan through a public Health Insurance Marketplace.

Tax Penalty

This is the penalty amount starting January 1, 2014, for every month you do not have health plan coverage. For instance, if you went without coverage from January through March in 2014, your penalty would be the monthly penalty amount for the three months you didn't have coverage.

Wellness Programs

This is a program intended to improve and promote health and fitness, usually offered through the work place, but sometimes offered directly to those who enroll through an insurance company. These programs offer you premium discounts, cash rewards, gym memberships, and other incentives to participate. Some examples of wellness programs include programs to help you stop smoking, diabetes management programs, weight loss programs, and preventive health screenings. Your school district offers a variety of wellness programs through VEBA. For more information, please visit www.vebaonline.com/wellness-plan-benefits/.