

Health Care Reform FAQs

1. How does the Affordable Care Act (ACA) impact me?

Under the ACA, individuals and their dependents are generally required to have health coverage that meet certain minimum federal coverage requirements or be potentially subject to a shared responsibility payment (i.e., tax payment), the payment of which occurs through the filing of your federal income tax return. This provision of the ACA is commonly referred to as the “individual mandate.” Most individuals and their dependents who are covered under an employer provided health coverage plan will have health coverage that meet minimum federal requirements.

Individuals who do not have access to employer provided health coverage can use the health insurance marketplace (exchanges) to buy qualifying individual health coverage or get coverage through other sources such as Medicare or Medi-Cal.

2. If I have health coverage through the City, would my coverage meet the minimum federal coverage requirements needed under the ACA to avoid the shared responsibility payment?

Yes, the health coverage plan offered through your employment with the City will meet the necessary federal coverage requirements under the ACA for any month that you are covered.

3. Is anyone exempt from having health coverage that does not meet federal minimum requirements?

Certain individuals may be exempt from having health coverage that does not meet minimum federal coverage requirements. For further information on qualifying exemptions please consult a tax advisor or go to <https://www.irs.gov/affordable-care-act/individuals-and-families>.

4. Do I have to buy other coverage, like dental, life or disability insurance, under the ACA?

No, only health coverage is required under the ACA. Most City employees are eligible for other benefits beyond health insurance. However, you are not required to have these benefits for purposes of the ACA.

5. Do I have to buy health coverage through the City if I'm covered under my spouse's plan?

You are not required to buy health coverage through the City if you are covered under your spouse's plan. However, it is important to confirm if the health coverage provided through your spouse's plan meet minimum federal coverage requirements.

6. If I am enrolled in a City health plan, how will I know that I have health coverage that meets minimum federal coverage requirements to avoid the shared responsibility payment?

The health coverage plan offered through your employment with the City will meet the necessary coverage requirements under the ACA for any month that you are covered.

Depending on the type of health plan in which you are enrolled, you will receive either tax forms 2016 Form 1095-B or 2016 Form 1095-C.

7. What information will be included on the tax forms that I receive as part of ACA tax reporting requirements?

If you are an employee receiving health coverage through your employment with the City, you will receive a copy of 2016 Form 1095-C from the City. In addition, you will receive a copy of 2016 Form 1095-B from your health insurance issuer. These forms will be mailed to your home address no later than March 2, 2017, with copies sent to the Internal Revenue Service (IRS). The information provided in these forms can assist you in preparing your tax return but is not required. Be sure to retain the forms with your other important tax records.

8. What if my Form 1095-B shows that I did not have coverage for all of 2016? Will I owe a shared responsibility payment?

In the event you and your dependents did not have health coverage for any month of 2016, you may owe a shared responsibility payment. Please consult your tax advisor.

9. How many ACA related tax forms will I receive?

In addition to the ACA related tax forms issued to you as part of your employment with the City, you may also receive additional forms in the event you had multiple employers required to issue ACA related tax forms to you for 2016, or if you were covered by more than one insurance carrier during 2016.

10. I declined City health coverage, and I lost my other health coverage in 2016. Can I enroll in City coverage now to avoid the shared responsibility payment for 2016?

The individual shared responsibility provision requires that you and your dependents have health coverage meeting certain minimum federal requirements for the full 2016 year, unless an exemption applies. A shared responsibility payment may be required for the months in 2016 that you and your dependents did not have health coverage or qualify for an exemption.

11. What is the health insurance marketplace (exchange) created by the ACA?

Health Insurance Marketplace — also known as the Health Insurance Exchange — is the place where individuals without health coverage can find information about health coverage options and also purchase health care insurance. Information can also be found regarding eligibility for help with paying premiums and reducing out-of-pocket costs. Each year the marketplace has an open enrollment period.

In addition to the federally-facilitated marketplace, HealthCare.gov, there are also state-based Marketplaces. Whether you use the federally-facilitated Marketplace or a state-based Marketplace depends on the state in which you live. The California marketplace is called Covered California. To learn more, please go to <http://www.coveredca.com>.

12. I did not provide documentation as proof of my dependent's eligibility, and my dependent's health coverage was cancelled. How can I have my dependent's coverage reinstated so I will not owe any shared responsibility payment?

If your dependent's coverage was cancelled in 2016, you may be subject to a shared responsibility payment for any gaps in health coverage. Reenrollment of your dependent, provided eligibility requirements are met, would have to wait until the next open enrollment period or until you have an eligible life event change. However, any coverage obtained through reenrollment will not be retroactive. Please consult a tax advisor for more information on the shared responsibility payment.

Keep in mind, if you have family members who lose City coverage in the future, those family members may qualify for coverage through the health insurance marketplace. To learn more, go to <http://www.coveredca.com> for additional information.

13. I am a civilian employee currently receiving health coverage under Direct Billing, where I pay the full cost of coverage because I was off the payroll or my scheduled work hours dropped below the requirements for health coverage. Does this coverage allow me to avoid the shared responsibility payment?

Yes, the health coverage plan offered through Direct Billing will meet the necessary federal coverage requirements under the ACA for any month that you are covered.

It is important to note that if you have health coverage under Direct Billing, you must pay your health premiums by the due date on your billing notice to keep your health coverage active. It is important to understand that if you fail to pay your health premiums by the due date on your billing notice, your health coverage will be cancelled and cannot be reinstated retroactively.

You can continue your health coverage under Direct Billing by paying the full cost shown on your billing notice for up to six months. When any coverage you have through Direct Billing ends, you will need to seek other coverage if you are not eligible for a City health plan. You may want to consider coverage through the health insurance marketplace. To learn more, please go to <http://www.coveredca.com>.

14. Why does the City need to collect Social Security Numbers (SSN) for my dependents?

The City is required to collect SSNs for dependents to fulfill certain reporting obligations under the ACA. Be aware that your health insurance issuer may also ask for your dependent SSN under the ACA.

15. Who can buy coverage through the health insurance marketplace?

Almost everyone can buy coverage through the health insurance marketplace. However, if you are eligible for health coverage through your employment with the City, the marketplace may not be the most cost-effective choice, especially since the City pays a significant portion of the premiums on health insurance offered under its sponsored plans.

16. Is it true I can get help paying for health coverage through the health insurance marketplace?

If certain conditions are met, some individuals may qualify for subsidies to help them purchase health coverage through the health insurance marketplace. However, if you and your dependents are eligible for health coverage through your employment with the City, you may not qualify for a government subsidy. Please consult your tax advisor.