THE AFFORDABLE CARE ACT (ACA)
Frequently Asked Questions

GENERAL ACA INFORMATION:

**Does the Affordable Care Act require me to do anything?** Effective January 1, 2014, virtually all individuals legally present in the United States must have health coverage, or risk being subject to a tax. For a list of individuals exempt from this requirement, see Question 6 from the IRS’ Q&A’s on the individual shared responsibility requirement at the following website: www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision.

**What kind of health coverage must I have?** You must maintain essential coverage such as coverage under the following:
- An employer-sponsored group health plan offered in a state, which is defined as the fifty (50) states plus the District of Columbia. This includes plans offered by, or on behalf of an employer to an employee, e.g. multi-employer plans, single employer collectively bargained plans, plans sponsored by third parties such as professional employer organizations, temporary staffing agency, etc.;
- Medicare, Medicaid, Children’s Health Insurance Program (CHIP), Tri-Care and various Veteran’s health programs; or
- An individual health insurance policy offered Government-sponsored plans in the individual market in a state or through an Exchange/Marketplace in a territory.

**What is the penalty if I do not maintain coverage?** The potential penalties that could be imposed by the IRS for failure to maintain minimum essential coverage are:
- 2014 – Greater of $95 per adult and $47.50 per child (up to $285 for a family) or 1% of family income
- 2015 – Greater of $325 per adult and $162.50 per child (up to $975 for a family) or 2% of family income
- 2016 & beyond – Greater of $695 per adult and $347.50 per child (up to $2,085 for a family) or 2.5% of family income

**Where can I get health coverage:** If your employer offers health coverage, you may get coverage through your employer’s plan if you meet the eligibly requirements of the plan.
- You may buy coverage through what is known as a marketplace in the state in which you live. More information about health coverage available through the marketplace for individuals and families can be found at the following websites: www.healthcare.gov or for Minnesota residents www.mnsure.com.
- You can purchase coverage on your own outside the marketplace.

**How do I pay for coverage?** If your employer offers coverage for which you are eligible, your employer might contribute all or pay a portion of the premium as well. The employer paid portion of the premium is not taxable income. Your portion of premium that you pay may be tax-favored (non-taxable income) if your employer offers an IRC Section 125 Cafeteria plan. Health coverage is tax-favored for you and your family members. Certain individuals you want covered may not qualify for tax favored coverage and their coverage may be imputed into your income. You should consult your tax adviser on this matter. If you buy coverage through the marketplace, you must pay for the coverage with after-tax dollars.

**Is there a premium tax credit or subsidy available if I buy coverage through the marketplace?** You may be entitled to government assistance for paying your health coverage in the form of a premium tax credit or a cost sharing arrangement. To qualify for a subsidy, your household income must fall between 100% and 400% of the federal poverty level, and you must not be eligible for employer coverage that meets certain standards. Further you must not be covered by another plan.

**If I buy coverage through the marketplace, will I lose my employer’s contribution toward coverage?** Yes. If your employer maintains a health plan outside the marketplace that provides minimum value at an affordable cost, and you choose to decline the employer plan and purchase coverage through the marketplace you will forfeit the employer contribution.

DISTRICT INFORMATION:

**What are the District’s eligibility requirements?** Currently, benefit eligible employees are employees who work twenty (20) hours per week or more in a Collective Bargaining Unit or an Individual Contract.

**Does the District’s plan provide minimum value?** The health insurance offered to benefit eligible District employees meets the minimum value.

**Is the District’s plan considered affordable under the ACA?** Yes, the District currently pays 100% of the cost of a single health insurance plan for those employees who meet the District’s eligibility requirements.

**Does the District participate in an IRC Section 125 Cafeteria plan?** Yes, the District does participate in a Section 125 Cafeteria Plan.

(Please be advised that the District cannot provide advice or consultation regarding the marketplace. You will need to contact the marketplace exchange directly.)