



# FACT SHEET

## Covered California - Your Destination for Affordable Health Care

May 14, 2013

Covered California™ will improve the health of all Californians by assuring their access to affordable, quality care. Through a new health insurance marketplace, Covered California will offer all eligible Californians access to competitively priced health plans and in doing so, increase the number of insured residents. As a result, Covered California will help lower health care costs and reduce health disparities in the state.

Covered California is committed to ensuring that all Californians are aware of their health coverage options and can easily and effectively compare and choose the right one for them.

Covered California will serve Californians by helping to:

- **Improve access to quality coverage.** More Californians than ever will have easy access to a wide range of private health plans. More than 5.3 million Californians are eligible for but do not currently have health insurance. An estimated 2.6 million could be eligible for federal financial help. Covered California will help these individuals learn about the health coverage options that will best meet their needs.
- **Make health care coverage affordable.** Covered California will help individuals determine if they are eligible for tax credits or other financial assistance that will help reduce premium costs. For those making less than 139 percent of the federal poverty level (\$15,000 for an individual and \$31,180 for a family of four), they would not be eligible for Covered California plans but may be eligible for coverage through Medi-Cal.
- **Improve the health of all Californians.** Californians will have access to preventive care and a comprehensive network of health professionals.

### ***How will Covered California work?***

Covered California will allow Californians to shop online, over the phone or in person to find the right health care insurance option for them. Individuals and small businesses can compare different health insurance plans and learn if they qualify for federal subsidies and tax credits. In addition, individuals will be able to find out if they are eligible for no-cost health programs such as Medi-Cal.

### ***Who can use Covered California to purchase insurance?***

Citizens and legal permanent California residents will be eligible to purchase health coverage through Covered California. Additionally, small employers also will be able to purchase insurance through Covered California's Small Business Health Options Program (SHOP) and may receive small business tax credits.

### ***How many uninsured Californians will benefit from Covered California?***

An estimated 5.3 million uninsured California residents will be eligible to purchase standardized benefit coverage through Covered California. Of those 5.3 million, approximately 2.6 million will be eligible for subsidized coverage through Covered California. Another 2.7 million will benefit from guaranteed coverage and be able to purchase coverage through Covered California.

### ***When can individuals begin to purchase coverage through Covered California?***

The first open enrollment period begins this fall and runs through March 31, 2014. Those interested in purchasing health insurance must do so during this open enrollment period to obtain coverage in 2014. If there is a life-changing event such as the loss of a job, death of a spouse or birth of a child, individuals will be eligible for special enrollment outside of that period. The subsequent open enrollment period for coverage beginning Jan. 1, 2015 begins Oct. 1, 2014 and ends Dec. 31, 2014.

### ***What kind of health insurance will be offered by Covered California?***

Covered California will offer certified health plans that are the same quality health plans available on the private market today. These plans are guaranteed to provide essential levels of coverage and comply with consumer protections set forth in the federal Affordable Care Act. These plans will be offered in categories based on how much the consumer would have to pay for coverage.

Specifically, the federal Affordable Care Act requires that beginning in 2013, insurance policies newly sold to individuals and small businesses must be at one of four actuarial values. Actuarial value refers to the share of health care expenses the health plan covers for an average group of individuals:

- Bronze plan: 60 percent of covered medical expenses are paid by the health plan.
- Silver plan: 70 percent of covered medical expenses are paid by the health plan.
- Gold: 80 percent of covered medical expenses are paid by the health plan.
- Platinum: 90 percent of covered medical expenses are paid by the health plan.

The remaining medical expenses not covered by the health plan are paid by the individual in the form of deductibles, copays and coinsurance.

### ***Who is eligible for financial help to offset the cost of buying health coverage?***

To ensure that health coverage is affordable, the federal government has created programs that include tax credits to individuals and families with incomes between 139 percent and 400 percent of the federal poverty level. That means an individual making up to \$44,680 and a family of four making up to \$92,200 will be eligible. The amount of the tax credit depends on household income and family size of eligible individuals.

Tax credits are available when using Covered California to sign up for health coverage and can be immediately applied toward premiums for qualified health plans. Tax credits are not available for health coverage purchased outside Covered California.

### ***Who is required to purchase insurance?***

Starting in 2014 most people will be required to have health insurance or pay a penalty if they don't. Coverage may include employer-provided insurance, coverage someone buys on their own in the private market, through Covered California or through Medi-Cal.

Several groups are exempt from the requirement to obtain coverage or pay the penalty, including:

- People who would have to pay more than eight percent of their income for health insurance
- People with incomes below the threshold required for filing taxes (in 2009, \$9,350 for a single person and \$26,000 for a married couple with two children)
- People who qualify for religious exemptions
- Undocumented immigrants
- People who are incarcerated
- Members of Native American tribes.

There will be a penalty for people who are not covered and not exempt. The penalty will be phased in over the first three years of the program and calculated on the greater of two amounts: a specified percentage of income or a specified dollar amount.

#### ***Penalty Phase-In Schedule***

<b>Year</b>	<b>Percentage</b>	<b>Dollar Amount</b>
2014	1%	\$95
2015	2%	\$325
2016	2.5%	\$695

The total penalty for the taxable year will not exceed the national average of the annual premiums of a bronze-level health insurance plan offered through the health insurance exchanges. Health insurance plans will provide proof of coverage for their customers.

***How will California's diverse populations learn about and use Covered California?***

A robust marketing, outreach and education program to raise awareness of future insurance coverage expansion is currently being planned with a focus on reaching all Californians in their respective languages and in culturally relevant ways.

Covered California also is developing a statewide Assisters Program that will train a diverse workforce to provide in-person enrollment assistance.

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