



September 26, 2013

To: All Hamline University Employees

Re: Health Insurance Marketplace Coverage and Health Coverage Available Through Hamline University

Several very important pieces of Health Care Reform go into effect on January 1, 2014, including the individual mandate and the availability of coverage through the Health Insurance Marketplace (Marketplace). The individual mandate basically requires individuals to obtain health coverage for themselves and their dependent children or pay a penalty on their income taxes. There are a number of ways by which an individual can satisfy this mandate, including purchasing coverage through the Marketplace or by being covered under an employer sponsored health plan.

To assist you as you evaluate options for you and your family, this Notice provides basic information about the new Marketplace (*see Questions and Answers below*). In addition, this Notice provides basic information regarding the health plan sponsored by Hamline University (*described in Appendix A attached*).

This Notice is based in part on the Model Notice made available by the Department of Labor. The content has been adjusted and supplemented to more accurately reflect the circumstances of employees of Hamline University. The Notice is intended to meet the requirements of Health Care Reform and agency regulations.

Sincerely,

*Human Resources*

**DATED INFORMATION:** The information reflected in this Notice is current as of September 30, 2013 and through December 31, 2013. Because things change, please check the most recent health plan summary plan description (SPD), summary of benefits and coverage (SBC), open enrollment materials, and other communications regarding the employer sponsored health plan. **Note:** Changes are anticipated, some of them significant, for the employer sponsored health plan beginning on or before January 1, 2015.

---

## IMPORTANT BACKGROUND INFORMATION & ANSWERS TO COMMON QUESTIONS

---

### **FAQ-1 What is the Health Insurance Marketplace?**

The Health Insurance Marketplace (the "Marketplace") is designed to help you find health insurance that meets your needs and fits your budget. It is operated by the state and/or federal government. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for financial assistance (i.e., subsidy); a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

### **FAQ-2 Can I purchase health insurance coverage through the Marketplace?**

Yes. With very few exceptions, any individual may purchase coverage through the Marketplace. You do not have to be turned down for coverage or otherwise have no coverage available. **Caution:** being able to purchase coverage through the Marketplace does not mean you automatically qualify for financial assistance with the cost of the coverage.

### **FAQ-3 Can I save money on my health insurance premiums for Marketplace coverage?**

Maybe. You may qualify for financial assistance to help you save money and lower the monthly premium for Marketplace coverage. Whether you qualify for financial assistance, and for how much, depends in part on your household income. In general, household income must be less than 400% of the Federal Poverty Level for the particular household size to be eligible for financial assistance.

### **FAQ-4 If I am eligible for coverage through my employer, can I qualify for financial assistance if I instead purchase coverage through the Marketplace?**

Not likely. If you are offered coverage through your employer that both (1) provides at least 60% minimum value (MV), and (2) is affordable, you will not be eligible for financial assistance (i.e., the tax credit) through the Marketplace. If you choose to waive the employer coverage and instead purchase coverage through the Marketplace, you will have to pay the full cost of the Marketplace coverage. In this situation, you may wish to enroll in your employer's health plan.

**Note:** It does not matter if you actually take the employer sponsored coverage. What matters is that the employer offered the coverage to you.

**Note:** In general, if you enroll in an employer sponsored health plan, you will not be eligible for a tax credit on coverage purchased through the Marketplace.

### **FAQ-5 How do I know the minimum value ("MV") of my employer coverage?**

Minimum value (MV) looks at the portion of expenses covered under the plan that are paid by the plan. In general, the higher the cost sharing features of a coverage, the lower the MV of the coverage. If the employer coverage does not provide at least 60% MV, eligibility for the employer coverage does not disqualify you from financial assistance provided you choose to waive the employer coverage and instead purchase coverage through the Marketplace. Your employer intends that coverage it offers will provide at least 60% minimum value.

**Note:** To the extent an employer contribution is made to an HSA or an integrated HRA, under certain circumstances that contribution may be included in calculating the MV of the main coverage.

### **FAQ-6 What is "affordable"?**

Whether coverage is "affordable" is based upon two characteristics. The first characteristic looks at what an employee *would* have to pay towards the cost of coverage *if* the employee chose single coverage under the lowest cost option available. This is called the "magic number".

**Note:** It does not matter what coverage you actually choose (e.g., family coverage, richer coverage, etc.).

The second characteristic takes that "magic number" and compares it the particular employee's household income ("HHI"). If the cost an employee would have to pay for single coverage under the lowest cost option (i.e., the magic number) exceeds 9.5% of HHI, the coverage is not affordable to that particular employee. Because employers do not typically have information regarding HHI, employers are

allowed to use one of several alternative measures of HHI. If the employer coverage is not affordable, eligibility for the employer coverage does not disqualify you from financial assistance provided you waive the employer coverage and instead purchase coverage through the Marketplace.

**Note:** It does not matter what you actually have to pay for the coverage you elect.

#### **FAQ-7 Is the employer sponsored coverage for which I am eligible “affordable”?**

**It depends.** Your employer intends that coverage will be affordable, based upon employee wages, for all eligible employees. However, in limited circumstances, you may still be eligible for financial assistance through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for financial assistance. If, for example, your wages vary from week to week (perhaps you are in hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for financial assistance.

**Note:** For purposes of determining affordability, it is assumed the individual qualifies for the maximum premium reduction available under any tobacco cessation program offered by the employer. Other premium reductions (if any) for wellness program participation are not considered.

#### **FAQ-8 What happens to the employer contribution?**

In most cases, the employer makes a contribution available to help offset the cost of coverage through the employer sponsored health plan. If you purchase health coverage through the Marketplace instead of accepting health coverage offered by your employer, you will probably lose the otherwise available employer contribution. There is no requirement that the employer contribute any funds towards the cost of purchasing coverage through the Marketplace. If you purchase health coverage through the Marketplace, also keep in mind that the employer contribution for employer sponsored coverage was probably provided on a tax free basis and you were probably able to pay your share of the cost on a pre-tax basis through salary reduction. That favorable tax treatment is generally not available if you purchase coverage through the Marketplace instead of accepting coverage through the employer sponsored health plan. Marketplace coverage must generally be paid by you with after-tax dollars (although, in some cases, you may be able to obtain a reimbursement from a health reimbursement arrangement).

#### **FAQ-9 Can I take my employer coverage and then have my spouse and children get coverage through the Marketplace?**

Yes, but be careful. Almost anyone can purchase coverage through the Marketplace. However, not everybody is eligible for financial assistance to help pay for the cost of coverage purchased through the Marketplace. If the employer coverage is available to your spouse and children (e.g., the employer coverage offers family coverage), and it is affordable with respect to you, then your spouse and children will not be eligible for financial assistance at the Marketplace. They can purchase coverage through the Marketplace, but they will have to pay the full cost of the Marketplace coverage. In this situation, you may wish to enroll your family in the employer’s health plan.

**Note:** It does not matter whether the cost of family coverage is affordable. When determining whether an employee’s spouse and/or dependents are eligible for financial assistance, the relevant question is whether the employer’s coverage is affordable for the *employee*.

#### **FAQ-10 If I decide to waive employer coverage and go to the Marketplace, can I later change my mind if I do not like the Marketplace coverage?**

You can change your mind, but you may have to wait to actually change to employer sponsored health coverage. In general, the employer’s group coverage allows entry once per year at open enrollment. Once the open enrollment period has ended and the coverage period has started, you may have to wait until the next open enrollment period to make a change. ***Make your comparison carefully and appreciate the significance of your decision.***

#### **FAQ-11 Can my eligibility for financial assistance change in the future?**

As explained in earlier FAQs, eligibility for financial assistance through the Marketplace is based upon a number of factors (e.g., household income, the coverage offered by your employer, etc.). All of those

factors can change from year to year or even more frequently. Your employer may make changes to the coverage it offers to its employees in the future and those changes could have an impact on your eligibility for financial assistance. If such changes are made, you will receive information about the change (e.g., through open enrollment materials and/or updated SBCs).

**FAQ-12 How can I get more information regarding the Marketplace?**

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit [HealthCare.gov](http://HealthCare.gov) for more information, including an online application for health insurance coverage and contact information for a Marketplace in your area.

<p><b>Note:</b> In general, your state of residence determines your Marketplace. It is your responsibility to identify and locate that Marketplace.</p>
---

---

## APPENDIX A: EMPLOYER SPONSORED COVERAGE

---

**DATED INFORMATION:** The information reflected in this Notice is current as of September 30, 2013 and through December 31, 2013. Because things change, please check the most recent health plan summary plan description (SPD), summary of benefits and coverage (SBC), open enrollment materials, and other communications regarding the employer sponsored health plan. **Note:** Changes are anticipated, some of them significant, for the employer sponsored health plan beginning on or before January 1, 2015.

If you decide to shop for coverage in the Marketplace, HealthCare.gov will guide you through the process. If you decide to complete an application to purchase coverage in the Marketplace, you will be asked to provide certain information, including the information listed below. To assist you, this information is numbered to correspond to the Marketplace application.

3. Employer Name: Hamline University		4. Employer Identification Number (EIN): 41-0693960	
5. Employer Address: 1536 Hewitt Avenue		6. Employer Phone Number: 651-523-2210	
7. City: Saint Paul	8. State: Minnesota	9. ZIP Code: 55104	
10. Who can we contact about employee health coverage at this job? Dorcas Michaelson or Tina Cubas			
11. Phone Number (if different from above): Dorcas Michaelson at 651-523-2021 or Tina Cubas at 651-523-2815		12. Email Address: <a href="mailto:dmichaelson01@hamline.edu">dmichaelson01@hamline.edu</a> or <a href="mailto:mcubas01@hamline.edu">mcubas01@hamline.edu</a>	

---

### IMPORTANT BACKGROUND INFORMATION REGARDING EMPLOYER SPONSORED COVERAGE

---

#### **FAQ-A1 How do I know if I am eligible for employer sponsored coverage?**

The coverage sponsored by your employer includes eligibility requirements. If you satisfy the eligibility requirements, you are eligible for coverage and coverage is offered to you. These eligibility requirements are reflected in the plan document for the employer sponsored coverage and currently are as follows:

Regular full-time employees (0.75 FTE) and regular part-time employee (0.50 FTE) are eligible for medical coverage. Employee/Employer cost sharing varies depending on FTE status and the plan.

**Note:** Because eligibility can change, it is recommended that the most current version of the SPD be consulted.

#### **FAQ-A2 How do I know what other persons may be eligible for coverage because of me?**

The plan document for the employer sponsored coverage also describes coverage that may be available for other persons due to their relationship with the employee (e.g., children, spouse, domestic partner, etc.).

**Note:** In order for the employer to *offer* coverage, the offer must be made with respect to the employee and the employee's dependent children. The availability or lack of availability with respect to other persons (e.g., spouse, domestic partner, etc.) does not impact whether the employer has made an *offer* of coverage. However, the availability of coverage for such other persons may impact the ability of those persons to go to the Marketplace and qualify for financial assistance.

#### **FAQ-A3 If I enroll in coverage through my employer, will I avoid the penalties that are assessed against individuals who do not have minimum essential coverage?**

Yes. The coverage offered by your employer is intended to be minimum essential coverage (MEC) and, therefore, satisfy the individual mandate.

#### **FAQ-A4 How can I get more information regarding the coverage available through Hamline University?**

For more information about your coverage offered by your employer, please contact Hamline University Human Resources Department at 651-523-2210.