



September 27, 2013

How the Affordable Care Act Impacts SDCERS Retirees

The Affordable Care Act (ACA) was signed into law in March 2010 to provide access to health care for those who are uninsured, to create a more efficient way to administer health care and contain the growth of future health care costs. There are a number of ways that this is being done, but one in particular that directly impacts SDCERS retirees at this time. SDCERS' retirees are required to have access to information about the new Health Insurance Marketplace in preparation for the Individual Mandate requirement of the law. The model notice from the Department of Labor and a fact sheet regarding California's marketplace, Covered California, are available on the Latest News page at www.sdcers.org.

The following provides SDCERS retirees with additional information about the Health Insurance Marketplace.

Do I have to buy health insurance?

Starting in January 2014, most people will be required to have health insurance or pay a penalty if they are not covered. Coverage can include employer-provided insurance, coverage you buy on your own, Medicare or Medi-Cal.

The penalty will be phased in over three years and becomes increasingly severe. In 2014, the penalty will be 1 percent of annual income or \$95, whichever is greater. By 2016, the penalty will be 2.5 percent of income or \$695. This means that if you do not have coverage in 2014, you will be required to pay a penalty when you file your taxes at the end of the year.

What is the Health Insurance Marketplace?

ACA establishes state marketplaces, where individuals and small businesses can shop for health insurance online, in person or by phone. These marketplaces will help make health insurance more affordable and easier to get. California's marketplace, Covered California, will provide Californians will access to a range of health insurance plans available for purchase.

What if I am not eligible for a City offered health plan?

You will need to purchase health insurance from another source such as the Health Insurance Marketplace to avoid the tax penalty.

Can I save money by enrolling in a plan through Covered California?

Your coverage through Covered California may cost less than the plans offered by the City because the coverage is different. You will need to compare the plans available from Covered California and the City to be sure that you know what you are buying. You may pay less for the coverage, but you

may have more cost each time you receive medical services. A summary of the plans provided by Covered California is available via the Covered California fact sheet available on the Latest News page at www.sdcers.org.

If I purchase health insurance through Covered California, can I get reimbursement of my health care premium from SDCERS?

Yes, you may request reimbursement of your health insurance plan premium if you purchase health insurance through Covered California. The requirements for reimbursement through Covered California are the same as those for all other health plans. Please refer to pages 16, 19 and 21 of your 2013-2014 Retiree Health Benefits book for information regarding requirements for reimbursement and page 51 for the Health Insurance Reimbursement Enrollment form. Access the 2013-2014 Retiree Health Benefits book by going to the Health Forms and Booklet page under the Forms and Publications button at www.sdcers.org.

What other things should I consider that may affect the cost?

If you enroll in a plan through Covered California, you will pay for the new plan directly to Covered California with post-tax money. If you are enrolled in City health insurance plan you pay on a pre-tax basis, in most cases. If you are a non-health eligible retiree, you will continue to receive \$1200 in health reimbursement taxable earnings which can be used to pay for your health insurance through Covered California.

What if I'm covered under a City plan but want to enroll for a plan through Covered California effective January 1, 2014?

If you enroll in a plan through Covered California you will need to inform SDCERS to stop your current coverage. If you decide that you do not like the new coverage you will not be able to re-enroll in a City plan until Open Enrollment with the coverage beginning August 1, unless you have a permitted mid-year change of status event.

How do I enroll for a plan through Covered California?

You apply online with Covered California. If you are eligible for City health plans you may need to submit information about health coverage offered by the City. Much of the information is provided in Part B of the Department of Labor notice available on the Latest News page at www.sdcers.org. If you have questions about completing the required form, contact SDCERS at 619-525-3627 or by email at health@sdcers.org.

Where can I get more additional about the ACA?

For additional information about the ACA, visit www.coveredcalifornia.com. Questions about the Marketplace should be directed to the Marketplace, not SDCERS.

Who can I speak with at SDCERS about the ACA?

Contact Rosa with SDCERS' Health Division for questions regarding the ACA. Rosa can be reached by phone at 619-525-3627 or by email at health@sdcers.org. See the ACA contact information page on the Latest News page at www.sdcers.org.