GET COVERED

Joe's Barber Shop

SCENARIOS AND HEALTHCARE COVERAGE OPTIONS FOR MARYLANDERS

ADVOCATES FOR CHILDREN AND YOUTH
2013
Everyone’s health needs are different. Therefore, the new health coverage marketplace—the Maryland Health Connection—will help individuals, families, and small business employers understand their choices and find the option most appropriate for them. These options will include public assistance programs such as Medicaid and the Maryland’s Children’s Health Insurance Program (MCHP) as well as qualified health plans (QHPs) offered by private insurance carriers.

ADVOCATES FOR CHILDREN AND YOUTH has developed a series of scenarios to provide insight into what options are available and to whom. The scenarios are not intended to reflect the entire scope of business or consumer needs.

Joe’s Barbershop

Our setting is Joe’s Barbershop—a location that reflects a range of family configurations and different health insurance needs.

Joe the Barber

With all the buzz about the changes to health care insurance, Joe, a small business owner is evaluating what the changes will mean to his business and to his family. With open enrollment starting on October 1, 2013 and new coverage options beginning January 1, 2014, Joe wonders what these dates will mean for him and the barbers in his shop.

THIS IS JOE’S BUSINESS SITUATION:

• Joe owns 1 barber shop
• Joe earns approximately $72,000 a year
• 9 barbers work in this shop

What choices does Joe have with respect to providing coverage for his employees?

BOTTOM LINE: Joe is not required to provide coverage for the barbers because there are fewer than 50 employees in the shop.

Recently, Joe was presented with a business proposition to expand his operations. He is weighing his options by examining how it will change the way he does business.

• Joe has the option to purchase 5 barber shops in the county
• There are at least 10 barbers in each shop

If Joe chooses to buy the shops what will he be required to do?

BOTTOM LINE: If there are a total of 50 full-time or full-time equivalent employees working at all of his shops combined, Joe may need to provide coverage for his employees. If the barbers are considered independent contractors rather than employees, he will not be required to offer insurance coverage.
JOE’S PERSONAL SITUATION:

• Joe’s wife has coverage through her employer, which also offers dependent coverage
• Joe opted to be covered by her plan and has done so for years
• His wife has always planned to work until she turns 65 years old and can go onto Medicare
• Joe’s wife now knows that beginning January 2014, she will have additional options if she wants to retire early or change jobs
• Joe is happy with his coverage through his wife’s employer and does not want or need to make a change
• Joe’s only concern is about their daughter, Jane, an up-and-coming stylist in his shop
  • Jane, who is 25, is on her mother’s insurance plan because of the Affordable Care Act (ACA) provision that allows young adults to remain on their parents insurance until they turn 26
  • Jane turns 26 next May and will be responsible for her own coverage

BOTTOM LINE: People who already have health insurance will likely not see any big changes to their coverage.

The Chairs

The barbers who work in Joe’s shop must also determine if and how the new healthcare requirements affect them and their families. Since Joe does not offer health insurance, each barber/stylist has to figure out how to access health coverage.

Jane IS JOE’S DAUGHTER AND A HAIR STYLIST IN HIS SHOP

• Jane is 25 years-old; she will turn 26 in May
• Jane can remain on her mother’s plan until she turns 26 years old
• She has Type I Diabetes—a pre-existing condition
• Jane makes $42,000, less than the 400% of FPL (Federal Poverty Level) tax credit limit

Jane’s Health Coverage Options

• Starting January 2014, no insurance plan can deny coverage to adults with pre-existing conditions
• Since 2010, insurance carriers have been prohibited from denying children coverage because of pre-existing conditions
• Jane will be able to apply for advanced premium tax credits if she purchases her insurance through the Maryland Health Connection
• Jane’s coverage will cost no more than that of other people her age who live in the same geographic area

BOTTOM LINE: People with pre-existing conditions will have better access to insurance coverage and won’t be charged more.
Enrique is a Barber Who is Developing His Clientele

- Enrique is a documented immigrant
- He earns less than $38,000, or 200% of FPL (Federal Poverty Level)
- Enrique's family has lived in the United States for less than five years
- He and his wife have one child, Tony, who was 3 years old when they came to the U.S.

Enrique’s Health Coverage Options

- Tony is currently eligible for Medicaid or Maryland Children’s Health Insurance Program (MCHP) because in Maryland, Medicaid’s five year waiting period for immigrants does not apply to documented immigrant children
- Enrique's wife is pregnant with their 2nd child, and she is eligible for Medicaid now because the five year rule does not apply to documented pregnant women
- Enrique does not qualify for Medicaid, but starting in January 2014, he can apply for coverage through the Maryland Health Connection
- The ACA does not affect those currently covered under Medicaid or the MCHP for pregnant women or children
- All children enrolled in Medicaid or MCHP will continue to receive a strong benefit package including dental health benefits

**Bottom Line:** Documented immigrants may enroll in Medicaid, MCHP or commercial plans through the Maryland Health Connection. Documentation of immigrant status is only needed for those family members applying for coverage through the Maryland Health Connection or Medicaid.

Marcus is a Part-Time Barber in Joe’s Shop

- Marcus is 30 years old, single with no children
- Marcus makes $12,958, or less than 116% of FPL (Federal Poverty Level)

Marcus’ Health Coverage Options

- Starting in January 2014, Marcus will be eligible for Medicaid
- Marcus is currently eligible for the Primary Adult Care (PAC) program, a limited benefit program offered by the state of Maryland
- Marcus should enroll in PAC now, both to receive services and to expedite his enrollment into full Medicaid coverage in January.
  - Individuals in PAC will be automatically rolled over into Medicaid as of January 1, 2014

**Bottom Line:** Part-time employees will have more options for getting free or subsidized coverage through the Maryland Health Connection.
Daniel IS A MASTER BARBER. HE HAS A STRONG CLIENT BASE, BUT IS ALWAYS THINKING AHEAD

- Daniel has a family of four. His wife is a stay-at-home mom, and they have two children
- He makes $64,000, or less than 300% of FPL (Federal Poverty Level) for a family of four

Daniel’s Health Coverage Options

- Daniel and his wife will be able to get commercial coverage through the Maryland Health Connection
- They will qualify for advanced premium tax credits to help pay their premiums
- Daniel’s children are eligible for comprehensive coverage through the State’s medical assistance program
  - Children in families under 300% of FPL are eligible for Medicaid, the Maryland Children’s Health Insurance Program (MCHP) or MCHP Premium
  - Daniel’s children are eligible for the MCHP Premium Program – it provides the same strong benefit package as Medicaid and MCHP but families pay a small premium for their children’s coverage
- If worse came to worse and his income fell to $30,000 or below 116% of FPL, Daniel and his wife could receive Medicaid family coverage
- Starting in January 2014, if his family income dropped below 138% of FPL, the entire family would be eligible for free coverage through Medicaid

**BOTTOM LINE:** Family members may each be covered by different insurance plans. Local, in-person assistance is available to help families find the best coverage option for their health care needs and family budget.

Janet IS A FULL-TIME BARBER

- Janet is a former foster youth who is single and has no children
- She makes $38,000 a year
- Janet aged out of foster care in Maryland at age 21 and she is now 23 years old

Janet’s Health Coverage Options

- A specific provision in the ACA will make Janet eligible for full Medicaid benefits up to the age of 26 regardless of her income at the barber shop

**BOTTOM LINE:** Starting January 1, 2014, people who have aged out of the foster care system will be eligible for Medicaid until they turn 26 years old, regardless of income.
Isabella is a Junior Barber at Shop with an Unstable Income

- Isabella is 27 years old, and her income varies from $18,000 to $37,000 annually
- Her fluctuating income places her between 225-400% of FPL (Federal Poverty Level)

Isabella’s Health Coverage Options

- Isabella can enroll for coverage through the Maryland Health Connection and receive advanced premium tax credits
- Isabella is eligible for additional subsidies if her income is less than 250% of FPL and she is enrolled in a Silver Plan
- If her income changes, she must contact the Maryland Health Connection, or the navigator or broker who assisted with her application, to adjust her advanced premium tax credit
- Not adjusting the advanced premium tax credit means she might owe money to the Internal Revenue Service (IRS) when she files her taxes

Bottom Line: An individual or family can use an advanced premium tax credit to reduce their monthly premiums. Since the amount of the tax credit varies with income and the number of people in a family, any changes in income or family size should be reported to avoid owing money to the IRS at the end of the year.

Josh & Belinda are Married and Work Together as a Team

- Together Josh and Belinda make $120,000 a year
- They have five children at home, all under the age of 17

Josh and Belinda’s Health Coverage Options

- Josh and Belinda will be eligible for an advanced premium tax credit through the Maryland Health Connection because their household income is under $142,440, or 400% of FPL (Federal Poverty Level)
- At $120,000 a year, they are above the threshold for Maryland Children’s Health Insurance Program (MCHP) and MCHP Premium
- Their children can be enrolled with them in a qualified health plan purchased through the Maryland Health Connection
- Total premium costs will be calculated on an individual family member basis
- Where there are multiple children under age 21, only the cost for the three oldest children will be included in the family premium
- Should their income rise above $142,440 (or 400% of FPL), Josh, Belinda and their family could still enroll in coverage through the Maryland Health Connection, but they would not be eligible for advanced premium tax credit

Bottom Line: If family income puts them above the thresholds for Medicaid, MCHP and MCHP Premium, children can be enrolled with their parents in plans purchased through the Maryland Health Connection.
Sheku is a young man who recently decided to become a barber

- He is 27 years old and makes $27,700
- Sheku is considered a young invincible: healthy, strong and does not plan to get sick
- He understands that he could get a fine if he does not get health insurance, so he is looking at his options

Sheku's Health Coverage Options

- As a young adult under 30, Sheku has the option of Catastrophic coverage as well as the Bronze, Silver, Gold and Platinum Plans available through the Maryland Health Connection
- Sheku will need to weigh his options carefully and may want to seek assistance from a navigator, insurance broker or the call center

Catastrophic Plans:

- Low premiums, but higher deductibles than all other plans
- Only preventive services will be covered by the plan until the full deductible is met
- Premium tax credits are not offered

Bronze Plans:

- Slightly higher premium, but lower deductibles in comparison to Catastrophic Plans
- Advanced premium tax credits do apply
- Only preventive services are covered free of charge until the annual deductible is met

Silver Plans:

- Higher premiums than Catastrophic or Bronze Plans but deductibles will be lower than either
- Additional subsidies along with advanced premium tax credits are available to plan purchasers who earn less than $28,725 or 250% of FPL (Federal Poverty Level)
- Only preventive services are covered free of charge until the annual deductible is met

The Silver Plan could end up being the most cost effective option for Sheku and others under age 30, depending on health status and other circumstances

**Bottom Line:** Young adults under age 30 have an additional coverage option available to them. Applicants in this age range should weigh their options carefully to determine whether Catastrophic, Bronze or Silver coverage will best meet their needs.
WHERE CONSUMERS AND SMALL BUSINESSES CAN
Get Answers and Help

Maryland Health Connection’s call center and the navigator program provide in-person assistance statewide. Maryland’s navigator program was specifically designed to include six regional “Connector Entities”. These entities employ certified navigators and assisters to work in the communities and partner with local organizations. Together, they help consumers choose which plans are best for them, their families or their small businesses. Specifically authorized insurance brokers and certified application counselors will also be available to assist consumers.

MARYLAND HEALTH CONNECTION

Maryland Health Connection has a consumer support center with a toll-free phone line and a team of trained and qualified representatives to answer questions.

Call 855-642-8572 or 855-642-8573 for TTY, Monday to Friday, 8 a.m. to 6 p.m. Starting October 1st, the call center will have extended hours during evenings and weekends.

CONNECTOR ENTITIES

Capital Region
Montgomery County Department of Health and Human Services
www.montgomerycountymd.gov/healthcarereform

Lower Eastern Shore Region
Worcester County Health Department
www.worcesterhealth.org

Western Region
The Door to HealthCare Western Maryland. A Program of Healthy Howard, Inc.
www.doortohealthcare.org

Upper Eastern Shore Region
Seedco
www.seedco.org/where-we-work/maryland

Southern Region
Calvert Healthcare Solutions
www.calverthealthcare.org

Central Region
HealthCare Access Maryland
www.healthcareaccessmaryland.org
ADVOCATES FOR CHILDREN AND YOUTH

is a statewide non-profit focused on improving the lives and experiences of Maryland’s children through policy change and program improvement. We champion solutions to child welfare, education, health, and juvenile justice issues, positioning us to influence the full spectrum of youth experiences. This multi-issue platform helps us to improve the entirety of children’s worlds—the systems they touch, the people they interact with, and the environment where they live. You can learn more at www.acy.org.

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