

FAQ: Employer Health Insurance after Healthcare Reform

Is My Employer Required to Offer Health Insurance?

Maybe. Your employer is supposed to provide health insurance if it is a “large” employer and you are a “full-time” worker. So first you need to know whether your employer is a large employer. Large employers have more than 50 full-time employees who work at least 30 hours per week (or enough part-time workers whose hours add up to 50 full-time workers). Second, you must be “full-time” meaning that you work at least 30 hours per week. Note that the requirement applies to all large employers, including state and local governments and tribal governments.



What Happens if My Employer Refuses to Provide Health Insurance?

If you work for a large employer and you are a full-time worker, your employer must offer you health insurance or pay a tax penalty. The penalty does not start until 2015. The penalty ranges from \$2,000 to \$3,000 annually for each employee. If your employer chooses to pay the penalty rather than offer health insurance, you can apply for healthcare coverage through Medicaid or a new marketplace called the “Exchange”. You will be able to get low cost or even no cost coverage through one of these options if your income is under four times the poverty level (about \$47,520 for a single person or \$97,200 for a family of four).

Does My Employer Have to Cover Just Me or My Entire Family?

Large employers face a penalty if they do not offer coverage to you and your dependent children. Employers can also choose to cover spouses, but they are not required to do so.

What Kind of Health Care Services Does an Employer Plan Have to Provide?

It depends on the size of employer. Employers with 100 or less employees must offer health insurance that covers all “essential health benefits”, including some services that health plans may exclude now, like maternity coverage, substance abuse treatment, and children’s eye care and dental care. Every plan must also cover preventive and wellness services, prescriptions, labs, hospitalizations and ambulatory care, emergency treatment, and rehabilitation and habilitative services and devices. Employers over 100 employees have to follow a different standard, but in practice, most of these employers are offering all of the essential health benefits.

What If I Can’t Afford My Employer Plan?

If you don't want your employer plan for any reason and your income is low enough to qualify for Medicaid, you can decline the employer coverage and get Medicaid instead. The rules are different for the Exchange. You cannot get financial help to buy health insurance on the Exchange unless you can show that the employer plan is unaffordable. Employer plans are considered “unaffordable” if you have to pay more than 9.5% of your household income towards premium payments (for example, a single mother of two earning \$25,000 a year cannot be charged more than \$200 per month). You also should not have to pay more than 40% of all healthcare costs “out of pocket” through copayments, coinsurance, and deductibles. If the plan does not meet either standard, you can instead apply for Exchange coverage with financial help. The Exchange will decide whether your employer plan is adequate so it’s important not to decline your employer coverage until you get a decision from the Exchange.

To apply for the Exchange, visit www.bewellnm.com or call 1-855-NMHIX
To apply for Medicaid, visit www.hsd.state.nm.us/isd/apply.html or call 1-855-637-6574.

I work for a small business and I don't have health coverage right now. Will my employer start offering health insurance?

Maybe. While employers with less than 50 full-time employees do not face penalties if they don't offer insurance, small employers have new opportunities to offer health coverage to workers through the Small Business Health Options Program (SHOP). The SHOP allows employers to compare and select plans in an Exchange/marketplace for small businesses. These employers may also be eligible for tax credits that pay up to 50% of the employer's share of healthcare costs if the employer has less than 25 employees with average wages that are under \$50,000.

I have health coverage through my employer now. Is it going to change?

There may be changes because there are new standards for employer plans under the healthcare law. Many employer plans are supposed to cover all "essential health benefits" that include some services that are often excluded by health plans now, such as maternity care and mental health services.

If I start a new job, how long do I have to wait before I get health coverage?

You have a right to enroll in health coverage within 90 days of when you start your new job. During this waiting period, you can apply for low cost coverage in the Exchange.

Can I (or my family members) still get Medicaid even if my employer offers health insurance?

Yes. You and your family members can enroll in Medicaid even if your employer offers health insurance. Adults with income up to 138% of the poverty level may be eligible for Medicaid (about \$16,242 for a single person or \$33,465 for a family of 4). Children with family incomes up to 300% of the poverty level may be eligible (about \$47,790 for a family of 2 or \$72,750 for a family of 4). The income rules vary depending on the age of the child so please check with the Medicaid agency if you think your child might qualify. Children can get Medicaid coverage even if a parent's employer offers dependent coverage.

Can I (or my family members) get insurance through the Exchange even if my employer offers health insurance?

Yes, but you may have to pay full price for the plan. You cannot get financial help from the federal government to buy a health plan on the Exchange unless the coverage offered by your employer does not meet the minimum quality or affordability requirements in the law. To find out if your employer's plan meets the requirements, you must submit a form to the Exchange that is completed by your employer. Do not decline your employer's plan until the Exchange has evaluated it.

If I lose my job or my employer health coverage, do I have to wait before I can enroll in Medicaid or the Exchange?

It depends. You can enroll in Medicaid at any time during the year. Usually, you can only enroll in the Exchange during one "open enrollment" period that only lasts for several months at the end of the year (unless you are Native American in which case you can apply anytime of the year). But losing your job or your employer plan triggers a "special enrollment" period that allows you to sign up for the Exchange at any time of the year.

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