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Title

How the Affordable Care Act Might Affect You

Health Reforms and Protections Are Fully Implemented

Even though the Patient Protection and Affordable Care Act (ACA), often called Obamacare, was signed into law more than five years ago, many people still have misperceptions about key aspects of the legislation.

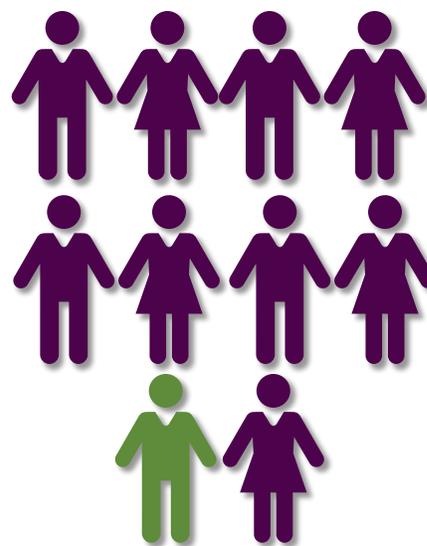
In one 2015 poll, nearly 60% of respondents said they didn't have enough information to understand the law.¹ And in a Kaiser Family Foundation survey conducted in March 2015, only 53% of the public knew about the requirement to report their health insurance status on their 2014 tax returns.²

Considering these misunderstandings — and the June 2015 Supreme Court ruling upholding tax subsidies — it may be worthwhile to learn more about the ACA and your coverage options.

CHANGING HEALTH-CARE LANDSCAPE

One of the main ACA provisions is the individual mandate, which requires all Americans who can afford care to have "minimum essential" health coverage or pay an annual penalty. The penalty for not having insurance is a flat dollar amount per adult (\$325 in 2015, \$695 in 2016) or a percentage of total household income (2% in 2015, 2.5% in 2016), *whichever is greater*. Minors under age 18 are subject to 50% of the penalty. The maximum household dollar penalty rises from \$975 in 2015 to \$2,085 in 2016.

Nearly **9 out of 10** Americans who obtain coverage through the health insurance exchanges are receiving a tax subsidy.



Among this group, the subsidies cover **79%** of premium payments, on average.

Sources: *InvestmentNews*, June 12, 2015

If you don't have health insurance through your employer and don't qualify for Medicare, you can shop for comprehensive coverage on the Health Insurance Marketplace by visiting HealthCare.gov. Some people who obtain coverage through the exchanges may qualify for subsidy assistance based on their income.

As of March 31, 2015, about 10.2 million Americans had purchased coverage through the Health Insurance Marketplace, and consumers could choose from an average of 40 plans (up from 30 in 2014).³

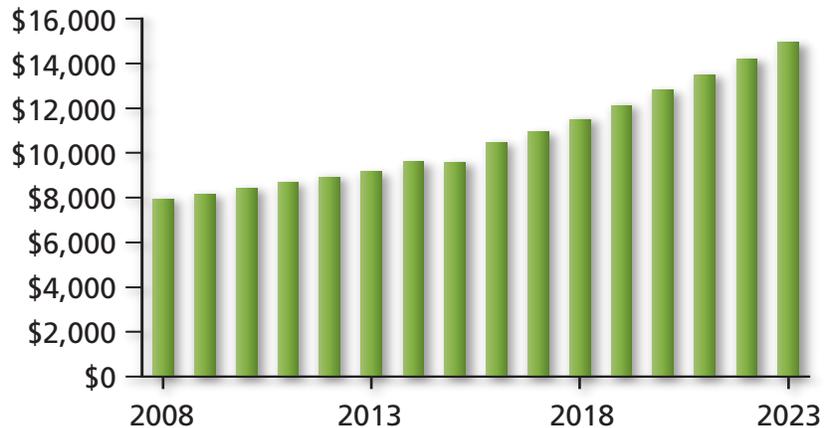
THE ISSUE OF COSTS

In 2015, about 80% of shoppers on HealthCare.gov could purchase coverage for \$100 or less after tax credits.⁴ Even though an ACA goal is to make health care more affordable and accessible, the rising cost of medical care will affect Americans regardless of how they obtain insurance. (See *chart*.)

The United States leads the world in the growth rate of health-care spending.⁵ Although the rate of increase has moderated somewhat over the last few years, the pace is expected to increase as the economy improves, the population ages, and more people have access to health care.⁶

Rising Medical Costs

Total U.S. health-care spending per capita (includes personal health care, insurance, administrative costs, and public health activities)



Source: Centers for Medicare & Medicaid Services, 2014 (2013–23 projections include impact of the Affordable Care Act)

Over the past decade, costs for the typical American family of four covered by an employer-sponsored health plan have more than doubled.⁷ Workers continue to shoulder more out-of-pocket costs through higher premiums, deductibles, and/or copays.

Coverage through the exchanges also requires monthly premiums and out-of-pocket expenses. A bronze-level plan through the Health Insurance Marketplace will pick up about 60% of the average enrollee's costs. Silver, gold, and platinum plans that pay a higher percentage of costs (70%, 80%,

and 90%, respectively) will typically have higher premiums.

The fiscal impact of the ACA remains to be seen. With so many variables at play, it is difficult to make future cost assumptions.

Regardless of your age or health status, it would be wise to factor the cost of health care into your current budget as well as your retirement savings strategy.

- 1) *Christian Science Monitor*, March 23, 2015
- 2) Kaiser Family Foundation, March 19, 2015
- 3–4) HHS.gov/HealthCare, 2015
- 5) *USA Today*, July 7, 2014
- 6) Centers for Medicare & Medicaid Services, 2014
- 7) 2015 Milliman Medical Index

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