



Your Guide to the Affordable Care Act (ACA)

Glossary of ACA and Insurance Terms

Actuarial value

The actuarial value of a plan represents the total covered costs that the insurance company expects to pay for someone enrolled in the plan. For each plan offered, Covered California shows the percentage of the cost that the insurance company is agreeing to cover. You will pay the remainder through premiums, deductibles, copayments, and coinsurance. Selecting a plan involves choosing the percentage of coverage that suits your health care needs and budget.

The actuarial values of plans offered through exchanges are categorized into “metal” levels:

- Bronze (at the lowest premiums): Benefits equal 60% of actuarial value. Your share equals 40%.
- Silver: Benefits equal 70% of actuarial value. Your share equals 30%.
- Gold: Benefits equal 80% actuarial value. Your share equals 20%.
- Platinum (at the highest premiums): Benefits equal 90% of actuarial value. Your share equals 10%.

Affordable Care Act (ACA)

A law passed in March 2010, also called the Health Care Reform law. It contains hundreds of provisions including these requirements: Citizens and other legal U.S. residents must have health insurance coverage or pay a fine, with very few exceptions; most employers must provide coverage; and there are essential health benefits that all insurance plans have to cover.

Affordable coverage

The ACA contains provisions to help make health coverage affordable. Under the law, if your premium for single coverage is more than 9.5% of your total household income, you may be eligible for financial assistance to pay part of the cost of coverage (see premium tax credit). **NOTE: UC SHIP was originally created to provide you with affordable coverage, and UC takes steps to ensure UC SHIP remains affordable. See the details at www.ucop.edu/ucship.**

Essential health benefits

A list of health services that all plans must cover. Essential benefits include (but are not limited to) emergency care, prescription drugs, maternity and newborn care, mental health and substance abuse services, preventive and wellness care, and pediatric services including dental and vision care. **NOTE: UC SHIP already helps you pay for these essential health benefits and other valuable medical services. Check out your benefits at www.ucop.edu/ucship.**

Individual mandate

Part of the ACA that requires citizens and other legal U.S. residents to have health insurance or pay a fee. The regulation went into effect January 1, 2014. There are rules about what kind of plan you're required to have; whether or not you can get help paying for your plan; and the fee you pay if you don't have coverage.

Minimum essential coverage

Insurance plans that satisfy the individual mandate must help pay for at least 60% of the actuarial value of the list of health care services called essential health benefits.

Premium tax credit

Financial assistance to help people cover part of the cost of health insurance obtained through a state exchange like Covered California. An individual who does not have affordable coverage through their employer and has a total household income below 400% of the poverty level is eligible to have part of the premium paid by this credit. The credit amount is determined by family size, household income, and the cost of plans in the individual's state exchanges. You can see if you qualify for a tax credit at www.coveredca.com.

Qualified health plan

Covered California and the other state exchanges reviewed and certified all plans sold in their marketplace. These are referred to as qualified health plans. All plans must cover the essential health benefits. Plans may have different features, like the amount of the deductible or the copayments, but the overall value of the plan must equal one of the four standard levels of coverage—Bronze, Silver, Gold, or Platinum.

A qualified health plan must also maintain a network of providers that has hospitals, doctors, mental health providers, and other health care providers, and make sure that all services are “accessible without reasonable delay.” **NOTE: If UC SHIP were available through the health care marketplace, it would be a Gold or Platinum plan (the highest levels of coverage) with rates that are typically at the more affordable Bronze level of cost. Plus, UC SHIP includes dental and vision coverage.**

State exchange

A marketplace where people can shop for and purchase health insurance online. Think of an online mall, but where all the stores sell health coverage. California's exchange is called “Covered California” (www.coveredca.com).

Subsidy

See premium tax credit.

Tax penalty

Starting January 1, 2014, you'll owe a penalty if you are a citizen or other lawfully present resident of the U.S. who does not have health insurance. You'll need to pay the penalty to the IRS when filing your annual tax return. For instance, if you went without coverage from January through May in 2015, you would add up the monthly penalty for the five months you didn't have coverage and pay it in 2016 when filing your 2015 tax return. If you don't have coverage for a short period of time, generally three months or less, you won't owe a tax penalty. **NOTE: If you're enrolled in UC SHIP, you're covered and you don't need to worry about a tax penalty.**