Beginning in 2014, the Affordable Care Act (ACA) requires everyone to obtain health coverage. To help low- and middle-income individuals and families without employer health coverage, Medi-Cal (California’s Medicaid program) will be expanded and federal subsidies will be available through the new health exchange, Covered California. Understanding Medi-Cal and subsidy eligibility can be confusing. The following lays out the various levels of support available to consumers.

**GUARANTEED BENEFITS FOR EVERYONE IN THE INDIVIDUAL MARKET**

Although premiums for those who are not eligible for subsidies may rise, a number of the ACA’s reforms will benefit everyone, regardless of income:

- More benefits – all plans will be required to cover a comprehensive list of benefits and services.
- No one can be denied coverage for preexisting conditions or be charged higher premiums based on health status.
- Health plans offer a range of free preventive services with no cost-sharing.
- Health plans must spend at least 80% of premiums in the individual market on medical care or issue rebates.
- Young adults can stay on their parents’ insurance until age 26.
- No more lifetime or annual limits on what health plans will cover.

**PREMIUM AND COST-SHARING SUBSIDIES**

Individuals and families earning up to 400% FPL (see chart above) will be eligible for federal subsidies to purchase coverage through the exchange. Consumers may purchase coverage outside the exchange, but they will not receive subsidies for those plans.

People earning up to 250% FPL will be eligible for additional subsidies to help pay their out-of-pocket expenses (co-pays, deductibles, and co-insurance). These subsidies will be available for the second lowest-cost silver plan through Covered California. Consumers may choose a different plan, but they will not receive cost-sharing subsidies for that plan.

**NUMBER OF CALIFORNIANS ELIGIBLE FOR SUBSIDIES**

<table>
<thead>
<tr>
<th>Presently Insured</th>
<th>Eligible Less than 400% FPL</th>
<th>Not Eligible Greater than 400% FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Californians</td>
<td>600,000</td>
<td>1,300,000</td>
</tr>
<tr>
<td>Eligible for federal tax credit</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Presently Uninsured</th>
<th>Eligible Less than 400% FPL</th>
<th>Not Eligible Greater than 400% FPL</th>
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</thead>
<tbody>
<tr>
<td>Californians</td>
<td>1,600,000</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Eligible for federal tax credit</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>

Federal subsidies in the form of tax credits will be available to help offset the cost of premiums. For those who qualify for subsidies, the ACA caps the amount consumers will pay as a percentage of their annual income when they purchase coverage through the state’s health exchange (see chart). Subsidies will be available if health plan premiums exceed this monthly cap.

The premium credit amounts are based on the second lowest-cost silver plan. Consumers purchasing a bronze plan or cheaper silver plan may pay no monthly premium at all. Consumers may also choose to use the credit toward a more expensive gold or platinum plan, but they would then be responsible for the difference in monthly premiums.

For those purchasing coverage outside the exchange and for individuals and families earning more than 400% FPL, no subsidies will be available and thus premiums will not be capped. These consumers will be responsible for the full premium amount.

Co-pays, co-insurance, and deductibles will depend on the plan consumers select to best fit their needs. For example, bronze and silver plans will have lower premiums with higher out-of-pocket costs while gold and platinum plans will have higher premiums and lower out-of-pocket costs.

The out-of-pocket costs for these same plans will be even lower for consumers who are eligible for cost-sharing subsidies (income up to 250% FPL) and who select the second lowest-cost silver plan.

**Maximum Monthly Premium by Income & Family Size**

**Caps on Monthly Premiums**

**Standards Benefit Design Through Covered California**

The California Association of Health Plans (CAHP) is a statewide trade association representing 39 full-service health care plans. Through legislative advocacy, education, and collaboration with other member organizations, CAHP works to sustain a strong environment in which our member plans can provide access to products that offer choice and flexibility to the more than 21 million Californians they serve.