MEMORANDUM

To: All Faculty and Staff Employees

From: Cassandra Tarver-Ross, PHR
       Director of Human Resources

Date: September 24, 2013

Re: New Health Insurance Marketplace Coverage Options Provided by the Affordable Care Act (ACA)

Beginning January 1, 2014, the Affordable Care Act (ACA) mandated that individuals are required to purchase health insurance through their employer or purchase their own individual plan. Alabama A&M University is required by law to provide this notice to all of our employees whether you are participating in the university’s group insurance or working full-time or part-time.

In the state of Alabama, the federal government will operate Alabama’s exchange program as of 2014. This will allow eligible employees to purchase a plan through Alabama A&M University or seek their own plan. The federal government requires employer’s health plans to cover at least 60% of the cost of covered medical procedures for a premium cost and does not exceed 9.5% of the employee’s household income. The University offers a health plan that meets the minimum value test that is required by ACA.

Please note: In order to avoid a tax penalty, the penalty for not obtaining health insurance that meets the government’s minimum coverage requirements is:

1) A. For the year of 2014, the penalty will be $95 or 1% taxable income for no insurance
   B. For the year of 2015, the penalty will be $325 or 2% taxable income for no insurance
   C. For the year of 2016, the penalty will be $695 or 2.5% taxable income for no insurance

2) Those who can’t afford health insurance may be eligible for a tax credit to help them purchase coverage on the health care exchange. Uninsured Americans whose incomes range between 133% and 400% of the poverty level (which currently means incomes of $14,856 to $44,680 for individuals; $30,656 to $92,200 for a family of four) will be eligible for the federal subsidies to buy insurance through the exchanges.

3) If an employee purchases coverage through the insurance exchange, you may lose any employer contribution towards the cost of your employer provided coverage. All or a portion of the university’s contribution may be excludable for federal income tax purposes.

4) If you are a full-time employee working 30 hours or more per week, you are eligible to enroll yourself and your family in the university’s group health plan.

Please note: Although the attached notice relates to coverage options available through a Health Insurance Marketplace (more commonly referred to as the “Exchange”), Alabama A&M University has no information or expertise on those options nor is the Office of Human Resources allowed to answer questions regarding those options. For further information on the ACA or the Health Insurance Marketplace, call 1-800-318-2596 or visit www.healthcare.gov. The Federal Government will operate the exchange for Alabama.

If you have any questions regarding the letter, please call the Office of Human Resources at 256.372.5835.
New Health Insurance Marketplace Coverage
Options and Your Health Coverage

PART A: General Information
When key parts of the health care law take effect in 2014, there will be a new way to buy health insurance: the Health Insurance Marketplace. To assist you as you evaluate options for you and your family, this notice provides some basic information about the new Marketplace and employment-based health coverage offered by your employer.

What is the Health Insurance Marketplace?
The Marketplace is designed to help you find health insurance that meets your needs and fits your budget. The Marketplace offers "one-stop shopping" to find and compare private health insurance options. You may also be eligible for a new kind of tax credit that lowers your monthly premium right away. Open enrollment for health insurance coverage through the Marketplace begins in October 2013 for coverage starting as early as January 1, 2014.

Can I Save Money on my Health Insurance Premiums in the Marketplace?
You may qualify to save money and lower your monthly premium, but only if your employer does not offer coverage, or offers coverage that doesn’t meet certain standards. The savings on your premium that you’re eligible for depends on your household income.

Does Employer Health Coverage Affect Eligibility for Premium Savings through the Marketplace?
Yes. If you have an offer of health coverage from your employer that meets certain standards, you will not be eligible for a tax credit through the Marketplace and may wish to enroll in your employer’s health plan. However, you may be eligible for a tax credit that lowers your monthly premium, or a reduction in certain cost-sharing if your employer does not offer coverage to you at all or does not offer coverage that meets certain standards. If the cost of a plan from your employer that would cover you (and not any other members of your family) is more than 9.5% of your household income for the year, or if the coverage your employer provides does not meet the "minimum value" standard set by the Affordable Care Act, you may be eligible for a tax credit.¹

Note: If you purchase a health plan through the Marketplace instead of accepting health coverage offered by your employer, then you may lose the employer contribution (if any) to the employer-offered coverage. Also, this employer contribution—as well as your employee contribution to employer-offered coverage—is often excluded from income for Federal and State income tax purposes. Your payments for coverage through the Marketplace are made on an after-tax basis.

How Can I Get More Information?
For more information about your coverage offered by your employer, please check your summary plan description or contact

The Marketplace can help you evaluate your coverage options, including your eligibility for coverage through the Marketplace and its cost. Please visit HealthCare.gov for more information, including an online application for health insurance coverage and contact information for a Health Insurance Marketplace in your area.

¹ An employer-sponsored health plan meets the "minimum value standard" if the plan's share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs.
**PART B: Information About Health Coverage Offered by Your Employer**

This section contains information about any health coverage offered by your employer. If you decide to complete an application for coverage in the Marketplace, you will be asked to provide this information. This information is numbered to correspond to the Marketplace application.

<table>
<thead>
<tr>
<th>3. Employer name</th>
<th>4. Employer Identification Number (EIN)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama Agricultural and Mechanical University</td>
<td>63-6001097</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5. Employer address</th>
<th>6. Employer phone number</th>
</tr>
</thead>
<tbody>
<tr>
<td>4101 Meridian Street</td>
<td>(256) 372-5835</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7. City</th>
<th>8. State</th>
<th>9. ZIP code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huntsville</td>
<td>AL</td>
<td>35811</td>
</tr>
</tbody>
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10. Who can we contact about employee health coverage at this job?
Brenda Hughes

11. Phone number (if different from above) 12. Email address
(256) 372-5845 brenda.hughes@aamu.edu

Here is some basic information about health coverage offered by this employer:

- As your employer, we offer a health plan to:
  - All employees.
  - Some employees. Eligible employees are:
    - Full-time employees

- With respect to dependents:
  - We do offer coverage. Eligible dependents are:
    - Spouse and legal dependents
  - We do not offer coverage.

- If checked, this coverage meets the minimum value standard, and the cost of this coverage to you is intended to be affordable, based on employee wages.

- Even if your employer intends your coverage to be affordable, you may still be eligible for a premium discount through the Marketplace. The Marketplace will use your household income, along with other factors, to determine whether you may be eligible for a premium discount. If, for example, your wages vary from week to week (perhaps you are an hourly employee or you work on a commission basis), if you are newly employed mid-year, or if you have other income losses, you may still qualify for a premium discount.

If you decide to shop for coverage in the Marketplace, [HealthCare.gov](http://HealthCare.gov) will guide you through the process. Here's the employer information you'll enter when you visit [HealthCare.gov](http://HealthCare.gov) to find out if you can get a tax credit to lower your monthly premiums.
The information below corresponds to the Marketplace Employer Coverage Tool. Completing this section is optional for employers, but will help ensure employees understand their coverage choices.

13. Is the employee currently eligible for coverage offered by this employer, or will the employee be eligible in the next 3 months?
   - Yes (Continue)
     13a. If the employee is not eligible today, including as a result of a waiting or probationary period, when is the employee eligible for coverage? ________________ (mm/dd/yyyy) (Continue)
   - No (STOP and return this form to employee)

14. Does the employer offer a health plan that meets the minimum value standard**?
   - Yes (Go to question 15)  No (STOP and return form to employee)

15. For the lowest-cost plan that meets the minimum value standard* offered only to the employee (don't include family plans): If the employer has wellness programs, provide the premium that the employee would pay if he/she received the maximum discount for any tobacco cessation programs, and didn't receive any other discounts based on wellness programs.
   a. How much would the employee have to pay in premiums for this plan? $
   b. How often?  Weekly  Every 2 weeks  Twice a month  Monthly  Quarterly  Yearly

If the plan year will end soon and you know that the health plans offered will change, go to question 16. If you don’t know, STOP and return form to employee.

16. What change will the employer make for the new plan year?
   - Employer won’t offer health coverage
   - Employer will start offering health coverage to employees or change the premium for the lowest-cost plan available only to the employee that meets the minimum value standard.* (Premium should reflect the discount for wellness programs. See question 15.)
   a. How much will the employee have to pay in premiums for that plan? $
   b. How often?  Weekly  Every 2 weeks  Twice a month  Monthly  Quarterly  Yearly

Date of change (mm/dd/yyyy):

*An employer-sponsored health plan meets the “minimum value standard” if the plan’s share of the total allowed benefit costs covered by the plan is no less than 60 percent of such costs (Section 36B(c)(2)(C)(ii) of the Internal Revenue Code of 1986)