

What Is The Affordable Care Act?

Free Preventative Care Includes Routine doctor visits and Immunizations

The Affordable Care Act (ACA) made a splash when it landed in 2010, making more health insurance a reality for millions of uninsured Americans.

Known colloquially as Obamacare, the ACA helps to provide low-income households with affordable health insurance, so they're not forced to go without if sky-high premiums exceed their budgets.

What Is the Affordable Care Act?

The Affordable Care Act is known by a few names:

- ACA
- The more formal Patient Protection and Affordable Care Act
- Obamacare
- The amended Health Care and Education Reconciliation Act

Enacted in 2010 and created under the Obama administration, the health insurance legislation goes well beyond a health insurance marketplace (at HealthCare.gov) and providing a [health insurance](#) option to people who can't get coverage through an employer.

The Affordable Care doesn't allow health insurance companies to deny coverage because of pre-existing conditions or base costs on your health.

The ACA exchanges offer subsidies based on income that help cut health insurance costs for Americans who qualify. The ACA also allows states to expand Medicaid to more people by lowering income requirements to get coverage.

The ACA also features multiple other provisions, including:

- Prohibits lifetime monetary caps on health insurance plans.
- Forbids insurers from canceling health insurance unless there's fraud.
- Doesn't allow health insurers to deny coverage because of preexisting conditions.
- Requires that insurers use at least a minimum percentage of premiums to pay for members' medical services.
- Allows parents to keep children on their health insurance until the age of 26.

How Does Obamacare Work?

The ACA helps people get health insurance who may not otherwise get coverage because of lack of workplace health insurance, their finances or preexisting conditions.

People who have household incomes between 100% and 400% of the federal poverty level can receive premium tax credits to lower health care costs and make critical procedures and medications available.

Here's 400% of the federal poverty level by family size in 2023.

400% of the federal poverty level

Family size	Annual household income to be at 400% of federal poverty level
1 person	\$58,320
2 people	\$78,880
3 people	\$99,440
4 people	\$120,000
5 people	\$140,560

California additionally expanded tax credit eligibility to those up to 600% of the federal poverty level. Most states also expanded Medicaid, allowing more people to qualify for low-cost health insurance.

Who Qualifies for Obamacare?

To qualify for Obamacare you must meet these requirements:

- Live in the U.S.
- Be a U.S. citizen or national
- Not incarcerated

What Does Obamacare Cover?

ACA plans must cover these 10 essential health benefits, at a minimum:

- Ambulatory patient/outpatient services
- Emergency services
- Hospitalization
- Laboratory services
- Maternity and newborn care
- Mental health and substance use disorder services, including behavioral health treatment
- Pediatric services, including oral and vision care for children
- Prescription drugs
- Preventive and wellness services and chronic disease management
- Rehabilitative and habilitative services and devices

The ACA requires health insurance companies to accept all applications for coverage. They can't deny you based on pre-existing conditions and can't charge more based on your health. Before Obamacare became law, health insurance companies could reject you for individual health insurance coverage or charge exorbitant rates if you had pre-existing conditions, which made it difficult for someone with health issues to find affordable individual health insurance.

The ACA does allow health insurance plans to base [Obamacare costs](#) partially on age. For instance, a 30-year-old pays \$412 monthly on average for an unsubsidized ACA plan. That's compared to \$469 for a 40-year-old, \$655 for a 50-year-old and \$994 for a 60-year-old.

The health law also lets parents keep their children on their health plans until the children turn 26. They don't have to live with you and they can be married but still be on your health plan.

Pros and Cons of Obamacare

The ACA expanded health insurance to millions of Americans and implemented vital coverage protections, but Obamacare does have drawbacks, namely it's costs if you don't qualify for tax credits and subsidies.

Pros

- Comprehensive coverage that includes physicals, doctor appointments, vaccinations, surgeries, outpatient services and emergency care.
- Plans can't deny you or charge higher rates based on your health.
- You can review health plans in your area and compare costs and coverages in one place rather than track down the information.
- ACA are the only health plans that provide premium tax credits and cost-saving subsidies based on your household income and size, which can decrease your costs.
- No coverage limits and out-of-pocket maximums mean you don't have to worry that a health plan will stop covering you if you rack up medical bills.
- Parents can keep their children on a health plan until a child turns 26.
- Young children are eligible for vision and dental care coverage.

Cons

- ACA plans are generally more expensive than other types of coverage, including [group health insurance](#) through an employer.
- You may have a limited number of health plan options depending on where you live.
- Some ACA health plans require that you get care only from in-network providers, which could be a problem if you sign up for a plan with a small provider network in your area.
- You can only sign up or make changes to an ACA plan during open enrollment unless you qualify for a [special enrollment period](#).

How is ACA Different from Medicaid?

Medicaid is a government-funded health insurance program that provides health coverage for low-income Americans. In its simplest form, Medicaid is a social welfare program similar to SNAP benefits (food stamps).

A notable difference between the two programs is that in most cases, it's significantly more difficult to obtain Medicaid than Obamacare coverage. As long as you're a legal resident of the United States, you are entitled access to purchase ACA-compliant health coverage at an affordable rate.

The criteria to qualify for Medicaid varies depending on the state. It was initially intended for all states to require free Medicaid to all legal residents with incomes up to 138% of the federal

poverty level. That being said, a [Supreme Court ruling](#) made it optional for states to comply with this requirement of ACA.

Enrollment Period

Another key difference between these two is the variation in their enrollment periods. Eligible Americans are able to enroll in Medicaid anytime throughout the year. On the other hand, Obamacare enrollment is only open during the specified annual open enrollment period. That being said, there may be some special circumstances that may allow eligible enrollees to register at varying dates if they meet one of the following criteria: loss of insurance, change of marital status, the birth or adoption of a child, etc.

Cost Differences

In most cases, Medicaid requires little or even no payments by means of copayments, deductibles, etc. Being that it is intended for those with limited income and subsidized by the government, requiring significant payments from enrollees would defeat the overall purpose of the program.

On the other hand, Obamacare plans are often coupled with significant payments from beneficiaries to receive care.

If you have questions about coverage options or are looking for an affordable coverage solution, reach out to our team of benefits experts at www.firstamericaninsurancecompany.com

Our team specializes in affordable ACA-compliant benefits and is available to support your acquisition of health coverage.

Can I have ACA and Medicare?

The Health Insurance Marketplace® is for people who don't have health insurance. You don't need to join the Marketplace if you have Medicare.

The Marketplace doesn't affect your Medicare choices or benefits.

Can I get a Marketplace plan in addition to Medicare?

No. It's against the law for someone who knows you have Medicare to sell you a Marketplace plan. This is true even if you have only Medicare

Part A (Hospital Insurance) or only Part B (Medical Insurance).

If you want coverage to add to Original Medicare (Part A and Part B), you can buy a Medicare Supplement Insurance (Medigap) policy. Instead of Original Medicare, you can also choose to join a Medicare Advantage Plan that may offer some extra benefits.

Getting Medicare if you already have Marketplace coverage

Even if you have Marketplace coverage (or other individual health coverage that isn't based on current employment), you should generally sign up for Medicare when you're first eligible (usually when you turn 65) to avoid a delay in Medicare coverage and the possibility of a Medicare late enrollment penalty.

Some important points to consider if you have Marketplace coverage:

- Your Marketplace plan may not renew your coverage at the end of the year. This means you and your family could have a gap in your coverage starting January 1 of next year.
- You need to end your Marketplace coverage in a timely manner when you become eligible for Medicare to avoid an overlap in coverage.
- Once you're eligible to sign up for premium-free Part A, or already have Part A with a premium, you won't qualify for help from the Marketplace to pay your Marketplace plan premiums or other medical costs. If you keep getting help to pay your Marketplace plan premiums after that point, you may have to pay back all or part of the help you got when you file your federal income taxes.