

What's in the Affordable Care Act for the Self-Employed?

The Affordable Care Act aims to help alleviate healthcare concerns like those that plague a large share of self-employed small business owners – 28% of whom are uninsured. Under the law, the self-employed will have new, more comprehensive coverage options with increased affordability. They will also no longer be denied coverage due to their health status. What's more, plans previously favored by the self-employed, such as catastrophic or major medical health plans, became extinct in 2014. Self-employed people with insurance will see improvements to their existing health coverage, and they will have access to expansive preventative services and health screenings.

Insurance marketplaces

- Insurance marketplaces will enable self-employed individuals to purchase health insurance via an online portal. Insurers will have to offer standardized benefit packages within the exchange, so competition will be based on price and quality, not benefit design.
- Every state was required to have a marketplace by January, 2014. Some have a state-run marketplace, others run it in tandem with the federal government, and still others' are run entirely by the feds if state lawmakers chose not to create one. To learn about your state's marketplace, visit www.healthcare.gov or call 1-800-318-2596.

Essential benefits for self-employed individuals

- The ACA created new minimum coverage guidelines for health insurance. Health plans offered both in and out of marketplaces are required to offer a comprehensive package of benefits and services.
- The self-employed will be able to choose between four levels of coverage: platinum, gold, silver and bronze.
- Out-of-pocket costs and deductible limits are restricted.

Tax credits

- Subsidies are available to those who meet certain eligibility requirements and purchase insurance through the marketplaces.
- Tax credits will be available to self-employed individuals and families with income up to 400% of the federal poverty level. They are administered as tax credits through the IRS.
- The amount of the subsidy is dependent upon income level and the cost of premiums as a percentage of income.

Cost containment

- Provisions in the law aim to lower costs throughout the system. These include eliminating cost shifting that adds to the costs of everyone's care, providing additional choice and alternatives in areas where insurance companies have monopolies, providing funding to oversee proper use of Medicare and Medicaid, and reforming the way doctors and hospitals are paid to reward those with the best patient outcomes. There will be increased attention on health prevention and a simplified electronic payment process that will be more efficient.