

DEPARTMENT OF DEFENSE



Defense Civilian Personnel Advisory Service

**Nonappropriated Fund (NAF)**

**AFFORDABLE CARE ACT  
FOR NAF EMPLOYEES  
AND RETIREES**

**Questions and Answers  
2013**

## **QUESTIONS AND ANSWERS ON AFFORDABLE CARE ACT FOR NONAPPROPRIATED FUND (NAF) EMPLOYEES AND RETIREES**

**The below questions and answers apply to those NAF employees eligible for the DoD NAF Health Benefits Program (HBP).**

### **1. How does the Affordable Care Act affect me?**

The Affordable Care Act (Public Law 111-148) requires that individuals obtain health insurance coverage by January 1, 2014, or pay a tax penalty for not having health insurance. This is referred to in the law as “individual responsibility.”

### **2. What is the “individual penalty” for not obtaining health coverage in 2014?**

The fee in 2014 is 1.0% of your yearly income or \$95 per person for the year, whichever is higher. The fee increases every year. In 2016, the fee will be 2.5% of income or \$695 per person, whichever is higher. Paying the fee does not provide any health insurance coverage.

### **3. Does the coverage offered by the Department of Defense (DoD) Nonappropriated Fund Health Benefit Program (NAF HBP) meet the minimum essential coverage requirement of the Affordable Care Act?**

Yes. All of the plans offered by the DoD NAF HBP meet the minimum essential requirement of the Affordable Care Act. The Tricare Affirmation Act (Public Law 111-159) states that the coverage offered in the NAF HBP meets the minimum essential requirement. This extends to any health maintenance organizations (HMO) offered by a NAF employer in the NAF HBP. All of the Aetna medical plans offered by the DoD NAF HBP meet the minimum essential requirement.

### **4. If I am already enrolled in the DoD NAF HBP, what do I need to do this fall during open enrollment to continue my coverage and meet the requirements for having medical coverage?**

In 2014, individuals (including your dependents) need to have health insurance or pay a penalty. Make sure your current elections for dependent coverage cover your entire family. If you determine that your election meets the individual coverage requirement for you and your dependents, no further action is needed on your part.

### **5. I am a retired employee with Post-Retirement Medical (PRM) benefits from my DoD NAF employer. Can I drop my NAF HBP coverage and enroll in my state Marketplace plan? Can I re-enroll in the NAF HBP if I decide to drop my state Marketplace coverage?**

If you are a retiree under age 65 with NAF HBP PRM benefits, you may drop your coverage to enroll in a plan offered by your state Marketplace. Based on your income, you may be able to receive a tax subsidy for insurance provided by the state Marketplace. Please note: The health insurance Marketplace does not have plans for those who are

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Medicare primary. If you drop your NAF HBP PRM benefits, you will no longer receive the employer paid share of your PRM benefit. You will not be permitted to re-enroll in the NAF HBP PRM benefits if you discontinue coverage.

### **6. If I choose to obtain coverage from the Marketplace will my NAF employer pay 70% of the premium charged as they do now in the NAF HBP?**

No. Your actual cost may be higher for coverage from the Marketplace due to the lack of employer contribution. If you are purchasing health insurance in the Marketplace, premium tax credits (many times referred to as subsidies) generally are available to help pay for coverage for employees who:

- are between 100% and 400% of the federal poverty level and enroll in coverage through the Marketplace (currently \$45,960 for an individual or \$94,000 for a family of four)
- are not eligible for coverage through a government-sponsored program like Medicaid or CHIP, and
- are not eligible for coverage offered by an employer or are eligible only for employer coverage that is unaffordable or that does not provide minimum value.

### **7. Am I eligible for Marketplace coverage if I live outside of the United States or in a U.S. territory?**

You must live in the United States to be eligible for Marketplace health coverage. The IRS has more information in Publication 54 for citizens living abroad. U.S. territories do not provide state Marketplaces. All bona fide residents of U.S. territories are not required to take any action to comply with individual responsibility.

### **8. How do I compare coverage in the Marketplace with coverage from the NAF HBP?**

Marketplace insurance plans have been categorized into four types. From lowest to highest - Bronze, Silver, Gold and Platinum. All Marketplace plans provide the minimum essential coverage just as the NAF HBP does. Aetna plans in the NAF HBP have been determined to be Gold. Check with NAF HBP HMO for its color rating. Premiums (what you pay for the coverage) and out of pocket expenses (what cost share you have when you are covered) increase as you move from low level (Bronze) to higher level plans.

### **9. I have additional questions about the effects of health care reform on me and my family. Where can I go for answers to my questions?**

The best place for answers is the government website provided by the Department of Health and Human Services. See [www.healthcare.gov](http://www.healthcare.gov) for answers to your consumer questions. The IRS also provides answers to questions regarding the individual

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responsibility to have health insurance. See <http://www.irs.gov/uac/Questions-and-Answers-on-the-Individual-Shared-Responsibility-Provision>.

### **10. Why do I need to provide the social security numbers for each of my dependents?**

Your employer is required to report to the IRS the insured status of you and your dependents. The IRS identifies you and your dependents by social security number. Failure to provide or obtain social security numbers for each of your dependents could result in the IRS applying a penalty for lack of insurance.

**The below questions and answers only apply to those NAF employees not eligible for the DoD NAF Health Benefits Program (HBP).**

### **1. What if I lose or become ineligible for my employer sponsored NAF HBP insurance?**

If you leave your job for any reason or become ineligible for your employer sponsored health insurance, you may buy coverage from the Marketplace. Based on your income and family size you may qualify for a subsidy (tax credit). Subsidies are available if you are between 100% and 400% of the federal poverty level and enroll in coverage through the Marketplace (currently \$45,960 for an individual or \$94,000 for a family of four). Any subsidy is paid directly to the insurance company. The cost of Marketplace insurance coverage may be much lower than the cost of temporary continuation of coverage (TCC). It is a very good idea to compare the plans offered by the Marketplace with the TCC offered by your former employer. There is no employer contribution for TCC coverage. The cost of TCC coverage is 102% of the monthly rate.

### **2. I am not eligible for NAF HBP health benefits. How do I obtain health coverage that meets the minimum essential coverage requirement?**

You might be eligible as a child on a parent's policy or added to a spouse's coverage as a dependent. States will offer Marketplace plans as of October 1, 2013, for January 1, 2014, coverage effective dates. Check the government website: <https://www.healthcare.gov>, for more information about Marketplace plans in your state. For Spanish speaking consumers, [CuidadoDeSalud.gov](http://CuidadoDeSalud.gov) has also been updated in preparation for the Marketplace. Private exchanges, along with state/federal partnership Marketplaces, may also be available in your area. Marketplace enrollment assistance is available now by calling 1(800)318-2596.