



Hawaii Residency PROGRAMS, INC.

The Queen's Medical Center · Kapi'olani Medical Center for Women & Children · Straub Clinic & Hospital · Kuakini Medical Center · Wahiawa General Hospital · Kaiser Foundation Hospital · University of Hawai'i at Manoa, John A. Burns School of Medicine

MEMORANDUM

TO: All Employees
FROM: Maria De Lima, Human Resources Manager
DATE: March 18, 2016
RE: Health Insurance Marketplace Notice

As required by the Patient Protection and Affordable Care Act (PPACA), Hawaii Residency Programs, Inc. (HRP) is providing you with this informative memorandum on the Health Insurance Marketplace in Hawaii also known as "The Hawaii Health Connector", and attaching herewith the New Health Insurance Marketplace Coverage Options and Your Health Coverage notice. PLEASE READ THIS 4-PAGE MEMORANDUM AND THE ATTACHED NOTICE CAREFULLY!

As an employee of HRP if working continuously for 20 or more hours per week for four consecutive weeks or 130 hours or more per month, you are eligible for group sponsored medical benefits. But please continue reading this notice even if you do not work these hours.

The Questions & Answers provided below are intended to assist you as you evaluate options for you and your family. Please keep in mind this is only a guide. To determine actual eligibility you must contact the Hawaii Health Connector at www.hawaiihealthconnector.com or phone 808-312-4400. This notice was prepared on March 18, 2016, and may be subject to change.

BENEFITS ELIGIBLE EMPLOYEES (work 20+ hours/week consistently, or 130 hours or more per month):

Q: *What is a Health Insurance Marketplace?*

A: It is a virtual marketplace where individuals and businesses of certain sizes can shop for medical insurance coverage. Enrollment into the Marketplace for individuals and small businesses began October 1, 2015, for an effective date of January 1, 2016.

Q: *Since I have coverage through HRP, why do I need to know about the Marketplace?*

A: As a requirement of the PPACA laws, we must provide you with this information. While HRP provides you with medical insurance, your dependents may not be covered and may need coverage. The Marketplace provides you with the opportunity to purchase coverage for them.

Q: *Who can use the Hawaii Health Connector to purchase insurance?*

A: Legal residents of Hawaii without access to affordable health insurance through their employer or another government program will be eligible to purchase health coverage through the Hawaii Health Connector.

Q: *Will the existence of the Marketplace affect my existing group health plan coverage with HRP?*

A: No. HRP will continue to provide medical coverage that meets the requirements of both the Hawaii Prepaid Healthcare and the PPACA.

Q: *Will I continue to have health insurance through HRP?*

A: Yes. If you are in our plan and as long as you continue to meet the definition of an eligible employee your coverage will continue.

Q: *What changes will I see in my current group coverage?*

A: Many of the required benefit changes were added in March 2010 already, when the federal law took effect. We don't anticipate that there will be too many more changes.

Q: *Do I have good benefits?*

A: Yes. Under the health care reform HRP must offer a plan with a Minimum Value Standard, which means the aggregate level of coverage must be equal to or greater than 60% coverage for services. Our Hawaii plans exceed this standard. You will find copies of the Summary of Benefits and Coverage (SBC) on HRP's HMSA plans in the HRP website (<http://www.hawaiiresidency.org/hrp/health-plan-summary-of-benefits-and-coverage-sbc>) for your peruse and any comparisons. You may also request it from Human Resources.

Q: *Will health care reform affect my premium co-share?*

A: No. Under the health care reform HRP must offer affordable coverage. This means that your employee contribution towards the cost of the Single premium cannot exceed 9.5% of your household income. The Hawaii Prepaid Healthcare Act is more generous yet - you may not be charged more than 1.5% of your gross wages. Your premium co-share will not exceed this amount.

Q: *If I am eligible for group medical coverage through HRP can myself or my dependent(s) receive a subsidy if either of us purchase coverage through the Marketplace?*

A: You and your dependent(s) may not be eligible for a premium tax credit subsidy. If you or your dependent(s) are able to enroll in an employer plan that meets the Minimum Value standard (e.g.: your plan covers 60% or more of the medical service) and is considered affordable (your contribution is less than 9.5% of your household income), you may not qualify for a subsidy. You may contact the Hawaii Health Connector directly for more information on that.

Q: *If I choose to purchase coverage through the Marketplace, will I have to pay for that coverage myself?*

A: Yes. You will lose your employer contribution towards your coverage and you may pay the entire cost of the premium for the Marketplace plan.

Q: *How much will my premium cost?*

A: The Marketplace's premiums will depend on the type of plan you choose, your age, the number of people in your family and whether or not you smoke. Insurers won't be able to charge more based on gender or health status.

FYI: Below are the tables with current premiums for the HRP's HMSA plans and the portion you are responsible for, if any. In addition you will find the new premiums effective July 1, 2016. Note these are HRP's, not the Marketplace's premiums.

Premiums through June 30, 2016

| Plan | Tier | Total Premium | You Will Only Pay Per Pay Check: |
|------|-------------------|---------------|----------------------------------|
| HPH | Employee Only | \$340.74 | Paid 100% by HRP |
| HPH | Employee + 1 | \$708.14 | \$35.41 |
| HPH | Employee + Family | \$1062.08 | \$53.10 |
| PPP | Employee Only | \$378.14 | \$18.70 |
| PPP | Employee + 1 | \$793.02 | \$77.85 |
| PPP | Employee + Family | \$1189.48 | \$116.80 |

Premiums from July 1, 2016 through June 30, 2017

| Plan | Tier | Total Premium | You Will Only Pay Per Pay Check: |
|------|-------------------|---------------|----------------------------------|
| HPH | Employee Only | \$337.46 | Paid 100% by HRP |
| HPH | Employee + 1 | \$701.46 | \$35.07 |
| HPH | Employee + Family | \$1052.04 | \$52.60 |
| PPP | Employee Only | \$374.20 | \$18.37 |
| PPP | Employee + 1 | \$784.84 | \$76.76 |
| PPP | Employee + Family | \$1177.20 | \$115.18 |

NON-ELIGIBLE EMPLOYEES (work less than 20 hours a week, or do not work 130 hours per month):

Q: *Since I do not meet the minimum eligibility criteria under the Prepaid Health Care Act, and I am not eligible for group medical coverage through HRP will I be required to have medical coverage?*

A: Yes. All U.S. citizens must be enrolled in a qualified health plan. Individuals who do not have qualified health insurance will be assessed a penalty by the IRS.

Q: *Since I am not eligible for coverage through HRP will I be eligible for a subsidy if I purchase coverage through the Marketplace?*

A: You may be eligible for a subsidy based on your household income. Please contact the Hawaii Health Connector at www.hawaiihealthconnector.com or phone 808-312-4400 for additional information. Their “Health Navigators” – a.k.a. Kokua Assisters - will help you. The Hawaii Health Connector will determine your eligibility for a subsidy.

With attachment: *New Health Insurance Marketplace Coverage Options and Your Health Coverage*

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? \$ 0.00

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 would the employee have to pay in premiums for this plan? \$ _____

b. How often? Weekly Every 2 weeks Twice a month Monthly Quarterly Yearly

* 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)