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A Very Quick Guide To Health Insurance Exchanges

TOPICS: INSURANCE, HEALTH REFORM, MARKETPLACE

By MICHELLE ANDREWS

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Even with all the talk from Capitol Hill to Main Street about Obamacare, many people don't know what they have to do to comply with the law's requirement that almost everyone have insurance beginning in 2014.

For those who are uninsured, the key to satisfying that requirement could be the new online health insurance marketplaces, which are set to open Oct. 1 for shopping. Policies will go into effect Jan. 1. Seven million Americans are expected to find coverage there.

Here is a quick guide to what you need to know about them:

1. The insurance marketplaces are open to nearly everyone, but If you have insurance through work, Medicare or Medicaid, it's likely you won't need to shop for coverage there. They are really for people who are uninsured or folks who buy individual policies now.

2. Many people will qualify for subsidies to make coverage more affordable there. These subsidies – tax credits to help pay your premiums - will be available to people with incomes up to 400 percent of the federal poverty level. That's about $46,000 for one person or $94,000 for a family of four. And there are cost-sharing subsidies to reduce deductibles and copayments, depending on your income.

3. Immigrants who are in this country illegally are barred from buying on the exchanges.

4. You can enroll until March 31, 2014, though you'll generally need to sign up by Dec. 15 of this year, to be covered as of Jan. 1. You can find your state's marketplace at healthcare.gov.

5. Through the marketplace, you can compare health plans in your area. The prices are based on where you live, your family size, the type of plan you select, your age and whether you smoke. All the plans have to comply with the Affordable Care Act's requirement to have a basic benefits package, but the amount you have to pay in premiums, co-pays and deductibles will vary among plans.

6. When you apply for coverage on the exchange, you will find out if you're eligible for subsidies to help pay for premiums. Or, if you have a low income, you can also learn if you are eligible for Medicaid coverage.

7. Your income -- not your assets, such as your house, stocks or retirement accounts – will count toward determining whether you can get tax credits. When you buy your plan, you estimate your income for next year, and your tax credit is based on that estimate. The next year, your tax returns will be checked by the IRS and compared against your estimate.

8. If you qualify for a tax credit to pay your premiums, you can choose to either have the credit sent directly to the insurer or pay the whole premium up front and claim the credit on your taxes. If you qualify for cost-sharing subsidies, that subsidy will be sent directly to the insurer, and you won't have to pay as much out of pocket.

9. If your income increases during the year, notify the exchange promptly so that you can avoid having to pay back the credits. On the other hand, if your income goes down, you could be eligible for a bigger subsidy. Either way it's important to notify the exchange if your income changes.

10. Each plan covers 10 "essential health benefits," which include prescription drugs, emergency and hospital care, doctor visits, maternity and mental health services, rehabilitation and lab services, among others. In addition, recommended preventive services, such as mammograms, must be covered without any out-of-pocket costs to you.

11. You won't have to pay more for insurance if you have a medical condition and that condition will be covered when your policy begins. But older people can be charged more than younger people and smokers could face a surcharge.

12. The prices for the marketplace plans are likely to be similar to those sold privately. If your broker offers you a plan that is also available on the exchange, you may be eligible for subsidies.

13. Your insurer generally can't drop you, as long as you keep up with your insurance premiums and don't lie on your application. Generally, people will be able to enroll in or change plans once a year during the annual open enrollment period. This first year, open enrollment on the exchanges will run for six months, from Oct. 1 through March of next year. But in subsequent years the time period will be shorter, running from October 15 to December 7.

14. There are certain circumstances when you would be able to change plans or add or drop someone from coverage outside the regular annual enrollment period. This could happen if you lose your job, for example, or get married, divorced or have a child.

15. The number of plans that you can choose from is likely to vary widely. In some states, only a couple of insurers have announced plans to offer policies though the marketplace, while in others there may be a dozen or more. Even within a state, there will be differences in the number of plans available in different areas. You can expect that insurers will offer a variety of types of plans, including familiar models like PPOs and HMOs.