

HEALTH REFORM: Exchanges will be cornerstone for coverage choices

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Here's what you need to know when Obamacare kicks in, starting next week.

(HealthDay)—A new way of shopping for health insurance is coming to your state.

Beginning Oct. 1, consumers can use a new [health insurance](#) exchange in their state to apply for health coverage. Depending on when you enroll, that coverage could kick in as early as Jan. 1, 2014.

The exchanges are the centerpiece of the Affordable Care Act, the Obama administration's landmark [health reform](#) law, and are primarily intended to help uninsured Americans and small businesses find affordable health insurance.

Each state exchange will act like a shopping mall for health insurance. Uninsured workers can go to the exchange to buy a health plan. Individuals and family members can find out if they are eligible for

Medicaid or the Children's Health Insurance Program.

The state exchanges will help mainly two groups: People who earn too much to qualify for Medicaid but not enough to easily pay for health insurance on their own, and people living just above the [poverty line](#)—up to 138 percent of the federal poverty level—in states that aren't expanding their Medicaid programs.

Each state will also have a "SHOP"—Small Business Health Options Program—exchange. This is where small businesses that decide to offer group health insurance can select coverage and where their employees will go to sign up.

But as the new system rolls out and consumers begin to wade through the new health insurance options, experts say there's bound to be a steep learning curve.

"It's definitely going to take a while for people to get their heads around this and understand, for me this path makes sense or for me this path does not make sense," said Linda Rowings, chief compliance officer at United Benefit Advisors, an Indianapolis-based provider of employee benefits advisory services.

Here's an easy-to-understand guide to help you get started:

What's a health insurance exchange?

A health insurance exchange is an [electronic marketplace](#) where people can buy health insurance or enroll in public health coverage.

Each state and the District of Columbia will have one.

How can the exchange help me find health

insurance?

You can use the exchange in your state to compare health plans and prices, much like you would if you were shopping for a major appliance, hotel accommodations or airline tickets. Many people who apply for health insurance will be eligible for federal tax subsidies to lower their cost of coverage.

Each state will also have an exchange where small businesses can shop for coverage for their employees. Once an employer signs up to provide coverage through the Small Business Health Options Program, employees may use the exchange to enroll in a health plan.

If you or your family members are eligible for free or low-cost health care through a public health program, you will be connected with Medicaid or the Children's Health Insurance Program.

Do I need a computer?

Not necessarily. Beginning Oct. 1, the exchanges will operate toll-free call centers and have trained individuals available in your community to help you understand your options and enroll in health coverage.

But if you're computer savvy, you can go online to review your options and enroll in a health plan. You can also pose simple questions via an online chat on HealthCare.gov.

Do I have to use the exchange?

No. You may buy health insurance outside the exchange. But you will only qualify for federal tax subsidies to lower your premium if you buy coverage through the exchange.

What if I don't want health coverage?

Under the health reform law, most U.S. citizens and legal residents must have health insurance or pay a fine. Each uninsured person who doesn't have an exemption from the law will owe a flat fee or a percentage of income, whichever is greater.

The penalty is \$95 per adult, or 1 percent of taxable family income, whichever is greater, in 2014. That will rise to \$325 or 2 percent of taxable income in 2015, and \$695 or 2.5 percent of taxable income in 2016. Beyond 2016, the flat fee will be adjusted annually for cost of living, although the share of family income will remain at 2.5 percent. The cost for children is half the adult fee.

The maximum penalty for a family of three or more is \$2,085, or 2.5 percent of taxable income.

What if I can't afford health coverage?

Beginning in 2014, consumers with incomes between 100 percent and 400 percent of the [federal poverty level](#) can qualify for tax credits to reduce the cost of coverage they buy through the exchanges.

The amount of help will vary by income, family size and the type of coverage selected. In general, the lower a person's income, the greater the tax credit.

A family of four earning \$47,100—or two times the poverty level—would not have to pay more than 6.3 percent of their income, or \$247 a month, toward the premium, according to an analysis by the Center on Budget and Policy Priorities. That's based on 2013 data.

The law also helps with out-of-pocket expenses, like deductibles, co-payments and co-insurance. People with incomes below 250 percent of the poverty level—or \$28,725 for an individual and \$58,875 for a family

of four—may qualify for cost-sharing assistance from the federal government.

What if I already have health insurance?

If you have a health plan that meets minimum coverage requirements, say, through your employer, or you are on Medicare or Medicaid, you comply with the law's so-called individual mandate that requires most people to carry insurance. You don't need to use a health exchange.

Where can I find my state exchange?

The exchanges have names like New York State of Health, Covered California, kynect (in Kentucky) and MNsure (in Minnesota). To find your exchange, go to the federal government website HealthCare.gov.

Some states, like Florida, are not running their own exchanges, leaving it up to the federal government to do it for them. Other states, such as Illinois, are setting up exchanges in partnership with the federal government. In these states and others that are not building their own exchanges, you can go to HealthCare.gov to apply for coverage.

How do I apply for coverage?

You complete an online or paper application. Make sure you have current income information (such as pay stubs or W-2 forms) and Social Security numbers for you and members of your household. If any members of your household have health insurance, you will need the policy numbers of those plans.

Where can I get help applying for coverage?

The federal government has invested millions of dollars in grants to train

people who can walk you through your health insurance options.

Depending on where you live, you may be able to get help at your local health clinic, library, church or other community-based groups. Contact your health exchange for information on where to get help.

What's the deadline for signing up?

Open enrollment for 2014 begins Oct. 1 and ends March 31, 2014.

If you enroll in a private health plan by Dec. 15, 2013, your coverage will take effect on Jan. 1, 2014. During the remainder of the open enrollment period, you may enroll in a [health plan](#) but the effective date will be delayed.

After March 31, you may apply for private health insurance through the exchange only under special circumstances, like a birth, job loss or divorce. (Open enrollment for 2015 begins Oct. 15, 2014.)

You may apply for Medicaid or the Children's Health Insurance Program at any time during the year.

Small employers may offer coverage through the Small Business Health Options Program at any time during the year.

Other questions?

The U.S. Department of Health and Human Services has launched a new toll-free consumer hotline to answer your questions about the exchanges. Call 1-800-318-2596 or (TTY: 1-855-889-4325).

This [brochure](#) from the U.S. Centers for Medicare & Medicaid Services tells consumers how to get ready for the new health exchanges.

More information: Visit HealthCare.gov to learn more about the new [health insurance marketplaces](#).

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