

## Buying Health Insurance

*Myths and misunderstandings: understanding the basics*



### What is the Health Insurance Marketplace?

The Health Insurance Marketplace is where to find affordable private insurance plans approved by the federal government. You can enroll by paper, in person or online. That is, the online Marketplace is one way to find health insurance policies. The online link for the Michigan Marketplace is [www.healthcare.gov](http://www.healthcare.gov). The Marketplace remains an option for people who have not been able to get affordable insurance through their work or to buy it on their own. Through the Marketplace, people can compare insurance options and choose a plan that is right for them. The Marketplace has annual open enrollment periods. People who qualify for Medicaid or the Healthy Michigan Plan will be identified through this enrollment process. The Marketplace is not for people eligible for Medicare.

### Why should I care about the Marketplace?

The Affordable Care Act (ACA) requires that almost everyone who can afford health insurance must have it. You are insured if you already have employer-sponsored health insurance, a private policy, or have Medicare, Medicaid, a Healthy Michigan Plan, Tri-Care, Veterans, or get care through the Indian Health Service (IHS). The Marketplace offers an option for people who don't have insurance to go shopping for insurance easily. No one can be turned down to purchase insurance.

Anyone who remains uninsured for more than three months in a year will have to pay a fee. That fee will be either a percentage of income based on the amount of annual household income over the tax paying threshold (about \$10,000) or a flat fee, whichever is **higher**. The maximum penalty is the national average premium for a bronze plan. Fees will increase each year. For more information, go to [irs.gov](http://irs.gov)

### What are Essential Health Benefits?

These services and items must be included in insurance plans available on the Marketplace:

- ◆ Doctor or clinic visits
- ◆ Emergency department care
- ◆ Hospital care
- ◆ Maternity and new baby care
- ◆ Mental health, behavioral health and substance abuse treatment
- ◆ Prescription medicine
- ◆ Rehabilitation and habilitation services and devices
- ◆ Lab tests
- ◆ Prevention and wellness services, and chronic disease management (like asthma and diabetes)
- ◆ Children's care, including dentist visits and eye care (glasses)

### More ACA provisions:

- ⇒ Young adults can stay on their parents' insurance until they are 26.
- ⇒ Free preventive health care services.
- ⇒ No lifetime limits on costs of essential benefits.
- ⇒ No one with pre-existing conditions can be denied coverage.
- ⇒ No annual limits on how much insurance plans pay out to cover essential health benefits.
- ⇒ No higher premiums based on gender or other health risk factors (no increased rates for farmers). Older people and smokers will pay more.

## Who can buy health insurance through the Marketplace?

Only U.S. citizens or legal U.S. residents can buy insurance through the Marketplace. Many who do purchase through the Marketplace will qualify for tax subsidies. The tax subsidies help pay for a plan's monthly premiums. Some of the subsidies help pay for out-of-pocket expenses.

The Marketplace has an open enrollment period every year. Only those who have special qualifying events, like losing a job or getting married, can enroll in outside the regular open enrollment time.

## How does the Marketplace work?

Insurance plans differ depending on several factors, including which health care providers you see, what benefits are covered, how much you pay for premiums, and how much you are required to pay out-of-pocket each time you use a service. In the Marketplace, plans are ranked using metal tier labels: bronze, silver, gold, and platinum. All plans cover basic, or "essential health benefits," required by the Affordable Care Act, but some offer more benefits. Bronze plans cost less in premiums but more in out-of-pocket payments. Bronze plans also cover fewer health care services. Platinum plans are considered the most expensive and comprehensive plans. They cover the largest number of health care services and cost more in monthly premiums, but less in out-of-pocket payments. Silver and gold plans are in between. To see available plans for your area, go to [healthcare.gov](http://healthcare.gov) and enter your zip code.

## How do I prepare for Marketplace enrollment?

**Review the basics of insurance coverage.** You will want to understand how insurance works, including things like the Important Terms and Resources in this Fact Sheet.

**Learn about different types of health coverage.** Health plans offer different combinations of coverage and cost. You will want to pick the one that best meets your needs.

**Find out from your employer** whether it plans to offer health insurance during the next year.

**Gather information** about your household that you will need if you apply for coverage: Social Security numbers; employer and income information for every member of your household who needs coverage; and policy numbers for any health insurance plans currently covering members of your household.

**Create your Health Insurance Marketplace account.** Set up your account at [healthcare.gov](http://healthcare.gov). You will be asked to provide basic information about your household.

**Review your health-care use** over the last few years. Knowing how often and for what reasons you and the members of your household visit the doctor, including specialists, is an important step in determining your health insurance needs. You will also want to gather information about your household's prescriptions and consider whether there might be any new health situations coming up in the next year that you can plan for.

**Set your budget.** Reviewing your current spending patterns can help you figure out how much you can spend on health insurance premiums each month.



**Consumer Tip:** *Having health insurance helps protect your family's financial future.*

In 2013 over 20% of American adults were struggling to pay their medical bills, with three in five bankruptcies due to medical bills, according to <http://www.nerdwallet.com/blog/health/2014/03/26/medical-bankruptcy>. Furthermore, 25 million people hesitate to take their medications in order to control their medical costs. Unfortunately, this can lead to even worse financial outcomes as preventive treatments are not completed and patients end up using expensive ambulance and emergency room care as their health worsens.



## Important Terms

**Copayment:** The set part of the bill (for example, \$10) you must pay for care covered by your insurance plan. The amount can be different for different services.

**Health Insurance:** A contract you pay for with “premiums” that requires your health insurer to pay some or all of the costs for care.

**Navigators:** Trained people who help consumers and small businesses learn about and understand the insurance plans in the Marketplace and how to enroll in them

**Out-of-pocket costs:** The amount of money you pay for services covered under your health plan, including copayments, coinsurance and deductibles. Plans have a limit to keep your care affordable if you need a lot of care in a year.

**Premiums:** The basic cost of your health insurance, usually paid monthly.

**Provider:** Doctors, nurse specialists, physician assistants, therapists and other healthcare professionals who have a license to provide or arrange care.

**Tax credits/Premium subsidies:** The tax credit is available depending on your income and whether you have adequate and affordable insurance from your employer. When you sign up for insurance in the Marketplace, you can lower the cost right away by having all or part of the tax credit sent to the insurance company to pay part of the premiums, or you can receive it as a tax refund or lower tax bill. This is available even if you do not pay any taxes.

## How do I protect myself from scams and frauds?

If you are contacted by anyone attempting to sign you up for Marketplace health insurance, close the door or hang up the telephone. Then, report suspected scams and frauds to the Federal Trade Commission, state insurance departments, and your state attorney general’s office. Keep in mind the following tips from the Federal Trade Commission for protecting yourself, your personal information, and your bank account:

### **Know whom you are dealing with.**

Telemarketers must tell you it is a sales call, the name of the seller and what they are selling before they make their pitch. Do not hesitate to hang up the phone if you do not hear this information.

**Protect your personal information.** Do not share your bank account, credit card or Social Security numbers in response to a phone call, email message, text message or advertisement.

**Do not be tricked** by requests for you to “confirm” information from callers you do not know.

**Do not send cash.** If you send cash by messenger, overnight mail or money transfer and later discover the charge was fraudulent, the money will be gone and you may lose your right to dispute the transaction.

**Resist pressure** to make an immediate decision. Ask to have all information in writing before you agree to buy. If it is an unsolicited offer, research it with your state attorney general’s office, the Federal Trade Commission or a credible third person whom you trust.

**Consumer Tip:** Be aware that fake or confusing websites are online. Protect yourself by accessing the Marketplace at [healthcare.gov](http://healthcare.gov).



## Resources

Learn more about the Health Insurance Marketplace at *healthcare.gov*. Ask questions by calling toll-free 800-318-2596.

Report suspected fraud to the Federal Trade Commission at *www.ftccomplaintassistant.gov* or call 877-FTC-HELP (877-382-4357).

For specific questions about Medicare claims, medical records or expenses, visit *MyMedicare.gov*, or call 800-MEDICARE (800-633-42273).

Get answers to your questions about health insurance and its effect on your personal finances at *bit.ly/askhealthlit* or *aca.msue.msu.edu*.

*Free financial education is available to assist consumers in understanding the process of building and maintaining their financial health.*

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#### Sources:

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