

7 Things You Need to Know About Obamacare Changes

Ready or not—and like it or not—enrollment in the Obamacare Affordable Care Act health care exchanges has begun, providing a new way of shopping for health plans if you don't get your insurance from your employer, Medicare or Medicaid.

If you've decided you want to buy insurance through the exchange offered by your state or the federal government—or maybe you're just curious about the offerings—here's a primer on the exchanges and a step-by-step guide to picking a plan, calculating costs and determining if you're eligible for a federal subsidy.

1. How will buying insurance through an exchange be different?

Each state and the District of Columbia will have a health insurance exchange that will run like a complicated version of Expedia. Individual consumers will be able to go online to make apples-to-apples comparisons of various insurance policies, pick a plan and enroll.

Some states, like New York and California, will run their own exchanges, with insurance companies offering dozens of qualified plans, each with varying costs. Others, like Florida and Texas, will be run by the federal government. Still others, such as Illinois and Michigan, are partnering with the federal government to run their marketplaces.

For information on what your home state is doing, to find your exchange and to enroll if the federal government is handling the program in your state, you can log on to the federal government website—and follow the prompts

2. When does the enrollment period end? Enrollment begins Oct. 1 and ends March 31, 2014. If you pick a plan by Dec. 15, 2013, your coverage begins on Jan. 1, 2014.

If you miss the March 31 deadline, you will be required to pay a tax penalty next year to the IRS—\$95 per individual (or 1 percent of your income, whichever is greater) and \$285 per family. That fine rises to \$325 per individual (or 2 percent of income) and \$975 per family in 2015. The penalty maxes out at \$695 per individual (or 2.5 percent of income) and \$2,085 per family in 2016.

After March 31, you can only apply for insurance if you experience a major life change, such as job loss, divorce or a birth in your family. The next open enrollment period (for 2015) will begin Oct. 15, 2014.

Employees of small employers can sign up for coverage through the exchanges at any time.

3. What if I don't have access to a computer? Toll-free call centers will also be available, with trained experts to detail your options and enroll you in health coverage.

For information, call 800-318-2596. The line is open 24 hours a day, seven days a week.

4. How can I find out if I qualify for a subsidy? Up to 26 million Americans will be eligible for federal tax subsidies to help defray the cost of their insurance premium. Only qualified individuals who sign up for insurance through the exchanges will be able to get the subsidies, which kick in next year.

If you earn less than 400 percent of the poverty level—about \$46,000 for an individual and \$90,000 for a family of four—you may qualify for subsidies. For instance:

- A family of four on the high end of the scale—with an annual household income of \$88,200—will pay a maximum of 9.5 percent, which amounts to \$8,379 per year for a health insurance premium, and the rest would be subsidized

- On the bottom end of the scale, a family of four with an income of \$29,327 will only have to pay 2 percent of its household income—or \$587 per year—for the same plan that will cost the higher-income family \$8,379.

In addition, low income residents in about half the states that plan to expand Medicaid under Obamacare will also qualify for free or low-cost health care through the federal program for the poor. Applicants earning up to 133 percent above the poverty line—just under \$30,000 a year for a family of four—who log on to will be directed to Medicaid or the Children's Health Insurance Program.

5. What kinds of plans will be offered? The exchanges aim to simplify the decision-making process, with insurers offering four standardized insurance plans—designated bronze, silver, gold and platinum. Each will cover 10 categories of essential benefits set by the federal government, such as emergency service, prescription drug coverage, preventive care and mental health treatment, but these will vary in cost as follows:

- **Bronze plans:** Offer the lowest amount of coverage—60 percent of medical costs on average—but will have the lowest premiums.
- **Silver:** 70 percent of costs are covered.
- **Gold:** 80 percent of costs are covered.
- **Platinum:** 90 percent of costs are covered, but these plans will have the highest premiums.

6. What does the application process involve? The U.S. Department of Health and Human Services has devised a three-page application (down from the original 21 pages) for individuals to apply (online or on paper). You will need to provide the following type of information:

- Name and personal facts (address, Social Security number, date of birth)

- Health status (pregnant, physical/mental conditions)
- Employment status and household income level (using pay stubs or W-2 forms)
- Current health insurance coverage (if any)
- Permission to give an authorized representative or “navigator” access to application information

7. What about small businesses? Small businesses—those with fewer than 50 workers—will also eventually be able to shop for coverage for their employees through the so-called Small Business Health Options Program (SHOP) that is a part of the healthcare exchanges.

The SHOP exchanges aim to help small businesses, which have historically paid more than large companies to insure their workers—not only in premiums, but also in administrative costs—in part because they have a smaller pool of employees with which to negotiate deals with insurers.

The SHOP exchanges pool small employers together so they bargain with insurance coverage as a group. The nonpartisan Congressional Budget Office has estimated the SHOP exchanges will lower annual premiums for businesses by 1 to 4 percent. But there are some problems with the rollout of the SHOP exchanges.

Last week, federal officials announced that small businesses would not be able to enroll directly on Oct. 1, as planned, unless they work through an insurance agent. Officials expect the exchanges will be open to small businesses by Nov. 1.

In addition, the Obama administration recently said it is delaying the full implementation of the SHOP program until 2015. In most states where federal officials are running the exchanges or operating them in partnership with the states, small businesses will not be able to provide workers with a choice of health plans as the law intended. Instead, they will be limited to a single SHOP plan next year.

For more information: or 800-318-2596.