

UNDERSTANDING THE EXCHANGE

What You Need to Know Before You Enroll

On October 1, open enrollment in the new health insurance marketplace will begin. The marketplace, or exchange, is an important part of the Affordable Care Act (ACA), designed to simplify the process of shopping for and buying health insurance and applying for assistance. The National Association of Insurance Commissioners (NAIC) offers this guide to help consumers understand the exchange and explain how it can help them find affordable coverage.

Basics of the Exchange

One of the more visible components of the ACA is the new health insurance marketplaces, or exchanges. These online portals ask consumers to enter information about themselves and select the level of coverage they desire to receive a list of plans they can purchase. Open enrollment begins October 1, 2013 and ends March 31, 2014. Plans purchased on the exchanges become effective January 1, 2014.

Each state had the option of running its own exchange, partnering with the federal government or having the federal government run its exchange entirely. Regardless of who runs it, you can find a link to your state's official exchange at healthcare.gov. Bogus websites that purport to be part of the exchanges have been appearing online for more than a year, so beware of scam websites that claim you can receive subsidies and purchase a qualified policy before October 1. For more information on scams related to health care reform, check out this consumer alert.

You can purchase coverage through the marketplace by mail or in-person. Paper applications will be available to download once the exchange opens.

Coverage Options

Plans sold in the new marketplace fall into one of four categories: bronze, silver, gold or platinum. Insurers who participate in the exchange must offer at least one silver and one gold plan.

The different categories represent what an average enrollee would pay out-of-pocket when he/she receives care. If you purchase a bronze plan, you will have to pay a higher portion of the total cost of the care you receive than you would if you had a gold plan. While bronze plans will have lower premiums, they will have higher deductibles, co-pays and coinsurance levels that will increase your costs if you need medical care. The levels of payment are:

- Bronze: the plan pays, on average, 60%; consumer pays 40%
- Silver: the plan pays, on average, 70%; consumer pays 30%
- Gold: the plan pays, on average, 80%; consumer pays 20%
- Platinum: the plan pays, on average, 90%; consumer pays 10%

All plans must cover 10 essential health benefits (EHBs): outpatient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; preventive and wellness services and chronic disease management; and pediatric services. Your state may require plans to offer additional benefits on top of the EHB.

The exchanges will also offer catastrophic plans. Like the name suggests, these plans will only cover you if you require extensive care. Catastrophic plans are available for individuals under 30 years old or for those with very low incomes who cannot afford other plans. For more information on catastrophic plans, click here.

Navigating the Exchange

To assist consumers with understanding the complexities of the plans, the ACA included a provision that created "navigators." A navigator can be an individual or an organization, and they are trained to help you learn about the available choices and guide you through the application process once open enrollment begins. While the actual names for navigators may vary by state, each state will have some form of assistance available.

Application counselors and in-person assisters will also be able to help you through the application process. Neither a navigator nor the assisters are licensed insurance agents. They cannot recommend a specific insurance plan or sell you insurance.

Your insurance agent or broker will be trained to help you find the right plan as well. They can recommend a specific plan, but they may only be allowed to sell plans from a particular company if they have a contract with that insurer.

Rates on the Exchange

Many state insurance departments have released tentative prices for plans being sold on their state's exchange. To see if your state has posted its exchange rates, visit your state insurance department's website.

Exact rates for the exchange will vary from person to person, as they are based upon age, family size and geographic location. In addition, some people may qualify for subsidies based on their income. These subsidies are considered a tax credit, but they will be applied to your monthly premiums. You can get an estimate of how much you could spend on health insurance using this subsidy calculator from the Kaiser Family Foundation.

More Information

If you have questions about the health insurance marketplace in your state, contact your state insurance department. For more information on the NAIC's activity on health care reform, visit the Healthcare Reform Special Section. You can find more information on the ACA on the HHS website.

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About the NAIC

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The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC staff supports these efforts and represents the collective views of state regulators domestically and internationally. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S. For consumer information, visit insureUonline.org.