

# ACA Update: Premium Pricing Points

*By Emily McKinley, Health Information Specialist*

If you are a follower of Family Voices' ACA Update, you know the Health Insurance Marketplace (also known as the "Exchange") will be opening in October for consumers to shop and purchase health insurance coverage to begin in January. Unless you've been in enjoying an extended foreign vacation, you've probably also heard enough conflicting rhetoric about "Obamacare" and premium costs to make your head spin. In fact, a recent report (July 18, 2013) released by the Indiana Department of Insurance led with "As a result of the federal Affordable Care Act, individual health insurance rates in Indiana will increase by an average of 72% in 2014..." The media ran wild with the headline leaving many dazed and confused. Obamacare was supposed to help, right?

Well, there is good news and bad news. Here is the bad news: Yes, it is likely that many people, especially young, healthy men, purchasing insurance on the Marketplace will see a premium sticker price increase.

The good news? Shopping on the marketplace is a bit like shopping for a car. The sticker price is only one small piece of the puzzle. No, you will not be engaging in negotiation with a sales manager for your premium pricing, but simply seeing dollars when looking at premium pricing does not take into account the tax credits, cost sharing reductions, and increased benefits of this premium.

Let's start with the basics. What does the premium pay for?

- Insurance coverage. For many followers of this update, that is enough. Many families in Indiana have had to cope with the unbelievable costs of health care without adequate or any health insurance simply because of pre-existing conditions. Those families who sought coverage under Indiana's high-risk pool paid exorbitant monthly premiums. Now, no one will be excluded from coverage. Additionally, annual and lifetime coverage limits will be eliminated, and there will be limits on out of pocket expenses (\$6,250 for an individual and \$12,500 per family per plan year).
- Preventative care, without cost-sharing. Now premiums are applied to the costs of preventative care and recommended screenings, including immunizations, well-woman visits, contraceptives, cancer screenings, tobacco screenings and cessation services, mental health and domestic

violence screenings and interventions, and many others. For a complete list, please visit: <https://www.healthcare.gov/what-are-my-preventive-care-benefits/#part=1>. Preventative care coverage will no longer require co-pays or be contingent upon meeting a deductible.

- Coverage of essential health benefits. Previously, many insurers on the individual market failed to cover or adequately cover many of the newly established essential health benefits, including maternity and newborn care, rehabilitative and habilitative services, mental health and substance abuse disorders, and [others](#). Yet the populations that will benefit most from these added benefits are the same that were already charged more for basic coverage based upon gender and pre-existing conditions. So, the premium disparities and discrimination will no longer exist.
- Better coverage. While the ACA has left a lot to interpretation, it does require insurers to provide a certain level of coverage. This is accomplished by requiring out of pocket limits and establishing the actuarial value of plans (platinum, gold, silver, and bronze), all of which must cover a certain percentage of total health care costs after premiums have been paid. Bronze plans, which are those with the lowest actuarial value allowable outside of catastrophic plans, will cover 60% of health care expenses. Previously, many insured individuals had inadequate insurance, leaving the insured with astronomical and altogether unaffordable health care expenses.

We know what premiums cover, now what about the sticker shock? Will most Indiana residents really be paying 72% more in premium costs? Without the Marketplace up and running, it is hard to know exactly what Hoosiers will pay for health insurance. That said, this statistic does not factor in the increased value of insurance, which was addressed above, or the tax credits and cost-sharing reductions that will affect the ultimate price of insurance.

Individuals and families whose income is between 100% and 400% federal poverty levels (\$11,490-45,960 for an individual, \$23,550-94,200 for a family of four) and who will be shopping for insurance on the Marketplace will be eligible for premium tax credits. The consumer can decide whether to reap the tax credit when income taxes are filed or as a credit directly issued to the insurer.

Additionally, individuals and families whose income falls at or below 250% FPL (\$28,725 for an individual, \$58,875 for a family of four) will be eligible for cost-sharing reductions. Those eligible for this subsidy can take advantage of it by purchasing a silver-rated (or higher) plan. Those nearest federal poverty levels will have 94% of covered health care expenses paid for by their insurance plan, tax credits and cost-sharing reductions, which results not only in savings with regard to premiums but also extended protections in the event of more complex illnesses. The Center on Budget and Policy Priorities outlines the cost-sharing reductions and premium tax credits in greater detail [here](#).

If you would like more details about premium pricing for your family, try the Kaiser Family Foundation's subsidy [calculator](#), which will calculate whether your family qualifies for tax credits and/or subsidies and how both may affect your premiums. You may end up with sticker shock--this time, the good kind.

If you have questions or would like assistance navigating the ACA or any part of your special needs health care journey, please contact Family Voices at [info@fvindiana.org](mailto:info@fvindiana.org) or 317.944.8982.