

# Health Insurance Decision-Making Guide

presented by Bob Hopper Insurance Services



**We'll help you locate the health plan that offers the best value for your needs and budget**

## The Essence of Healthcare Reform = GI + IM + S

It all started with The Affordable Care Act (ACA) or ObamaCare signed into law on March 23, 2010. Three features define the essence of this legislation:

### ✓ **GI or Guaranteed Issue**

Denying coverage based upon medical conditions was the most compelling reason for healthcare reform. This led to the great "Trade-off:" Insurance companies would accept everyone regardless of pre-existing conditions (aka, "Guaranteed Issue"), if everyone were required to have health insurance (aka, "Individual Mandate").

### ✓ **IM or Individual Mandate**

Every legal resident will be required to have health insurance or face fines from the IRS. Requiring people to get health insurance coverage could create financial problems for lower and even moderate income households. This created a need for subsidies.

### ✓ **S or Subsidies**

There are two types of subsidies under the new healthcare law – "premium" and "coverage."

"Premium subsidies" are designed to make insurance affordable for lower and moderate income individuals and families. If the premium is greater than 9.5% of adjusted gross income, the individual/family is eligible for a premium subsidy.

"Coverage subsidies" reduce deductibles, co-pays, and out-of-pocket maximums for those in the lowest income levels as outlined in the chart on page 2.

In order to receive a premium or coverage subsidy, individuals/families must buy their health insurance coverage through a new marketplace or exchange called, **Covered California** ([www.coveredCA.com](http://www.coveredCA.com)). This California marketplace is linked to a variety of Federal agencies, such as the IRS, that are responsible for premium subsidy administration.

## You have three options to secure health insurance:

1. **Employer-sponsored group health plan** (Traditional).
2. **Directly from insurance company** (Traditional) - For people who do not get subsidies.
3. **Covered California** (New) - While anyone can get coverage through the exchange, it is designed primarily for people who qualify for subsidies or Medi-Cal.

# It all starts with two questions to ask yourself...

## 1 Do I have a grandfathered health plan?

If you had your current health plan prior to the passing of healthcare reform legislation on March 23, 2010, then it is grandfathered and you can keep that plan.

\_\_\_\_\_ Before 3-23-2010 = grandfathered plan

\_\_\_\_\_ After 3-23-2010 = non-grandfathered plan

## 2 Do I qualify for subsidies?

Locate your household income level in the charts below to determine if you qualify for a premium and/or a coverage subsidy.

### \_\_\_\_\_ Do I qualify for a premium subsidy?

Premium subsidies, or “advanced premium tax credits,” are paid directly to insurance companies on a monthly basis. The policyholder pays the remaining amount of the premium directly to the insurance company.

| Household size | Medi-Cal Eligible |          | Eligible for Premium Subsidy |          |          |          |
|----------------|-------------------|----------|------------------------------|----------|----------|----------|
|                | 100% FPL          | 138% FPL | 150% FPL                     | 200% FPL | 300% FPL | 400% FPL |
| 1              | \$11,490          | \$15,856 | \$17,235                     | \$22,980 | \$34,470 | \$45,960 |
| 2              | 15,510            | 21,403   | 23,265                       | 31,020   | 46,530   | 62,040   |
| 3              | 19,530            | 26,951   | 29,295                       | 39,060   | 58,590   | 78,120   |
| 4              | 23,550            | 32,499   | 35,325                       | 41,100   | 70,650   | 94,200   |
| 5              | 27,570            | 38,047   | 41,355                       | 55,140   | 82,710   | 110,280  |

FPL = Federal Poverty Level

### \_\_\_\_\_ Do I qualify for a coverage subsidy?

Coverage subsidies, such as very low co-pays, make it more affordable to access health care services at the time of service.

| Household size | Eligible for Coverage Subsidy |          |          |          |
|----------------|-------------------------------|----------|----------|----------|
|                | 138% FPL                      | 150% FPL | 200% FPL | 250% FPL |
| 1              | \$15,856                      | \$17,235 | \$22,980 | \$28,725 |
| 2              | 21,403                        | 23,265   | 31,020   | \$38,775 |
| 3              | 26,951                        | 29,295   | 39,060   | \$48,825 |
| 4              | 32,499                        | 35,325   | 41,100   | \$58,875 |
| 5              | 38,047                        | 41,355   | 55,140   | \$68,925 |

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## Where should you SHOP for your health insurance coverage?

**Step 1** – Start in the left column and choose either, Grandfathered or Non-Grandfathered/No Health Plan based on your previous answer.

**Step 2** – Look along the top row and choose either Eligible for Subsidy or No Subsidy, again based on your previous answer. Subsidy could be either premium or coverage or both.

**RESULT** – Look to where the row and column intersect. In priority order, these are the best places for you to get health insurance.

|   | Eligible for Subsidy  | No Subsidy  |
|---|---|---|
| Grandfathered                             | <ol style="list-style-type: none"> <li>1. Keep plan if best value</li> <li>2. New plan on exchange</li> </ol> | <ol style="list-style-type: none"> <li>1. Keep plan</li> <li>2. New plan off exchange</li> <li>3. New plan on exchange</li> </ol> |
| Non-Grandfathered<br>OR<br>No Health Plan | <ol style="list-style-type: none"> <li>1. New plan on Exchange</li> </ol>                                     | <ol style="list-style-type: none"> <li>1. New plan off exchange</li> <li>2. New plan on exchange</li> </ol>                       |

### In General:

- ✓ **If you are eligible for subsidies**, you will likely get new coverage on the State Marketplace or Exchange. Subsidies are only available when you go through the new insurance exchange or marketplace.
- ✓ **If you don't qualify for subsidies**, you will probably want to get your insurance in the traditional way: directly from the insurance company.
- ✓ **If you have Grandfathered plan**, you will most likely want to keep it. In many cases, your Grandfathered plan will have lower premiums, deductibles and out of pocket maximums than the new plans. Additionally, the physician and hospital networks will be larger than for the new health plans.
- ✓ **If you have a Non-Grandfathered health plan** with an insurance company, they will change your current plan to a new Affordable Care Act-compliant plan that will go into effect on January 1, 2014. Unless you qualify for subsidies, you can keep this new plan, or choose an alternative plan offered by the insurance company.
- ✓ **You benefit by using an insurance agent.** Insurance agents are licensed to work on the new exchange as well as working directly with insurance companies. There is no cost to you to have an agent. This person can help you find the best plans, and in the future provide ongoing service to handle claims and billing problems and to guide future decisions on health plans.

## Which “Metal” plan provides the features you need?

As of January 1, 2014, old health plans are now being replaced with a new set of health plans.

The new plans fall into four “metal” categories or tiers: Platinum, Gold, Silver and Bronze. In addition there will be two special plans: a Bronze HSA Plan and a Catastrophic plan for individuals under 30 years of age.

### “Actuarial Value” – a new term you need to understand!

The “Actuarial Value” represents the percentage of medical bills that are paid by the insurance coverage.

- **Platinum plans** offer the richest benefits and will pay on average around 90% of medical bills. A Platinum plan will also have the highest premium.
- **Bronze plans** will pay around 60% of the medical bills and will be the most affordable.
- **Gold and Silver plans** fall somewhere in between Platinum and Bronze plans.

|                        | THE METAL PLANS |            |            |                           |                            |                             |
|------------------------|-----------------|------------|------------|---------------------------|----------------------------|-----------------------------|
|                        | PLATINUM        | GOLD       | SILVER     | BRONZE                    | BRONZE HSA                 | Catastrophic (under 30 yrs) |
| <b>Actuarial Value</b> | 90%             | 80%        | 70%        | 60%                       | 60%                        | 60%                         |
| <b>Premium</b>         | \$\$\$\$        | \$\$\$     | \$\$       | \$                        | \$                         | \$                          |
| <b>Deductible</b>      | \$0             | \$0        | \$2,000    | \$5,000<br>(Medical + Rx) | \$4,500 Ind<br>\$9,000 Fam | \$6,350                     |
| <b>Cost-sharing</b>    | 10%             | 20%        | 20%        | 30%                       | 40%                        | 0%                          |
| <b>Max OOP IND</b>     | \$4,000         | \$6,350    | \$6,350    | \$6,350                   | \$6,350                    | \$6,350                     |
| <b>Family (2+)</b>     | \$8,000         | \$12,700   | \$12,700   | \$12,700                  | \$12,700                   | \$6,350                     |
| <b>Preventive</b>      | \$0             | \$0        | \$0        | \$0                       | \$0                        | \$0                         |
| <b>Office copay</b>    | \$20/40/40      | \$30/50/60 | \$45/65/90 | \$60<br>(3 visits)        | 40%>Ded                    | \$0/\$0 (3)                 |
| <b>Lab</b>             | \$20            | \$30       | \$45       | 30%>Ded                   | 40%>Ded                    | 0%                          |
| <b>X-ray</b>           | \$40            | \$50       | \$65       | 30%>Ded                   | 40%>Ded                    | 0%                          |
| <b>Emergency</b>       | \$150           | \$250      | \$250      | \$300>Ded                 | 40%>Ded                    | 0%                          |
| <b>Generic RX</b>      | \$5             | \$19       | \$19       | \$19>Ded                  | 40%>Ded                    | 0%                          |
| <b>Brand RX</b>        | \$15/25         | \$50/70    | \$50/70    | \$50/75>Ded               | 40%>Ded                    | 0%                          |
| <b>Brand deduct.</b>   | \$0             | \$0        | \$250      | \$5,000 Ded               | 40%>Ded                    | 0%                          |

## If you qualify for a “coverage” subsidy, what will the plan features be?

If you qualify for a *coverage* subsidy, you will be eligible to get one of the Enhanced Silver plans (i.e. Silver 94, Silver 87, or Silver 73), which offer coverage subsidies in the form of reduced deductibles, copays, and out-of-pocket maximums. Additionally, you will also receive a *premium* subsidy. This is a tremendous value.

**Bottom Line: If you qualify for one of the plans below - Take the Plan!**

|                        | THE ENHANCED SILVER PLANS |              |              |              |
|------------------------|---------------------------|--------------|--------------|--------------|
|                        | Silver                    | Silver 94    | Silver 87    | Silver 73    |
|                        |                           | 138-150% FPL | 150-200% FPL | 200-250% FPL |
| <b>Actuarial Value</b> | 70%                       | 94%          | 87%          | 73%          |
| <b>Deductible</b>      | \$2,000                   | \$0          | \$500        | \$1,500      |
| <b>Coinsurance</b>     | 20%                       | 10%          | 15%          | 20%          |
| <b>Max OOP</b>         | \$6,350                   | \$2,250      | \$2,250      | \$5,200      |
| <b>Preventive</b>      | \$0                       | \$0          | \$0          | \$0          |
| <b>Office copay</b>    | \$45/65/90                | \$3/5/6      | \$15/20/30   | \$40/50/80   |
| <b>Lab</b>             | \$45                      | \$3          | \$15         | \$40         |
| <b>X-ray</b>           | \$65                      | \$5          | \$20         | \$50         |
| <b>Emergency</b>       | \$250                     | \$25         | \$75         | \$250        |
| <b>Generic RX</b>      | \$19                      | \$3          | \$5          | \$19         |
| <b>Brand RX</b>        | \$50/70                   | \$5/10       | \$15/25      | \$30/50      |
| <b>Brand deduct.</b>   | \$250                     | \$0          | \$50         | \$250        |

FPL = Federal Poverty Level

### KEY TERMS TO UNDERSTAND

- **Deductible (Ded):** Amount you pay before insurance pays anything. The three choices of deductible—\$0, \$2,000, and \$5,000—account for major differences in AV and premium.
- **Office Copays** are not subject to deductible; copay is fee you pay at time of service. \$45/\$60/\$90 = \$45 for primary care, \$60 for specialist and \$90 for urgent care.
- **Cost sharing** for larger medical bills: after deductible, insurance pays portion of bill (e.g., 80%) and you pay portion of bill (20%). You stop paying when you meet the out-of-pocket maximum.
- **Max OOP = Maximum out-of-pocket;** this is the most you will pay during a calendar year for medical expenses (and includes the deductible).
- **Brand RX;** brand name drugs subject to separate deductible. Lower cost/higher cost drugs

## Which “Metal” plan is best for you?

The following questions will help to guide you in determining the best “metal” plan for you. As you answer these questions please refer to, “The Metal Plans” chart found earlier in this Guide for plan details.

### What is the highest deductible that feels comfortable for you?

\_\_\_\_\_ \$0    \_\_\_\_\_ \$2000    \_\_\_\_\_ \$5000

- Choosing a higher deductible will help keep premiums lower.
- Except for the Platinum plan with a maximum out-of-pocket of \$4,000, all other levels—Gold, Silver and Bronze—will have an out-of-pocket maximum of \$6,350.
- Again, choose a Metal plan or tier that feels most comfortable for you, e.g. platinum, gold silver or bronze.

### How important are doctor copays?

\_\_\_\_\_ important    \_\_\_\_\_ somewhat important    \_\_\_\_\_ not important

- Choosing higher copays will help keep your premiums lower
- When you go to an in-network physician, the office visit copays range from \$25 (Platinum) to \$60 (Bronze) per visit.
- Consider that the average negotiated fee for a family physician is around \$65 to \$75 and for a specialist \$80 to \$100.
- If office visit copays are not important, you might consider the Bronze level plans with three doctor visits copays or the HSA plan with no copays.
- If office visit copays are important, you might review the Silver, Gold or Platinum plans.

### How important are prescription copays?

\_\_\_\_\_ important    \_\_\_\_\_ somewhat important    \_\_\_\_\_ not important

- Choosing higher copays will keep your premiums lower.
- For ongoing medications, generic drugs are quite affordable, often around \$20 to \$40 per month, while brand name drugs often cost around \$100 per month.
- If prescription copays are not important, you might consider the Bronze 60 or the Bronze HSA plans.
- If brand copays are important, look towards the Silver or Gold plans.

### Choose the Metal plan that’s best for you!

Considering a balance of price and benefits, which tier feels most comfortable for you?

|                |                                       |
|----------------|---------------------------------------|
| _____ Platinum | _____ Bronze                          |
| _____ Gold     | _____ Bronze HSA                      |
| _____ Silver   | _____ Catastrophic (under 30 yrs old) |

## Bob's Decision Making Guidelines

Here are some helpful tips that I strongly encourage our clients to consider:

- **If you are looking for the most affordable plans, the Bronze plans meet that standard.**
  - Key Features: A \$5,000 deductible to keep premiums low, an annual exam at no cost, and the first three visits to your primary care doctor for a \$60 copay. All other services are subject to the combined medical and prescription deductible of \$5,000.
- **If you are looking for richer coverage, the Silver plans are for you.**
  - Key Features: a \$2,000 deductible, along with copays for office visits, generic AND brand name drugs. If having lower copays for doctor visits and brand name drugs is important to you, the silver plan is an affordable option.
- **Most people will choose either from the Bronze or Silver plans.**
- **If you have ongoing medical conditions the Gold and Platinum Plans might be a good choice.** This is especially true where annual medical costs are higher than normal.
- **If you are at the lower income levels and qualify for coverage subsidies, the Silver 73, Silver 87, or Silver 94 are often the best value on the market.**
- **Physician and Hospital networks become more important in 2014.**
  - In Santa Barbara, you can choose from two health insurance companies: Blue Shield of California and Anthem Blue Cross. Both are excellent companies and you can't go wrong with either of them.
  - In order to save on premiums, insurance companies have created much smaller physician/hospital networks. Blue Shield and Anthem Blue Cross have somewhat different networks. If doctor choice is important, we can match your doctors to the health plans, or you can go to the insurance company websites, click on, "Find a Provider," and verify that your doctor is on the network.
    - Anthem Blue Cross: [www.Anthem.com/ca](http://www.Anthem.com/ca)
    - Blue Shield of California: [www.BlueShieldCa.com](http://www.BlueShieldCa.com)

To gain a greater understanding of all the changes associated with Healthcare Reform, go to [www.BobHopperInsurance.com](http://www.BobHopperInsurance.com) and click on the bright green banner, "Understanding Health Care Reform."



## Health Insurance Decision-Making Guide - SUMMARY

### America's new healthcare system is here.

My commitment to you is to help you understand the choices you have, both within the health exchange/marketplace and through the traditional health insurance market.

I truly hope this **Health Insurance Decision Making Guide** has been helpful in providing you with answers to ensure that you and your family receive the very best health coverage to fit your situation and budget.

### I will match you with the best health plan.

Now that you've reviewed your health insurance choices, I welcome the opportunity to match you with the best health plan and insurance company with which you are most comfortable, at a premium that fits your budget.

If you are a current client, "thank you." And remember, your current health insurance plan may go through some changes. Now is the time to review your current coverage to ensure you are in the very best plan for you and your family.

For those who are not yet clients, I would be happy to review your situation and come up with solid recommendations. It is my personal goal to make health insurance, "easy and understandable" for all of our clients. I look forward to working with you.



**Bob Hopper** Insurance Services  
Your Trusted Advisors

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**"Making Health Insurance Easy and Understandable for our Clients"**