I’ve heard of Health Insurance Exchanges in the news. What can you tell me about Exchanges?

There’ll soon be a new way to get health insurance – the Health Insurance Marketplace (or Exchange). The Marketplace is being designed to help you find health insurance that fits your budget. Health plans in the new Marketplace will offer comprehensive coverage, from doctors and medications to hospital visits. You can compare all of your insurance options based on price, benefits, quality and other features that may be important to you. Provider networks through Marketplace plans may be limited, so be sure you fully understand the structure and benefits of any plan(s) you consider from the Marketplace. Starting in October 2013, you’ll be able to get information about all of the Marketplace plans available in your area and can enroll yourself via a website, or by calling a toll-free hotline. Coverage purchased from the Marketplace would start in January 2014.

I have a health insurance plan now through my employer and don’t fully understand it. Can you help me?

Insurance and its terms can be confusing for many people. You’ll usually pay a premium every month for health insurance, and you may also have to meet a deductible once each year before the insurance company starts to pay its share. Just as important as the premium cost, is how much you have to pay when you get medical services, so it’s essential to understand four key insurance terms:

- **Deductible** – The amount you will have to pay before your insurance coverage kicks in. Deductibles are typically an annual fixed fee (e.g., you have a $300 deductible and you go to the doctor and your total cost is $350, you pay the first $300 to cover the deductible, and then your insurance starts to pay after your deductible has been met for the year). A deductible may apply to all of the services received or just a portion of them.

- **Coinsurance & Co-payments** – The amounts you pay out-of-pocket for services. Coinsurance is a set percentage amount (e.g., 30% of the total cost) you pay for covered costs after your deductible has been paid. Co-payment is a fixed fee (e.g., $30 for a doctor’s visit) set by your health plan, which is paid at the time of an office visit or prescription refill.

- **Annual Out-of-Pocket Maximum** – Limits the amount of coinsurance you will pay during a plan year and can be inclusive or exclusive of the deductible. It protects you financially should you incur significant health care expenses.

What else should I know about health insurance and the Marketplace?

There are many kinds of health insurance policies offering very different kinds of benefits. Some can limit which doctors, hospitals, or other providers you can use. Health insurance plans contract with networks of hospitals, doctors, pharmacies, and health care providers. Depending on the type of plan/policy you select, your plan may only pay for your care when you get it from a provider in the plan’s network, or you may have to pay a bigger share of the bill.

Your employer’s plan may offer the best value for your situation – be sure you compare networks, deductibles, coinsurance, co-payments and out-of-pocket maximums and that you understand the options.

Health care reform, specifically the Affordable Care Act (ACA)*, consists of a multitude of provisions that will change health insurance for many Americans.

*As ACA is still very new, parts of it may be subject to ongoing interpretation and revision.

Watch for Issue 7 of In a Nutshell – with more information for you about ACA.