

CONSUMER ACTION NEWS

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Affordable Care Act Issue

The basics of Obamacare

By Michelle De Mooy

More than 47 million non-elderly Americans were uninsured in 2012, according to the Kaiser Family Foundation. The Affordable Care Act (ACA)—aka Obamacare—seeks to extend coverage, either through private insurance or Medicaid.

The huge number of people without health insurance and the high cost of medical care created many of the inequities targeted by Obamacare. It was virtually impossible to get coverage on the individual market if the buyer had a pre-existing condition. Many plans excluded ordinary health care needs such as maternity care. With large numbers of people lacking access to primary and preventive care, the nation's emergency rooms became the everyday medical offices for the uninsured.

As the costs of medical care have continued to skyrocket (a visit to the emergency room averages around \$1,265), many uninsured and underinsured people have been unable to pay their medical bills. Health care debt quickly rose to become the number one cause

of bankruptcy in the U.S., while hospitals and insurance companies continued to raise premiums, co-insurance and co-pays for everyone, even the adequately insured, in order to cover their costs.

Because it would have been virtually impossible in the U.S. to adopt a socialized ("single payer") health care system, Congress instead eyed ways to expand public and private

How to apply

1. Visit www.healthcare.gov.
2. Click the "Apply Online" button and choose your state from the drop-down menu.
3. Research and compare health care coverage.
4. Create a Marketplace or state exchange account.
5. Compare cost of plans, plan benefits and covered providers.
6. Automatically learn if you qualify for Medicaid or a subsidy.
7. Complete the application and purchase coverage.

health insurance coverage. Central tenets of the law passed in 2010 are a universal requirement for health care insurance, new policyholder protections, standardized offerings that include preventive care, subsidies for low-income individuals and new competitive health insurance marketplaces. The law does not guarantee access to health care or cap rising health care costs.

Universal requirement

The ACA requires that all Americans have health insurance by 2014, or pay a penalty (the "individual mandate"). You don't need to do anything if you already have coverage through an employer, retiree plan or federal government program such as Medicare or Medicaid. Plans in existence before March 20, 2010, are considered "grandfathered" and may not be required to provide the benefits prescribed by law. Check with your plan provider to see if this applies. If your current plan is substandard, or has been cancelled because it doesn't meet current minimum health care requirements, you can seek a new one on the exchanges.

When you file your 2014 income tax return, you will be required to provide evidence (which your insurer should give you) that you have health insurance.

Under the ACA, insurance companies cannot:

- Drop coverage when you or your child becomes sick;
- Refuse you or your child coverage because of pre-existing conditions;
- Charge you co-pays for wellness or pregnancy visits; or
- Limit the amount of lifetime coverage you receive for "essential" health care benefits. (See "What's in it for you" on page 2 for a list of essential benefits.)

Already, many consumers have responded favorably to the ACA provision that allows many young people to remain on their parents' insurance plan until they turn 26.

Because health insurers under the ACA must spend 80 percent of premiums on medical services rather than on marketing or salaries, many plans have for the past two years been forced to return money to employers and policyholders.

The exchanges

If you do not have coverage, or you cannot afford your employer's coverage, you will be able to buy individual health care insurance through state or federally run online health insurance marketplaces,

See "ACA basics" on page 4

Financial assistance

Health care cost-sharing

By Ruth Susswein

Under the Affordable Care Act (ACA), depending on your income, you may be eligible for help paying your health care costs.

The new health insurance exchanges, whether run by your state or the federal government, provide

Medicare open enrollment

For those age 65 and older, now is also the time (Oct. 15-Dec. 7) to make changes to health care and prescription drug coverage under Medicare for 2014. Check for changes in coverage, co-pays and other plan options with the "Medicare Plan Finder" (www.medicare.gov/find-a-plan/questions/home.aspx), or call 800-MEDICARE (800-633-4227).

access to information to help you determine if you are eligible for a subsidy to help pay monthly insurance premiums and a portion of out-of-pocket costs or if you qualify for Medicaid (the government health insurance program for the poor).

There are several forms of financial assistance:

- Insurance premium tax credits, often referred to as subsidies;
- Cost-sharing reductions for co-payments (co-pays) and deductibles; and
- Medicaid coverage.

Once you provide personal information and complete an application form, the health insurance exchange will calculate if you are eligible for a premium tax credit. Insurance premium tax credits are available on a sliding scale to low- to moderate-income individuals to help reduce the cost of coverage. Generally, you will be expected to pay between 2 percent and 9.5 percent of your

modified adjusted gross income (MAGI) for health insurance. In general, MAGI is your adjusted gross income plus any tax-exempt Social Security, interest or foreign income you have. Subsidies are only available for health insurance that's purchased online through the federal and state exchanges. The

subsidies are paid directly to the insurance company, reducing your own monthly premium payment.

The Kaiser Family Foundation estimates that about half (48%) of people now buying their own insurance would be eligible for a

See "Cost-sharing" on page 3

WEB BONUS

Scammers target consumer confusion around health care reform

Health care reform brings new opportunities for scammers, including fake websites claiming to sell Obamacare policies and elaborate "phishing" schemes designed to steal valuable personal information from the unwary.

Online at: bit.ly/obamacare_scams

When you and your health plan disagree

Appealing your insurer's decision

Under the ACA, the right to appeal private health plan decisions—previously required in many, but not all, states—has been expanded to policyholders nationwide.

Online at: bit.ly/healthcare_appeals

Medical debt installment plans

Many hospitals and physicians are employing the services of companies that offer no- or low-interest payment plans for patients. We point out why medical bill installment plans aren't the best option in every situation.

Online at: bit.ly/payment_plans

Consumer Action

www.consumer-action.org

Consumer Action has been a champion of underrepresented consumers nationwide since 1971. A non-profit 501(c)(3) organization, Consumer Action focuses on financial education that empowers low- and moderate-income and limited-English-speaking consumers to financially prosper.

By providing consumer education materials in multiple languages, a free national hotline and ongoing financial services research, Consumer Action helps consumers assert their rights in the marketplace and make financially savvy choices.

Advice and referral hotline

Submit consumer complaints to our hotline:

hotline@consumer-action.org
(415) 777-9635 or (213) 624-8327
Chinese, English and Spanish spoken

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Affordable Care Act

What's in it for you?

By Ruth Susswein

All Americans and legal immigrants are required to have health insurance as of Jan. 1, 2014.

Those who are uninsured and not eligible for coverage through Medicare, Medicaid, Tricare or an employer (as well as those who can't afford employer-based coverage) can enroll through the new federal or state health insurance exchanges.

While exchanges are government-run, health care coverage is purchased from and provided by private insurance companies.

Plan tiers

Eligible consumers can choose from four tiered health care plans—bronze, silver, gold and platinum—bronze being the least expensive. Monthly insurance premiums are stepped up with each higher tier, but the more you pay in premiums, the lower your out-of-pocket expenses. Out-of-pocket costs include co-payments (the \$20 or \$30 you pay at the time of service) and deductibles (the amount you must pay before insurance kicks in).

After deductibles, bronze plans cover about 60 percent of eligible health care costs; silver plans, about 70 percent; gold, about 80 percent; and platinum, about 90 percent. Most plans have annual out-of-pocket maximums—when you reach the maximum, the plan covers 100 percent of eligible health care costs.

What's covered

Insurance policies must cover “minimum essential benefits” in order to be certified and offered on the exchanges: emergency room care, hospital care, doctor visits, maternity and newborn care, prescription drugs, preventive/wellness care and chronic disease management, mental health and substance abuse treatment, rehabilitative services, pediatric care (includes vision, and sometimes dental) and laboratory services.

Preventive services, such as annual checkups and vaccinations, will be provided for free (no deductible, no co-pay) under all plans.

Other services, such as blood pressure, HIV and diabetes screenings, will be available for free to people in certain age groups or risk categories.

Certain recommended health screenings for women, such as mammograms, will also be covered without a co-payment.

Beyond premiums

When shopping for a plan on the exchanges, look beyond the premiums. Deductibles, co-insurance and out-of-pocket maximums can have a big effect on your overall costs.

A deductible is the amount you pay before your insurance benefits kick in. The average deductible for a silver plan will run about \$2,000 a year, and about \$5,000 a year for a bronze plan, the least expensive insurance option.

Co-insurance is your share of eligible health care costs. For example, if your plan pays 80 percent and you pay 20 percent, your co-insurance is 20 percent of the health care cost.

Out-of-pocket maximums—when you have reached this level of spending, benefits are payable at 100 percent. Office co-pays usually do not count toward this figure.

Help navigating

Although there have been serious technical snags during start-up of the exchanges, help from trained individuals is available via online chat at www.healthcare.gov or by phone at 800-318-2596 (24 hours a day, seven days a week, in up to 150 languages).

Those with the most training, called Navigators, help consumers—at no charge—obtain impartial information about health insurance plans, create a health insurance exchange account, determine subsidy eligibility and apply for coverage. While this varies somewhat between states, in-person assisters and certified application counselors help consumers determine eligibility for public benefits, such as coverage under Medicaid and CHIP (the Children's Health Insurance Program). Some states also allow insurance agents and brokers to help register people for the health insurance exchanges.

These assigned helpers will have identification and will not appear at your door uninvited, except in limited cases where they have been dispatched by trusted local organizations helping with outreach to hard-to-reach communities. New programs often attract fraudsters looking to capitalize on consum-

ers' vulnerabilities, so check IDs and don't invite strangers into your home.

Your insurance payments should be made through the exchange directly to the insurer, not to an assister, counselor or other individual.

What your state offers

State health insurance exchanges are available in 16 states (CA, CO, CT, HI, ID, KY, MA, MD, MN, NM, NV, NY, OR, RI, VT, WA) and Washington, DC. Cost and coverage will vary by state. Each state program has its own name (for example, Covered California and Maryland Health Connection).

Consumers in the remaining states are covered by the federal exchange. The federal exchange is called the Health Insurance Marketplace. By choosing your state at www.healthcare.gov, you will learn where to apply.

Depending on your income, you may be eligible for a tax credit, also called a subsidy, to help offset the cost of monthly insurance premiums, and other cost-sharing reductions to help with co-payments and deductibles. (For details on subsidies, see “Health care cost-sharing” on page 1.)

Comparing options

A key benefit to the new health insurance exchanges is the ability to compare various plans' costs and coverage. It is also where consumers will need to invest the most effort, especially in the early stages of this system. Some state exchanges (CA, MD, OR and RI) are adding search tools to allow direct comparison of doctor, drug and hospital coverage, but most states currently rely on links to insurers' provider directories, which can make the search more cumbersome if insurer listings are not user-friendly.

Consider your prior year's medical expenses (insurance premiums, co-pays, deductibles, co-insurance and prescription drugs) to estimate the medical costs you'll want coverage for in the coming year.

Check to see if your doctors, hospitals or other medical providers are part of network coverage. Some insurance plans will require all health care services to come from in-network providers (except for emergencies), while others will offer out-of-network coverage at a higher cost-share.

All cost and coverage choices should be considered carefully, because once you sign up for a plan, you are locked into that coverage until the next open enrollment period each fall.

Enrollment deadlines

For this first year, open enrollment runs through March 31, 2014. Future open enrollments will run from Oct. 15 through Dec. 7. For health care coverage to start by Jan. 1, 2014, it must be purchased by Dec. 15.

People with certain changes in circumstances, such as those who've lost insurance, have a new family member or have moved to a new state, can enroll when those changes occur. This is called a qualifying life event.

(For a complete list of qualifying life events, visit bit.ly/life_changes.)

Small business, Medicaid and CHIP applicants may enroll at any time. ■



How to pay your health insurance premiums

By Monica Steinisch

The Affordable Care Act (ACA) goes a long way toward making health insurance more affordable for all Americans, in many cases slashing monthly premiums for those who qualify for subsidies. But most consumers purchasing coverage through the health insurance exchanges will have to shoulder part—if not all—of the cost of coverage, which means making monthly premium payments to a private health care plan.

Mandated ways to pay

Federal rules require insurers to accept various forms of payment,

but leave some payment choice to the insurer's discretion. Insurers must accept money orders and cashier's checks (both of which can be expensive and inconvenient), personal checks, electronic funds transfers and prepaid cards. Acceptance of other forms of payment, such as cash and credit cards, is optional.

Electronic funds transfers (EFT), or automated bank account transfers, are one of the easiest payment options for consumers with a checking account and are welcomed by businesses because they're inexpensive and efficient. Consumers can add the insurance account to their

online bill pay system and have the monthly insurance premium automatically debited from their checking account on a pre-determined date every month.

However, recurring bill payments carry potential disadvantages. First, you need to make sure you have enough money in your checking account to cover the automatic payments. An error could be very expensive, triggering multiple overdraft fees.

If you use your bank's online bill pay system, pay close attention to how your payment is being submitted to the insurer.

If the payments are being sent electronically from your bank account, you might be safe having the payment made just 48 or 72 hours before the due date. But if the insurer can only accept a check from your bank, you should allow as much as five business days.

Carefully monitor when your bills are due so that you can change a payment date if necessary.

Consumers also can arrange to have payments taken from their bank account by the insurer. However, this type of "auto debit" can be difficult to change or undo, in some cases requiring notification in writing to both the bank and the insurance company, and then monitoring the account to ensure the change takes place on time.

In an effort to meet the needs of millions of "unbanked" Americans—those who do not have a traditional banking relationship—the Obama administration recently decided that insurers participating in the exchanges must accept

general-purpose reloadable prepaid cards.

Prepaid cards can be used in many of the same ways as a credit card, but since you are using money you have already "loaded" onto the card rather than borrowing, you don't have to have a good credit history to get one. (Learn more about prepaid cards in the 2012 Prepaid Card Survey issue of *Consumer Action News*: bit.ly/CANews_prepaid.) Paying with a prepaid card is significantly more convenient than buying and mailing a cashier's check or money order. If it's a low-fee prepaid card, it could even be less expensive.

At the insurer's discretion

Insurers don't have to accept cash, although individual insurers are free to do so. A system in which you pay your premium in cash at a storefront, such as Western Union or Walmart, for example, could become a reality at some point in the future. *Never mail cash!*

Credit cards are not a required option either, and might not be accepted by the insurance company you choose because of the fee merchants have to pay for every transaction.

While the 16 states that run health insurance exchanges can make their own policies about payment types, they are likely to follow the federal government's lead. That includes accepting recurring prepaid card payments if the federal government decides to adopt such a policy.

Learn more about insurance premium payments on your state's exchange or directly from your health care plan. ■

Cost-sharing

Continued from page 1

tax credit that would offset their premium. Among these, the average subsidy would be \$5,548 per family, which would reduce their premiums for the second-lowest-cost silver plan by an average of 66 percent.

Subsidy eligibility

Individuals earning up to \$45,960 will pay up to 9.5 percent of their income toward health insurance premiums, or up to \$364 a month, with the federal government subsidizing the rest. Lower income brackets would receive a larger subsidy. Uninsured individuals earning up to \$17,000 will pay \$57 a month. Families of four earning up to \$94,200 will be eligible for a subsidy.

The Kaiser Family Foundation calculator (bit.ly/calculate_subsidy) can help you estimate your eligibility for subsidies and how much you could spend on health insurance.

Cost-sharing reductions

Additional assistance may be available to help pay deductibles and co-payments for individuals earning up to \$28,725 and families of four earning up to \$58,875 who purchase a silver plan through the federal Marketplace. Deductibles are the amount you pay for medical costs before health care coverage kicks in, and co-pays are the \$20 or \$30 you pay each time you visit a doctor. Cuts to co-pays and deductibles, called cost-sharing reductions, would be in addition to any insurance premium subsidies you're eligible for.

Spending caps

For people with huge medical bills, new caps on annual out-of-pocket health care costs (deductibles, co-insurance, etc.) will come as a great relief. For others, the level of medical spending they could be responsible for will be shocking: Spending caps are \$6,350 for individuals and \$12,700 for families. (Many individual health insurance policies carried much higher deductibles in the past.) When the out-of-pocket cap is reached, however, the plan pays 100 percent of eligible health care costs.

Medicaid

Some of the nation's working poor (under age 65) will be eligible for health care coverage under an expansion of Medicaid. Individuals earning \$15,800 a year and families of four earning \$32,500 now will qualify for Medicaid coverage in some states.

Twenty-four states and the District of Columbia are taking the federal government up on its offer to fund expanded Medicaid eligibility; 26 states are not. Alarming, the decision not to expand coverage in more than two dozen states still leaves many poor people without coverage. For those who fall within this coverage gap, there will be extra federal funding for community health care centers that provide medical services on a sliding (income) scale.

To find out if your state is expanding Medicaid coverage, visit bit.ly/medicare_expanding and use the "Get State Information" menu.

Penalties

If you don't purchase insurance

next year, you will be required to pay a penalty—either \$95 per adult and \$47.50 per child (up to \$285 per family) or 1 percent of annual household income, whichever is higher. In 2015, the penalty jumps to \$975 per family (\$325 per adult) or 2 percent of household income, and the penalties increase each year by the rate of inflation, to a maximum of 2.5 percent of your income in 2017. You pay the penalty when you file your income tax return.

Insurance must be obtained by January 2014 to avoid the fee, although you are allowed a coverage gap of three months in a year and will be exempt from the fee for the three months without coverage.

Hardship exemptions

Some people will qualify for hardship exemptions, meaning they will neither have to purchase coverage nor pay a penalty. Qualifying reasons for exemption include:

- Unaffordability (if coverage would cost more than 8 percent of income);
- Inability to qualify for Medicaid (since your state did not expand coverage);
- Bankruptcy; and
- Religious objections.

For a full list of hardship exemptions, see www.healthcare.gov/exemptions. ■

Twenty-somethings eligible for 'catastrophic' coverage

Under the Affordable Care Act (ACA), low-cost "catastrophic" policies are available for young people under age 30. Catastrophic plans are designed to protect account holders from very high medical costs—medical catastrophes. These plans come with a high annual deductible of \$6,350 (\$12,700 for a family) before insurance kicks in, but premiums are low—as little as \$50 a month. For people under 30, catastrophic coverage satisfies the health insurance requirement.

Despite the catastrophic label, the plans include three primary care visits per year and preventive care without a co-pay.

The ACA also allows young people to remain on their parents' health care plan until they turn 26. This is true even if the young people are:

- Not living with their parents,
- Not financially dependent on their parents,
- Married,
- Students, or
- Eligible to enroll in their employer's plan.

When choosing to remain on your parents' plan, check that in-network health care providers are conveniently located, because using out-of-network providers can be very costly. ■

A wealth of resources for learning more about Obamacare

Consumer Action's staff found some great resources to help you with the new requirements of the Affordable Care Act (ACA). If you have others to suggest, send them to our editor at editor@consumer-action.org and we'll consider adding them online.

AARP Health Law Answers

AARP offers a customized report on how the Affordable Care Act applies to you—you provide personal information, including age, state, income bracket, number of family members and current health insurance coverage. The website also offers an extensive array of educational fact sheets and videos.

healthlawanswers.org

Spanish:

healthlawanswers.aarp.org/es

Fact sheets in Chinese, Korean, Vietnamese and Tagalog:

bit.ly/health_care_resources_aarp

Asian & Pacific Islander American Health Forum

The APIAHF posts "The Health Care Law and You," a PowerPoint presentation developed by the U.S. Department of Health and Human Services to educate communities about the benefits of the Affordable Care Act.

The presentation, available in Chinese, Korean, Vietnamese, Tagalog, Hindi, Bengali, Hmong, Khmer, Laotian, Samoan and Tongan, was originally translated by the Office of Public Engagement at the Centers for Medicare & Medicaid Services. bit.ly/APIAHF

Health Law Helper

This online tool from Consumer Reports helps narrow down your health insurance options. To customize the report, you provide information about the region you live in, your household and current health insurance coverage.

healthlawhelper.org

Spanish:

www.aseguratusalud.org

Get Covered America

Get Covered (run by non-profit Enroll America) estimates your monthly health insurance costs based on region, household size and income. The site's Help Center offers FAQs (frequently asked questions) that answer basic questions about the ACA and a glossary to navigate legal terms.

getcoveredamerica.org

Spanish:

bit.ly/en_espanol

HealthCare.gov

HealthCare.gov, created by the U.S. Department of Health and Human Services, is designed to help consumers find and compare private insurers' health insurance plans and provide links to state exchanges.

Data showing all of the plans available to people by county or parish is available and downloadable in a variety of formats (www.healthcare.gov/health-plan-information). You don't need to create an online account to access the information.

healthcare.gov

Spanish:

cuidadodesalud.gov/es/

Kaiser Family Foundation

The site's Subsidy Calculator estimates health insurance premiums and subsidies for people purchasing insurance through the new health insurance exchanges.

The site also features answers to questions about the ACA, as well as "one-pagers" explaining how the law will affect specific populations (the uninsured, low-income, those with employer-based coverage, pre-existing conditions, women, etc.).

kff.org/aca-consumer-resources

Spanish video:

bit.ly/KFF_spanish_video

National Association of Insurance Commissioners

The site's special Health Care Reform section provides FAQs for consumers and a brief video about the ACA created by the Kaiser Family Foundation.

bit.ly/naic_health_reform

ValuePenguin.com

The site's health insurance exchange preview tool allows users to compare health plan costs by region and by tier (platinum, gold, silver, bronze, catastrophic). Results, based on the user's household and income, show possible health care providers, estimated monthly costs and subsidies (if eligible).

Its Subsidy Calculator helps consumers determine the amount of subsidies their household may receive.

bit.ly/value_penguin

Subsidy calculator:

bit.ly/subsidy_calculator

WebMD

The site features a short video explaining the ACA, as well as a cost calculator and health insurance plan checklist.

webmd.com/health-insurance

Resources for advocates

The following resources are suggested for community advocates who are seeking to educate others on health care reform.

Centers for Medicare & Medicaid Services (CMS)

The site offers resources for professionals to learn about the ACA's health insurance exchanges in order to help people apply.

marketplace.cms.gov

Spanish:

bit.ly/spanish_materials

ACA forms and reports in Chinese, Navajo, Spanish and Tagalog:

bit.ly/other_resources

Health Insurance Marketplace resources in languages including Arabic, Portuguese, Farsi, French and Korean:

bit.ly/in_language

Families USA

Offers a clearinghouse for information about the health care system and a grassroots network for community health insurance and health care educators, as well as reports and analysis about health care reform.

familiesusa.org

Stand Up for Health Care is a project of Families USA, a national nonprofit, non-partisan organization dedicated to the achievement of high-quality, affordable health care for all Americans.

standupforhealthcare.org

U.S. Dept. of Health and Human Services (HHS)

The HHS' Health Resources and Services Administration (HRSA) offers resources for community-based organizations to educate patients about their new health care options and spur enrollment for the uninsured, isolated or medically vulnerable.

hrsa.gov/affordablecareact

HHS ACA resources in Spanish and for other targeted audiences, including American Indians and Alaska Natives

hhs.gov/iea/acaresources

Young Invincibles

The organization's website FAQ page and informative flow charts explain the impact of the new health laws for people under 35. A smartphone app is also available to help consumers find free and paid health care options. The site's events page lists informational sessions around the country.

health.younginvincibles.org

The Young Person's Guide to Health Insurance

An overview written by U.S. PIRG with twenty-somethings in mind, this downloadable document explains health coverage options and the financial elements involved in purchasing an individual plan.

bit.ly/young_persons

ACA basics

Continued from page 1

or exchanges, that offer a variety of plans. The exchanges are also designed to let individuals know if they qualify for subsidies to pay part or all of their premiums.

In 2015, employers with 50 or more full-time employees will be required to provide health insurance

to their workers or pay a penalty.

While not required to do so, small businesses with fewer than 50 full-time employees can purchase insurance for their workers through a broker or a new small business exchange (SHOP).

Low-income plans

Low-income individuals and families may be eligible for Medicaid, the Children's Health Insurance Program (CHIP), subsidies or other assistance to help with upfront purchase costs. (See "Health care cost-sharing" on page 1.)

An expansion of the Medicaid program under the ACA is intended to address gaps in coverage for many of the working poor without insurance. States are not required to participate, and have until January 2014 to decide. So far, half the states have said they will *not* participate in Medicaid expansion.

Lightning rod

Both before and since its adoption, the ACA has been a political hot potato and a lightning rod for criticism. Its detractors have fought the law in courts and in Congress, so far to little avail. Even some supporters question how it can work if the penalties for not having insurance turn out to be cheaper than insurance itself.

Last year, the Supreme Court upheld a centerpiece of the law—the individual mandate. This fall, federal budget negotiations were blocked by Republican lawmakers who wanted to defund the ACA—their latest tactic to stop its implementation—which resulted in a 16-day federal government shutdown. In the past month, outcry has risen over glitches on the HealthCare.gov website.

At this point, no one can predict with any degree of certainty the long-term success or failure of Obamacare. A reform this sweeping will need time to play out. ■

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