

## ANOTHER YEAR OF SURVIVING OPEN ENROLLMENT CRAZINESS (Barely) - - -

Open enrollment for the Affordable Care Act (ACA), also referred to as Obamacare, does not technically end until 1/31/16. Please see article below for dates. However, the majority of individuals enroll by December 15<sup>th</sup> in order to get coverage for January 1<sup>st</sup>. We saw some major changes in plan designs with Highmark as well as considerable rate increases.

According to an article I read in the PA Insurance Department, market overview section, the ACA helped to lower the rate of uninsured in PA. However, due to many previously uninsured individuals entering the market, insurance carriers underestimated the medical costs of these new enrollees. Consequently, some carriers reportedly paid out more in medical claims than they received in premium payments. A representative at Highmark informed me that last year, they lost approximately 1 million dollars daily in individual business due to the significant medical costs incurred.

With individual health insurance, the insurance carriers file their proposed rates with the PA Department of Insurance in the spring. The Department then approves or revises rate increases and the new rates go into effect in January. Unfortunately, the new rates and plan designs often are not available for review until right before the open enrollment period starts, which adds to the mass confusion and frenzy.

Also, as many of you have experienced, the insurance carriers are often late in sending out new cards, getting you correct information, and revising billing invoices. Hopefully these issues will improve during future open enrollment periods.

## OPEN ENROLLMENT - - -

For Medicare beneficiaries, the open enrollment period always runs from October 15<sup>th</sup> through December 7<sup>th</sup> of every year, and the new plan goes into effect on January 1<sup>st</sup>.

For individuals enrolled in ACA plans, the open enrollment period this year runs from November 1<sup>st</sup> through January 31<sup>st</sup>. However, if you enrolled between November 1<sup>st</sup> and December 15<sup>th</sup>, the effective date of the plan was January 1<sup>st</sup>. January 15, 2016 is the deadline to enroll for plans with an effective date of February 1<sup>st</sup>. January 31<sup>st</sup> is the end of the 2016 open enrollment period, and individuals who enroll between January 16<sup>th</sup> and January 31<sup>st</sup> will be effective on March 1<sup>st</sup>.

After January 31<sup>st</sup>, you can only sign up for individual/family health insurance coverage if you have a qualifying life event. This is referred to as a special enrollment period. Examples of qualifying life events include moving to a different geographic location, losing previous coverage through an employer, getting married, having a baby, experiencing significant changes in income, gaining citizenship status. In these circumstances, individuals have a 60 day period to enroll in coverage. If an individual is offered cobra through an employer, and they elect that cobra, they lose their special enrollment period and have to wait until the next year's open enrollment period to make a change.

## THE AFFORDABLE CARE ACT – IS IT REALLY AFFORDABLE?

Some of you have expressed confusion and concern over the name of the new law due to the large increases in premiums that you are experiencing. The affordability really refers to the subsidies. Subsidies are a key part of the ACA. If you qualify, based on your income, the government offers subsidies to help cover the costs. There are 2 types of subsidies available- some people can qualify for both. To qualify for these subsidies you must fall within a certain percentage of the Federal poverty level.

Advance premium tax credit (also sometimes referred to as a tax subsidy) reduces the amount you pay for your monthly premiums.

Cost sharing subsidies lower your copays, deductibles, and overall out of pocket expenses. To utilize this subsidy, you need to choose a silver plan. The plans are divided according to metal levels- Platinum (90%), Gold (80%), Silver (70%) and Bronze (60%). If you get a cost sharing subsidy, the silver level increases from 70% to a higher percentage depending on the level of the subsidy.

## TAX IMPLICATIONS AND FORMS - - -

Consumers need to reconcile their advance premium tax credits every year while filing their Federal Income taxes. The Federal Marketplace will send a form 1095A to each household who receives a tax credit, reportedly by January 31, 2016. I believe this form specifies who is on the plan, the monthly premium and the amount of the advanced tax credit paid during that period. You need to use this form to complete form 8962, which needs to be submitted with your taxes. If you moved, please be sure to make any necessary changes to your mailing address as soon as possible. Be sure to save a copy of the Form 1095A. Please consult with your accountant or financial specialist to determine how best to file these forms.

Two new forms are reportedly going to be required for individuals who purchase health insurance on their own without a subsidy (Form 1095B) and for individuals who receive health

insurance through employers (Form 1095C)

The IRS website will have specific information on the necessary documentation. Again, please refer to their website and consult with a financial advisor regarding these matters.

## RE-EVALUATE YOUR COVERAGE EVERY YEAR - -

Prior to the ACA, many of you continued with the same health insurance plan for many years, with some increases in premiums, but the plan designs tended to stay the same. This is no longer the case. It is imperative that you review your coverage every year in the following areas:

- How much did my monthly premium increase?
- Did my plan design change – deductibles, copays, out of pocket expenses?
- Are my medications still covered – the formularies (list of covered medications) can change from year to year. This year we saw a significant increase in prescription costs, which did have a bearing on the formulary.
- Do my physicians, hospitals, pharmacies, etc. still participate in the network?
- If you are receive a subsidy from the government, it is very important to update your income and any changes in household from year to year.

Visit my updated website at  
[www.bluepeakinsurance.com](http://www.bluepeakinsurance.com)



**\*\*If you would rather receive the Newsletters via email, please let me know.**

**[nlicksman@bluepeakinsurance.com](mailto:nlicksman@bluepeakinsurance.com)**