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Reaching for hope: Understanding Utah's health care exchange

On Oct. 1, online marketplace opens new doors for Utahns who want to join ranks of insured or change coverage.

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Annie King has been a healer and a teacher for decades, using yoga and massage to relieve chronic pain in her students and clients. Now King herself is in pain, in need of a hip replacement she can't afford.

Uninsured, the Salt Lake City 55-year-old has her eye on Oct. 1, the day the online health insurance marketplaces created by the Affordable Care Act (ACA) are scheduled to open for business.

Utah consumers will be able to log on, compare the costs and benefits of 99 plans, and determine whether they qualify for either public programs or a subsidy to reduce their out-of-pocket costs.

Almost anyone who needs insurance or doesn't have access to affordable or adequate insurance through an employer can buy on the marketplace, no matter how much they earn. New rules won't let providers bar those with pre-existing conditions.

Those who will benefit the most, however, are people earning between 100 percent and 400 percent of the federal poverty level — the only group that can qualify for federal subsidies. In that window, individuals earn between about \$11,000 and \$44,000, and a family of four has an income between \$33,000 and \$92,000.

Under the ACA, nearly all Americans will be required to have insurance by 2014 or pay a tax penalty.

If marketplace plan offerings deliver the affordable options they promise — and her pain is manageable — King may wait until 2014 to have surgery on her right hip.

"I'm hopeful, but I just don't know at this point," said King, who dropped her insurance after monthly premiums jumped above \$800 following a previous surgery on her left hip. "My surgeon says I will be on a walker by then. [I'm] risking damaging my back by waiting."

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How will it work? • Utah will have an exchange system that is unique among the 50 states — a federally run site for individual shoppers and the state's smaller Avenue H for small businesses. Only employees of businesses who join Avenue H can shop there.

Jason Stevenson, of the Utah Health Policy Project, travels across the state explaining the law to the public. He often compares the federal marketplace experience to comparison shopping for cereal.

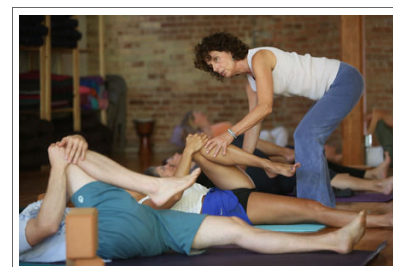
"You're going to have your Cheerios and your oat bran and your bran flakes," Stevenson said. "You'll be able to see the size of each box. And with the tax credits, you'll be able to see which coupons you can apply."

Those subsidies are primarily based on income and family size. The website — healthcare.gov — will tell consumers how much they'll receive, so they can weigh what plans they can afford.

The plans are divided into bronze, silver, gold and platinum categories, with bronze being the least expensive with the fewest benefits, Stevenson explained. At each level, consumers should be able to compare offerings side by side.

Under the ACA, even basic insurance plans are required to offer so-called essential health benefits, which cover illnesses and conditions such as mental health and maternity care. Insurers may have previously offered such benefits in a limited form or at times not at all in less expensive plans.

Subsidies will kick in when consumers with qualifying incomes choose a silver plan or higher. A recent study by the Kaiser Family Foundation estimated most families should get a tax credit of about \$5,548.



Francisco Kjolseth | The Salt Lake Tribune Annie King, a 55-year-old yoga teacher and CranioSacral therapist in Salt Lake City who needs a hip replacement, teaches her last class at Avenues Yoga before a possible surgery. King may wait until after she can buy insurance through the marketplace. Currently she has no insurance and if she wants or needs to get the surgery before 2014 she will need \$14,800 in cash to pay the hospital upfront.

The prices of Utah's plans are expected to be released by mid-September. An initial analysis from the state insurance department shows, however, that on the low end, the offered silver plans will cost \$162 a month for a 27-year-old living in Salt Lake County. For a family with 40-something parents of three or more children under age 21, monthly costs could range from \$623 to \$978.

About 270,000 of Utah's approximately 360,000 uninsured will benefit the most from using the exchange; federal health officials estimate 93 percent of them will qualify for subsidies.

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Who will be shopping? • The majority of Utah's uninsured are working adults and families with low incomes who don't qualify for public programs such as Medicaid.

The exchange creates an opportunity that didn't previously exist for those living just above the poverty line, said Lincoln Nehring, a health-care policy analyst for the advocacy group Voices for Utah Children.

"Families who have not had the offer of employer-sponsored insurance coverage have historically had no recourse," Nehring said. The exchange gives them "an option for finding a comprehensive health plan that will cover the care they need and also provides them with tools that will help make the coverage affordable ... which is totally new."

Utahns who already have access to coverage at work generally won't be able to use the marketplace — unless their employer provides a plan that doesn't meet the minimum standards of the ACA (sometimes called a "skinny plan") or if the cost will top more than 9.5 percent of a worker's income, Stevenson said.

However, someone covered by workplace insurance can tap the exchange to buy coverage for others in the family — if that's a less expensive option.

Just what the federally run marketplace will look like isn't known. The site is expected to go live Oct. 1.

Utah consumers can, however, log on now and create an account to get a head start, Stevenson said.

Those who answer a few initial screening questions will also be told what documents they will need to buy insurance, including Social Security numbers and information about taxes, income or employers for every person in the household who needs coverage.

The approach may not be as confusing or overwhelming as it may sound.

"Consumers have generally been fairly happy" with a similar Massachusetts marketplace, used since a 2006 health-reform law mandated insurance coverage for Bay State residents, said Amanda Starc, an assistant professor of health care management at the University of Pennsylvania's Wharton School of Business.

"Over 85 percent of consumers are purchasing their plans on the Web," said Starc, who notes federal officials used the Massachusetts site as a template.

In most cases, consumers appear to find the site easy to use and spend only about 20 minutes on it before making their choice, she said.

Four Utah groups, awarded a combined \$806,000 in federal funds, will serve as "navigators," helping the public understand marketplace options. UHPP and its partners, the Association of Utah Community Health Centers and the United Way's 211 community help line, are building a network of some 50 agencies to work with Utah's low income families.

"Navigators will be key," Starc said. People "may not have been covered before. They will maybe have different levels of financial literacy and even for the average consumer, if you start throwing around [insurance industry] words that they don't know the definition of, it can be confusing."

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Decision time • Despite King's annual income of more than \$50,000, the cost of the surgery she needs is out of reach without insurance — even at the \$14,800 cash-in-advance price she's been quoted by one hospital.

Her income is dropping; she's stopped teaching yoga and has cut back on therapy for clients because she's in so much pain. Born with a congenital hip problem, she needs surgery to replace her right hip and ease a chronic disc misalignment in her spine. The conditions threaten to damage her knee and ultimately her ability to walk.

King said she's considered two marriage offers from friends who proposed as a means of getting her surgery covered. She's thought about traveling to Bangladesh for surgery, but fears what might happen if she experienced medical complications far from home.

She's eager to see what choices she will have come October, including whether she'll qualify for a subsidy and whether "affordable" as defined under the law is truly affordable for her.

In the meantime, she has reluctantly agreed to let her friends launch a fundraising campaign.

"I've never asked for help. I've always worked," King said. "But this is the situation: Is it better to wait and possibly damage my body even more? I don't know. I'm just going to have to wait and see what my options are."

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What do you want to know about the Affordable Care Act?

Help shape our coverage by sending an email to healthreform@sltrib.com.

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ACA series

This is the first in a series of stories about the Affordable Care Act and its impact on Utahns.

Next week • How can consumers make the right decision when selecting a health insurance policy?

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