

# The Washington Post

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## A self-employed woman decides she's not ready to buy yet on the health exchanges

**By Christie Aschwanden, Published:  
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Like many self-employed people, I'm waiting to purchase a health plan on the new online exchanges, and it's not just because of the problems with the Web sites. I need a new policy Jan. 1 — the date my insurer will drop my plan because it doesn't comply with the Affordable Care Act. (Among other things, the deductible is too high and it doesn't offer maternity benefits.) I have until Dec. 15 to enroll. Since the first premium is due upon purchase, I see no reason to sign up yet.

My husband, a winemaker and ski coach, and I have purchased our own health insurance for the past 15 years, and despite our good health, our premiums have risen every year. At renewal time this year, premiums shot up 40 percent, so once again we switched to a plan with less coverage. Given our trajectory — higher prices and less insurance every year — I was pleased to see that the new health law mandates a minimum level of coverage and eliminates lifetime caps and exclusions for preexisting conditions. These changes protect us from financial ruin in a way our previous plans didn't.

But my enthusiasm waned when I logged on to my state (Colorado) exchange site and discovered that the cheapest available plan for my husband and me — a couple in our 40s — costs \$300 more per month than our current one.

Why? Because we're getting more complete coverage, [a lower deductible and fewer out-of-pocket expenses, as mandated by the health law](#).

We're not the only ones facing sticker shock. Even for plans that offer similar benefits, young people who buy insurance directly rather than through their employer may see an increase in premiums to make up for the ceiling the law places on premiums for older folks, says Karen Pollitz, a senior fellow at the Kaiser Family Foundation. Under the law, older people can be charged no more than three times as much as other policyholders. "Before, an older person might pay six or seven times more than a younger person," Pollitz says.

And because the law bars extra charges for those with health problems, it also eliminates the reductions that healthy people previously got. The result? We all move toward the middle, which should make prices less erratic, Pollitz says. "The volatility from year to year that people have experienced in the individual market will go away. You won't see your premium jump at renewal every time."

These changes will benefit us when we're older (or, God forbid, less healthy), but right now we're facing a minimum monthly premium of nearly \$700 — a scary prospect given the herky-jerky nature of freelance income.

Subsidies can help pay for these premiums — if our modified adjusted gross income (MAGI) comes in below 400 percent of the federal poverty level. For a couple, that works out to \$62,000. Our MAGI isn't the same as our gross income: It's our gross minus the self-employment taxes and self-employed health-insurance deductions that we take on our federal taxes. We aim to earn more than \$62,000, but it's hard for my husband and me to predict where our numbers will end up. If our MAGI is \$62,000, we get no subsidy, but if our income amounts to \$60,000, we could get up to \$2,893 in subsidies.

So what income number should I use when signing up?

“You'll just basically have to pick a number,” says Jason Stevenson, education and communications director at the Utah Health Policy Project. If we use a number that qualifies us for subsidies, we'll make smaller premium payments each month, Stevenson says, and we can update our predicted income as often as necessary to ensure that the number reflects reality. If we underestimate how much we'll earn, we'll have to repay the extra subsidy at tax time, Stevenson says. But there's a limit to how much we would need to return. If our income ends up being 400 percent or more above the poverty line, we'd have to give back the full amount. If it ends up being over 300 percent but under 400 percent, [the maximum we'd need to return is \\$2,500](#).

At the Colorado exchange, I was surprised to discover that premiums for the lowest-priced plan in Boulder or Denver are 40 percent lower than the cheapest option available to us in our rural Zip code. People in Aspen, meanwhile, face premiums more than twice as expensive as Boulder's.

These price differences have nothing to do with the health law, says Vincent Plymell, communications manager at the Colorado Division of Insurance. Insurers have always set premiums based on utilization rates and the cost of providing services in a given area, Plymell says. “The thing that's new here is the transparency.”

Our accountant suggests a plan that allows us to pay health-care costs with pre-tax income. A silver plan makes sense for those needing regular doctor visits or drugs; if we have a bad accident or illness, a bronze plan will probably end up costing more than a silver one, says Leesa Tori, a health-care consultant in Evanston, Ill. Given our good health, I'm inclined to go for bronze, which comes with lower premiums but higher out-of-pocket costs. But I intend to take my time deciding.

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