

## COVERED CALIFORNIA FREQUENTLY ASKED QUESTIONS

### Transitions, Conversions, and Cancellations for Health Plans That Do Not Meet Affordable Care Act Requirements

#### GENERAL QUESTIONS

- **Why is my plan being cancelled?**

Under state law, most health insurance plans must change in 2014 to meet new standards under the Affordable Care Act. These changes include the requirement to cover 10 essential health benefits in all plans, to guarantee coverage to anyone even if they have a pre-existing condition, and to limit the practice of charging consumers more because they are sick. The exception to this requirement is for “grandfathered” plans (see below).

- **My new premiums are way too high. Why is that?**

No one wants to see their health insurance rates go up. The Affordable Care Act (ACA) drastically reforms the health care system – most consumers are seeing lower prices, but some are seeing their premiums go up. Many of these reforms begin January 1, 2014, and require all health plans in the individual market to:

- cover 10 essential health benefits;
- offer coverage to anyone, regardless of pre-existing illness or diagnosis;
- never impose life-time benefit caps;
- charge premiums based on age and region, not how sick you are;

Old plans may have been cheaper in part because they did not meet these basic requirements.

Another key change is that, starting in 2014, health insurance companies must consider all consumers equally, and will not be allowed to separate out the “healthier” individuals. On the whole, this is an important change to ensure a health care system where we are all in it together, and risk is broadly shared by all. However, consumers who had been in a health insurance plan that was made up of unusually healthy or younger people are likely facing increases as a result of this change. On the other hand, consumers who were stuck in a health insurance plan made up of consumers who use more services than the average consumer may now be seeing prices lower than they would have seen without this change.

Remember also, when weighing the cost of the plan, the “sticker price” of the premium is important, but the out of pocket costs, deductibles, and co-insurance are important too. (See Comparing Plans below.)

- **What is a grandfathered plan and what is a non-grandfathered plan? Also, I think I have been in my plan since 2010 or earlier – why isn't it grandfathered?**

Health insurance plans that have been in effect since March 23, 2010 (the date the Affordable Care Act was signed) are “grandfathered” and are exempt from the new requirements, as long as they have not been substantially changed. As a result, consumers who have been enrolled in these plans since March 23, 2010 are not receiving cancellation notices due to the new requirements. However, health insurance companies frequently change the design of their products – cancelling an old “model” of coverage and switching consumers to a new product. In some cases, a consumer could still be with the same insurance company (e.g. Blue Shield, Kaiser, or Sharp), but have been transitioned into a new product (e.g. HMO 5000 plan), and as a result, that consumer is no longer in a grandfathered plan even though they have been with the same insurance company since 2010. Likewise, if the health insurance company made substantial changes to the coverage that a consumer had since 2010, then the product may no longer be grandfathered. As a result, some consumers who had coverage in 2010 with the same insurance company are now being told that they must find a new health insurance product that meets the new requirements.

- **Did Covered California require my health insurance company to cancel my plan?**

Covered California required all the qualified health plans that it contracts with to offer only compliant plans beginning January 1, 2014. Regardless of Covered California's contract with plans, under state law, all plans issued, amended, or renewed after January 1, 2014 must be compliant with the new requirements under the Affordable Care Act. Because some insurance plans end at different times of the year, Covered California decided to have all of the health plans who it contract with align their conversions on January 1, 2014, in order to help all consumers shop, compare, and enroll on a level playing field in the new marketplace for health care.

## WHAT DO I HAVE TO DO?

- **When do I have to do something?**

Good news! Covered California is extending the deadline to enroll in coverage and to make the first payment for health care coverage for the holidays. The new deadlines for signing up are:

- **December 23, 2013:** Deadline to enroll in coverage (including selecting a health insurance plan)
- **January 5, 2014:** Deadline to make first premium payment. Payment *must* be received by this date for coverage to begin in January 2014.
- **March 31, 2014:** The last day of open enrollment for Covered California in 2014. If you do not enroll by March 31, you will not be able to enroll for the 2014 plan year unless you experience a “qualifying event,” such as a loss of insurance through your job or a life event like the birth of a child. Find our more information about enrollment process at [CoveredCA.com](http://CoveredCA.com).

- **I heard President Obama said we can keep our plan through 2014 – is that right?**

On November 14, 2013, the President announced an optional policy that under federal law, health insurance companies could choose to offer consumers in insurance plans that do not meet the new requirements to be renewed for a limited period. However, the new federal policy is only an option for states to implement. In California, due to the Covered California decision to keep all consumers on a level playing field, this extension is not being implemented.

## COMPARING MY NEW OPTIONS

- **Am I eligible for financial help paying for health care?**

You may be eligible for premium assistance and cost-sharing subsidies, if your household income (for tax purposes) is less than 400% of the federal poverty level, you are not offered affordable coverage from your employer, and you are not eligible for Medi-Cal or Medicare.

A Covered California Service Center Representative can help you determine if you are eligible for premium assistance or cost-sharing subsidies. Additionally, individuals may go to CoveredCA.com to apply online and see if they are eligible for premium assistance or cost-sharing subsidies.

- **Everyone keeps saying the new plans are “better” – but it looks like I’m paying more for my same health care!**

It’s important to remember that the total cost to you for health care is a mix of your premiums (the “sticker price”) and the amount you pay out of pocket when you actually go to the doctor or hospital (deductibles, co-pays, etc.).

It’s really hard to compare health insurance plans for **value**, because you don’t know what you’re getting until you read all the fine print. For example, two plans might have the same premium, and appear to be the “same price” – but if one plan covers prescription drugs and the other doesn’t, they aren’t providing the same value. The new marketplace will let you compare plans against each other because all qualified health plans offered through Covered California have a standard benefit design. The standard benefit design allows you to know exactly what you are getting and you can better compare plans.

It’s also important to remember that part of health insurance comes from peace of mind that you are no longer one car accident or a serious medical condition away from bankruptcy. Some consumers who had cheaper plans in 2013 may not realize that even though their co-pays and deductibles may have been the same as their new 2014 plans, their old plans did not provide real protection against financial disaster. For example, many 2013 plans include “lifetime” or “annual” maximums on how much the health insurance companies are willing to pay.

- **I've looked at Covered California and it is still too expensive. Is there something cheaper out there?**

*Double-check with us:* We highly recommend that you call our hotline to review carefully your options with Covered California – sometimes skipping a step on the application or simple a correction to how you are calculating your income can make a big difference.

Once you've done that, if you're still not eligible for financial assistance paying for coverage, these are some tips:

- All qualified health plans offered through Covered California cover the same benefits, but each plan has a range of different “metal tiers” to designate how much the plan will pay when you access services. The premiums for each plan vary with each tier. If the platinum, gold, and silver plans are too expensive for your budget, bronze may be a better option. You may also qualify for a minimum coverage plan, which has the lowest premium costs. However, minimum coverage plans have higher out-of-pocket costs when accessing health services.
  - If all the health plans offered through Covered California are too expensive for your budget, you may qualify for an exemption from the individual mandate penalty. If you cannot afford coverage, an exemption will benefit you because you will not be penalized for not having coverage.
  - Also, there may be other health insurance options outside of the marketplace.
- **How do I pick a plan now that my non-grandfathered plan is being cancelled?**  
Depending on what aspects of your non-grandfathered plan you liked, you can choose from a menu of health plans. When comparing your non-grandfathered plan with the qualified health plans available to you through Covered California, be sure to consider:
    - the monthly premium;
    - out-of-pocket maximums (and whether they include drugs);
    - deductibles (medical and drug);
    - whether your deductible counts towards your out-of-pocket maximums;
    - network access;
    - annual or lifetime limits (prohibited in Covered California plans).

A Service Center Representative can help you calculate your total costs in your non-grandfathered plan and compare that to the options available to you through Covered California.

- **My plan is being cancelled and I'm worried that in my new plan, I won't be able to see my doctor(s). What do I do?**

It may be possible to change health plans and continue seeing your doctor(s). Use the "Find Your Doctor" search tool in CoveredCA.com to see what qualified health plans contract with your doctor(s). You can also call the qualified health plans to see if your doctor(s) are in the network – and we can help connect you to your plan if you're having trouble.

## **GETTING HELP**

- **Who can I call to get help about this issue?**

Covered California has set up the Covered California Options Hotline starting Monday, November 25, 2013. A unit of specially trained Service Center Representatives will be available to provide assistance to consumers who have questions or concerns about potential premium increases, plan options, changes in network, or other issues related to their transition from old, non-compliant, non-grandfathered plans to coverage that is compliant under the Affordable Care Act.

**California Coverage Options Hotline**

Monday through Friday

8:00 am - 8:00 pm

855-857-0445