



Article

Article Title:	Minimum Coverage: Catastrophic Plans		
Domain:	Products & Services	Subject:	Products and Services for Individuals and Families
Topic:	Covered California Products and Services	Subtopic:	Plan Options

Introduction *1 or 2 paragraphs that can be used to set context or be used as talking points*

Minimum coverage plans, also known as catastrophic plans, are an option for individuals concerned about the cost of monthly premiums. Minimum coverage plans result in higher out-of-pocket costs when accessing health care. Minimum coverage plans through Covered California cover three doctor visits per year at no cost and free preventive benefits. Consumers will have to pay the full cost of most other services until they reach the out-of-pocket maximum.

To buy a minimum coverage plan, one must either be under 30 years of age or receive an affordability/hardship exemption from the federal government. Affordability/hardship exemptions can be obtained from the federal government by going to www.healthcare.gov, but applications are not yet available.

Key Points *3-5 bullet points*

- Minimum coverage plans are similar to bronze level plans, but have higher cost-sharing because the deductible for minimum coverage plans is higher: \$6,400 rather than \$4,500-\$5,000. That means the consumer must spend \$6,400 in addition to the monthly premiums to meet the deductible.
- Premium assistance and cost-sharing subsidies are not applicable to minimum coverage plans. Therefore, individuals who are eligible for premium assistance and/or cost-sharing subsidies may get a better deal if they buy enhanced silver level plans, particularly if they need health care.
- Minimum coverage plans have cheaper premiums than other plans, but will result in higher out-of-pocket costs if the enrollee accesses certain health services. For most health services, the consumer must spend \$6,400 in addition to the monthly premiums before the health plan pays for services.
 Only those who are eligible may buy a minimum coverage plan. There are two groups who are eligible: 1) individuals under 30 years of age and 2) individuals who obtain an affordability/hardship exemption from the federal government.

Details *Elaborate key points*

Minimum Coverage Plans:
 All minimum coverage plans in Covered California provide free preventive care, screenings, immunizations, and three visits to any combination of the following per year: urgent care (not the emergency room), a primary care physician, mental or behavioral health services, or substance use services. Minimum coverage plans also provide prenatal/preconception care and hospice care free of charge. Other than the services listed above, the individual pays the full cost of care. There is no other cost-sharing with the health plan issuer. The deductible is the same as the annual out-of-pocket maximum, which is \$6,400 for an individual and \$12,800 for a family. This means that except for the free care listed above, the health insurance plan does not pay anything until an individual has paid \$6,400 for health care services or a family has paid \$12,800. Those who buy a catastrophic



Article

Details *Elaborate key points*

plan and use health care services should plan on potentially paying \$6,400 a year plus their monthly premium for their health care expenses.

People who are thinking about buying minimum coverage plans should consider how they will pay the out-of-pocket maximum if they need a lot of health services. They should also consider setting money aside for this purpose.

Premium assistance and cost-sharing subsidies are not applicable towards the purchase of a minimum coverage plan. Therefore, most people who qualify for premium assistance and/or cost-sharing subsidies will get a better overall deal, if they choose an enhanced silver level health plan.

Who is Eligible to Buy Minimum Coverage:

Only those who are eligible may buy a minimum coverage plan. There are two groups who are eligible to buy a minimum coverage plan:

- 1) individuals under 30 years of age on the first day the plan is effective and
- 2) individuals who obtain an affordability/hardship exemption from the federal government.

At this time, individuals under 30 years of age on the first day the plan is effective may buy a minimum coverage plan through Covered California. Because the federal government has not yet finalized the application for exemptions, individuals 30 years of age or older who qualify for an affordability/hardship exemption cannot yet buy a minimum coverage plan through Covered California.

Likely Purchasers:

Those most likely to buy minimum coverage plans are individuals who do not qualify for premium assistance, but because of high premium costs, are eligible for an affordability/hardship exemption. Premium prices are partially based on the age of the individual, which means older enrollees will face higher premium costs. Older individuals who are not yet eligible for Medicare and earn more than 400% of the federal poverty level will not receive any premium assistance. These individuals can buy unsubsidized coverage or face a penalty for not having health coverage. Some of these individuals will qualify for an affordability/hardship exemption from the penalty because the cost of the lowest level bronze plan is more than 8% of the individual's or household income. Minimum coverage plans may be a good option for these older individuals who are ineligible for premium assistance, but they must realize that they will have to pay full cost for many services until they reach the out-of-pocket maximum of \$6,400 (or \$12,800 for a family) in addition to the monthly premiums.

Another likely group of purchasers of minimum coverage plans are individuals under 30 years of age. For this group, low monthly premiums may be attractive, but if the individual is eligible for premium assistance and cost-sharing reductions, the enhanced silver plans will likely provide a better deal. Enhanced silver plans have lower out-of-pocket costs for services.

How to Purchase:

Using the Shop and Compare Tool on www.CoveredCA.com, consumers can view the premium costs for all metal tiers, including minimum coverage plans. Individuals who are under 30 years of age can buy a minimum coverage plan. Individuals who are 30 years of age or older must first obtain an affordability/hardship exemption before buying a minimum coverage plan. To obtain an affordability/hardship exemption, go to www.healthcare.gov. Applications for exemptions are not yet available.



Article

Scenarios 2-5 scenarios

Sam is 28 years old and lives in Sacramento. He does not have health coverage. He earns about \$35,000 annually and qualifies for \$9 in premium assistance. Sam does not want to pay the penalty, so he's interested in purchasing the plan with the cheapest monthly premium. In his specific rating region, he can choose the cheapest silver plan for \$276 a month ($\$285 - \$9 = \276), the cheapest bronze plan for \$204 a month, or the cheapest minimum coverage plan for \$182. Sam can choose whichever plan is best for him, but he should keep in mind that even though the minimum coverage plan is \$94 a month cheaper than the silver plan, he will have to pay out of pocket for most services. If Sam chooses the minimum coverage plan and he needs to visit the doctor for preventive care, he is covered. If something really bad happens to Sam, such as a car accident or a diagnosis of a chronic disease, he will likely pay the out-of-pocket maximum of \$6,400 in addition to his monthly premiums.

Rita and Bill are both 63 years old, retired, and relatively healthy. They live on their sizable retirement savings and Social Security. They are not yet eligible for Medicare and because of their income they are not eligible for premium assistance. Rita and Bill are interested in a minimum coverage plan because they think the chances of either of them needing health care is low unless one of them has an accident or is diagnosed with a disease. The monthly premiums for minimum coverage plans are attractive because they are a little cheaper than bronze level plans. Rita and Bill are taking a risk, though. If anything were to happen to them, they understand they would have to pay full cost for most services until they reach their out-of-pocket maximum of \$12,800. While \$12,800 is a lot of money, they prefer this to being uninsured.

FAQs *Frequently asked Questions and Answers. This will be used for a variety of different uses including Certification Exam Questions, Marketing/Communications, etc.*

Can my whole family buy a minimum coverage plan?

For family plans, each individual must meet the requirements to buy a minimum coverage plan. This means that every individual in the family must be either under 30 years of age on the first day the plan is effective or obtain an affordability/hardship exemption from the federal government.

If I am over 30 years of age and I think I qualify for an affordability/hardship exemption, when will I be able to complete and submit an exemption application to the federal government?

The federal government has not published a timeframe for when the affordability/hardship exemptions will become available. It is possible that the applications will be available in January 2014. Check www.healthcare.gov for updates.

If I qualify for premium assistance and/or cost-sharing reductions, can I apply them towards the purchase of a minimum coverage plan?

No, premium assistance and/or cost-sharing reductions may not be applied towards a minimum coverage plan. Individuals and families who are eligible for premium assistance may have lower premiums by purchasing a silver or bronze plan. Individuals and families who are eligible for cost-sharing subsidies will have lower out-of-pocket costs if they buy an enhanced silver plan.



Article

Supporting Materials *Please include the title and all relevant links to Scripting; step action table; charts/visuals; helpful hints; flowcharts; publications or materials. (The majority of Covered California developed materials should be stored in SharePoint)*

Bibliography/Reference Material *(Links and citations to law/regs; advocates' material; CovCA formal background)*

Code of Federal Regulations: 45 CFR §§ 155.305(h), 156.155.

Key Words *(Top Search words to find article)*

Catastrophic coverage, minimum coverage, exemption, premium assistance