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# The Affordable Care Act: The Doors are Open – Now What?

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NCSL Health Reform Task Force  
Dec. 4, 2013

**Consumers  
Union**  
POLICY & ACTION FROM  
CONSUMER REPORTS

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## Yes, THAT *Consumer Reports*

The collage features three main elements: a Consumer Reports magazine cover on the left with headlines like 'Best & worst cell phone deals' and 'PLUS SWIPE TO CUT YOUR BILL'; a central photo of a technician in blue overalls working on a car; and a 'Reliability History - Toyota Prius' chart on the right. The chart is a grid with columns for years 01 through 08 and rows for various car systems. A 'Consumers Union' logo is overlaid on the chart.

	01	02	03	04	05	06	07	08
Drive System	-	-	-	-	-	-	-	-
Fuel System	-	-	-	-	-	-	-	-
Engine Minor	-	-	-	-	-	-	-	-
Electrical System	-	-	-	-	-	-	-	-
Used Car Prediction	-	-	-	-	-	-	-	-

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## December 2013: A key threshold for the ACA

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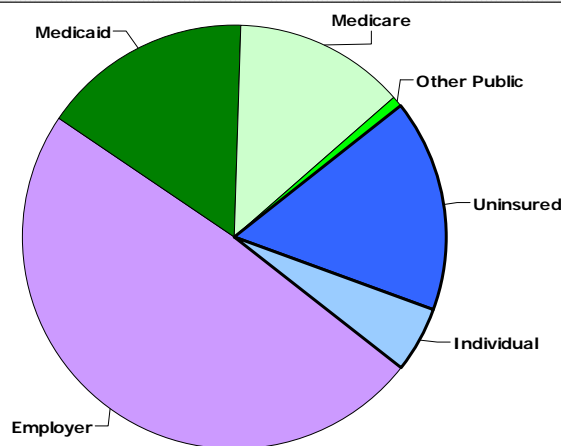
January 1, 2014:

- Can't be denied coverage or charged more if you've been sick in the past
  - Help paying for coverage if your income is less than 400% of FPL
  - Reforms that make the health insurance market work better for consumers
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### Main Target of Reforms: Those without an employer or Medicare coverage option

Distribution of US Population by Source of Insurance



Source: Kaiser Family Foundation, based on Census Bureau's March 2011 and 2012 Current Population Survey (CPS: Annual Social and Economic Supplements).

## What is 400% FPL?

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FAMILY SIZE	YEARLY INCOME
1	\$45,960
2	\$62,040
3	\$78,120
4	\$94,200
5	\$110,280
6	\$126,360

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## What helps the market work better?

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- Summary of Benefits and Coverage Form
- Benefit design more standardized:
  - “Metal” Tiers (Platinum, Gold, Silver Etc)
  - Standard Scope of Covered Services (“Essential Health Benefits”)
  - Cap on patient out-of-pocket expenses
- Better health plan shopping tools

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Buying health insurance on your own is really, really hard.

Consumers need help.

**ConsumersUnion**  
POLICY ACTION FROM CONSUMER REPORTS

HEALTH POLICY BRIEF  
JANUARY 2012

### What's Behind the Door: Consumers' Difficulties Selecting Health Plans

**SUMMARY**

Consumer testing by Consumers Union confirms the widely held perception that people struggle to understand their health insurance policies. This information gap has grave consequences for consumers and for the success of most health reform approaches. Indeed, improving consumers' ability to shop in the health insurance marketplace is an area of great untapped potential. Realizing this potential will require a multi-layered policy approach. It will require greater standardization of products in the marketplace, along with better tools for communicating health plan features to consumers. Such strategies will require an in-depth understanding of how consumers shop for coverage and the barriers they face. Rigorous consumer testing provides the nuanced information that can lead to measurable improvements in consumer understanding. This brief highlights the findings from three consumer testing studies. These consolidated results provide a strong foundation for regulatory and legislative efforts to enact policies and provide tools that improve consumers' understanding of health insurance, as well as health plans' own efforts to improve customer communications.

Consumer testing by Consumers Union confirms the widely held perception that people struggle to understand their health insurance policies. These difficulties are so profound that the vast majority of consumers are essentially being asked to buy a very expensive product—critical to their health—while blindfolded. As in the game show "Let's Make a Deal," they must make a selection without knowing what's behind the door! This information gap has grave consequences for consumers and for the success of most health reform approaches.

**Why Engage in Consumer Testing?**

If policymakers or regulators start with an incomplete or erroneous understanding of how consumers shop for health insurance, they will not design appropriate policies or regulations. However, these entities are hampered by a very limited amount of data on how consumers shop and the barriers they face. There is a general perception that shopping for and using health insurance is

1 | HEALTH POLICY BRIEF | JANUARY 2012 | WWW.CONSUMERSUNION.ORG

**Insurance Company 1: Plan Option 1** Coverage Period: 01/01/2013 – 12/31/2013  
 Summary of Benefits and Coverage: What this Plan Covers & What it Costs Coverage for: Individual + Spouse | Plan Type: PPO

**This is only a summary.** If you want more detail about your coverage and costs, you can get the complete terms in the policy or plan document at [www.\[insert\]](#) or by calling 1-800-[insert].

Important Questions	Answers	Why this Matters:
What is the overall deductible?	<b>\$500</b> person / <b>\$1,000</b> family Doesn't apply to preventive care	You must pay all the costs up to the deductible amount before this plan begins to pay for covered services you use. Check your policy or plan document to see when the deductible starts over (usually, but not always, January 1st). See the chart starting on page 2 for how much you pay for covered services after you meet the deductible.
Are there other deductibles for specific services?	Yes. <b>\$300</b> for prescription drug	You must pay all of the costs for these services up to the specific deductible amount
Is there an out-of-pocket limit on my expenses?	Yes <b>\$2</b> family For <b>\$4</b>	coverage period (usually one helps you plan for health
What is not included in the out-of-pocket limit?	Pre-cha plan	the out-of-pocket limit
Is there an overall annual limit on what the plan pays?	No	plan will pay for <i>specific</i>
Does this plan use a network of providers?	Yes call 1-800-[insert] for a list of participating providers.	out-of-network provider for some services. Plans use the term in-network, preferred, or participating for providers in their network. See the chart starting on page 2 for how this plan pays different kinds of providers.
Do I need a referral to see a specialist?	No. You don't need a referral to see a specialist.	You can see the specialist you choose without permission from this plan.
Are there services this plan doesn't cover?	Yes.	Some of the services this plan doesn't cover are listed on page 4. See your policy or plan document for additional information about excluded services.

**Questions:** Call 1-800-[insert] or visit us at [www.\[insert\].com](#).  
 If you aren't clear about any of the bolded terms used in this form, see the Glossary. You can view the Glossary at [www.\[insert\]](#) or call 1-800-[insert] to request a copy.

OMB Control Number 1545-2226, 1210-0147, and 0935-1146 **1 of 8**

**Insurance Company 1: PPO Plan 1**  
Coverage Examples

Policy Period: 1/1/2011 – 12/31/2011  
Coverage for: Individual + Spouse | Plan Type: PPO

**About these Coverage Examples:**

These examples show how this plan might cover medical care in three situations. Use these examples to see, in general, how much insurance protection you might get from different plans.



**This is not a cost estimator.**

Don't use these examples to estimate your actual costs under this plan. The actual care you receive will be different from these examples, and the cost of that care also will be different.

See the next page for important information about these examples.

**Having a baby**  
(normal delivery)

- Amount owed to providers: \$10,000
- Plan pays \$0
- You pay \$10,000 (maternity is not covered, so you pay 100%)

**Sample care costs:**

First office visit	\$100
Radiology	\$300
Laboratory tests	\$200
Routine obstetric care	\$2,000
Hospital charges (mother)	\$4,100
Hospital charges (baby)	\$1,900
Anesthesia	\$1,000
Circumcision	\$200
Vaccines, other preventive	\$200
<b>Total</b>	<b>\$10,000</b>

**You pay:**

Deductibles	\$0
Co-pays	\$0
Co-insurance	\$0
Limits or exclusions	\$10,000
<b>Total</b>	<b>\$10,000</b>

**Treating breast cancer**  
(lumpectomy, chemotherapy, radiation)

- Amount owed to providers: \$98,000
- Plan pays \$94,800
- You pay \$3,200

**Sample care costs:**

Office visits & procedures	\$4,000
Radiology	\$4,000
Laboratory tests	\$2,400
Hospital charges	\$3,300
Inpatient medical care	\$200
Outpatient surgery	\$3,400
Chemotherapy	\$64,000
Radiation therapy	\$13,000
Prostheses (wig)	\$500
Pharmacy	\$2,000
Mental health	\$1,200
<b>Total</b>	<b>\$98,000</b>

**You pay:**

Deductibles	\$2,500
Co-pays	\$200
Co-insurance	\$0
Limits or exclusions	\$500
<b>Total</b>	<b>\$3,200</b>

**Managing diabetes**  
(routine maintenance of existing condition)

- Amount owed to providers: \$7,800
- Plan pays \$6,800
- You pay \$1,000

**Sample care costs:**

Office visits & procedures	\$960
Laboratory tests	\$300
Medical equipment & supplies	\$40
Pharmacy	\$6,500
<b>Total</b>	<b>\$7,800</b>

**You pay:**

Deductibles	\$300
Co-pays	\$260
Co-insurance	\$400
Limits or exclusions	\$40
<b>Total</b>	<b>\$1,000</b>

Questions: Call 1-800-XXX-XXXX or visit us at [www.insurancecompany.com](http://www.insurancecompany.com).  
If you aren't clear about any of the terms used in this form, see the Glossary at [www.insurancecompany.com](http://www.insurancecompany.com).

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**Insurance Company 1: Plan Option 1**  
Coverage Examples

Coverage Period: 1/1/2011 – 12/31/2011  
Coverage for: Individual + Spouse | Plan Type: PPO

**About these Coverage Examples:**

These examples show how this plan might cover medical care in given situations. Use these examples to see, in general, how much financial protection a sample patient might get if they are covered under different plans.



**This is not a cost estimator.**

Don't use these examples to estimate your actual costs under this plan. The actual care you receive will be different from these examples, and the cost of that care will also be different.

See the next page for important information about these examples.

**Having a baby**  
(normal delivery)

- Amount owed to providers: \$7,540
- Plan pays \$5,490
- Patient pays \$2,050

**Sample care costs:**

Hospital charges (mother)	\$2,700
Routine obstetric care	\$2,100
Hospital charges (baby)	\$900
Anesthesia	\$900
Laboratory tests	\$500
Prescriptions	\$200
Radiology	\$200
Vaccines, other preventive	\$40
<b>Total</b>	<b>\$7,540</b>

**Patient pays:**

Deductibles	\$700
Co-pays	\$30
Co-insurance	\$1320
Limits or exclusions	\$0
<b>Total</b>	<b>\$2,050</b>

**Managing type 2 diabetes**  
(routine maintenance of a well-controlled condition)

- Amount owed to providers: \$4,100
- Plan pays \$2,480
- Patient pays \$1,620

**Sample care costs:**

Prescriptions	\$1,500
Medical Equipment and Supplies	\$1,300
Office Visits and Procedures	\$730
Education	\$290
Laboratory tests	\$140
Vaccines, other preventive	\$140
<b>Total</b>	<b>\$4,100</b>

**Patient pays:**

Deductibles	\$800
Co-pays	\$500
Co-insurance	\$240
Limits or exclusions	\$80
<b>Total</b>	<b>\$1,620</b>

Note: These numbers assume the patient is participating in our diabetes wellness program. If you have diabetes and do not participate in the wellness program, your costs may be higher. For more information about the diabetes wellness program, please contact: [insert].

Questions: Call 1-800-[insert] or visit us at [www.\[insert\].com](http://www.[insert].com).  
If you aren't clear about any of the bolded terms used in this form, see the Glossary. You can view the Glossary at [www.\[insert\].com](http://www.[insert].com) or call 1-800-[insert] to request a copy.

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Customer Service 1-800-300-1506 (TTY: 1-888-889-4500) | Online Chat | Find Help  
 Log In | Create Account | A A | Es

**PREVIEW PLANS**      **APPLY**      Maintai

**26 Plans**

1. Browse plans  
 2. Apply

Screen Print from Covered California

	Anthem Blue Cross	Health Net	Valley Health Plan
Estimated total costs premium + out-of-pocket	\$4569 per year	\$4749 per year	\$4765 per year
Customize now	<a href="#">Customize now</a>	<a href="#">Customize now</a>	<a href="#">Customize now</a>
My doctors	Not Selected	Not Selected	Not Selected
Search	<a href="#">View Directory</a>	<a href="#">View Directory</a>	<a href="#">View Directory</a>
Browse provider directory per plan	<a href="#">View Directory</a>	<a href="#">View Directory</a>	<a href="#">View Directory</a>
Product type	PPO	PPO	HMO
Discounts	Not Applicable	Not Applicable	Not Applicable

> Deductible & Out-of-pocket

> Doctor visit

## Summary Information Like "Total Estimated Costs" Helps Consumers

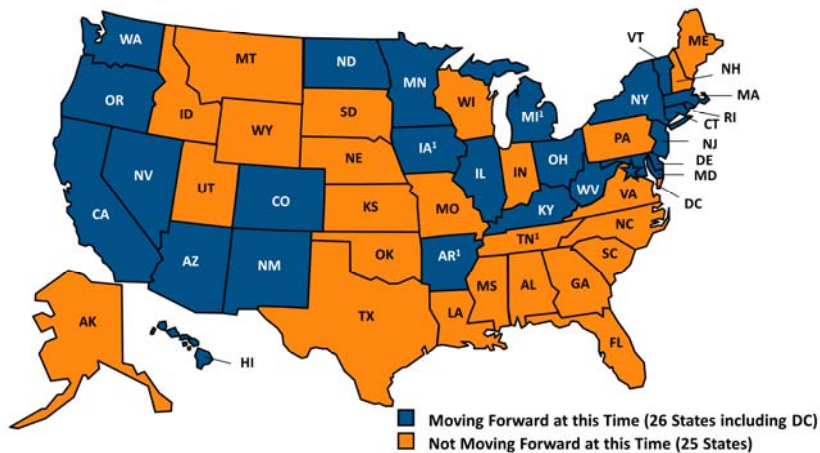
$$\text{Total Estimated Costs} = \text{Premium cost} + \text{Expected out-of-pocket costs}$$

## Late 2013 brings bad news as well:

- ❑ Healthcare.gov problems
- ❑ Consumers below poverty have no Medicaid option in 25 states
- ❑ Scary Cancellation Letters. As of November 25:
  - **12 states allowing** those with canceled policies extend them for another year  
(Oregon, North Dakota, Hawaii, Wisconsin, Ohio, Kentucky, Tennessee, Maryland, Virginia, North Carolina, South Carolina and Florida)
  - **10 states will not extend** coverage on plans  
(California, Washington, Minnesota, Arkansas, Mississippi, Indiana, New York, Vermont, Massachusetts and Rhode Island)

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## Current Status of State Medicaid Expansion Decisions, as of November 22, 2013



NOTES: 1 - Exploring an approach to Medicaid expansion likely to require waiver approval.

SOURCES: State decisions on the Medicaid expansion as of November 22, 2013. Based on data from the Centers for Medicare and Medicaid Services, available at: <http://medicaid.gov/AffordableCareAct/Medicaid-Moving-Forward-2014/Medicaid-and-CHIP-Eligibility-Levels/medicaid-chip-eligibility-levels.html>. Data have been updated to reflect more recent activity.



## Biggest Challenge: Affordability of Health Insurance and Health Care

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- Affordability is in the eye of the beholder
- Affordability include premium costs and out-of-pocket costs when you get sick
- Purpose of health insurance is to distribute risk
- ACA distributes risk more fairly
- ACA includes some measures to address underlying cost of care but **much more needs to be done**

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## Work at the State Level to Help Consumers

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- Help them understand new rights and benefits
- Plan now for 2017 ACA state waiver if you have a good idea
- Get serious about premium rate review
- Require an all payer claims dataset to inform your work on health care costs.

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## Consumers Union Resources to Help You:

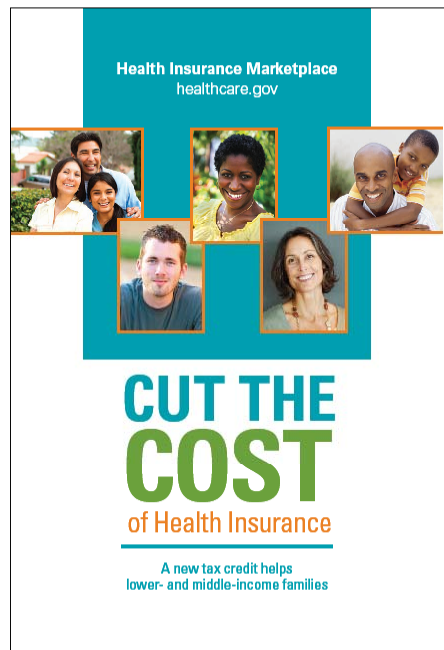
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- HealthLawHelper.org
- Tax Credit brochure
- Summary of Benefits and Coverage explainer

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CU's tested  
**Tax Credit  
Brochure**  
can help  
explain this  
new benefit  
to your  
constituents



## New Health Premium Tax Credit for Lower- and Middle Income Families

Take it Now or Take it Later: Your Tax Credit is the Same

2014
2015

OCT NOV DEC | JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC | JAN FEB MAR APR

Step 1: Choose
Step 2: Be covered
Step 3: File taxes

**Step 1**  
**October 2013 – March 31, 2014**

Choose a health plan from your state's Health Insurance Marketplace.  
 Choose to take your tax credit now or later.

Last updated: 5/8/2013

**Step 2**  
**January 1, 2014 – December 31, 2014**

*Take it Now:* Pay a lower monthly premium  
*Take it Later:* Pay the full monthly premium

**Step 3**  
**January 1, 2015 – April 15, 2015**

*Take it Now:* Report your advanced tax credit  
*Take it Later:* Use your tax credit to reduce the tax you owe or increase your refund if you don't owe.

# Thank you!

Please email  
 Lynn Quincy with  
 any questions:

lquincy "at" consumer.org

