

# Health Law and Policy Update:

## August 16, 2013

**T-minus 46 Days:** Beginning October 1, individuals and small businesses will be able to sign up for health insurance through [Connect for Health Colorado](#), Colorado's new health insurance marketplace. Coverage begins January 1, 2014.

This week's updates:

- [Colorado approves 2014 insurance plan rates](#)
- [Most ACA out of pocket limits will take effect in 2014](#)

### Colorado approves 2014 insurance plan rates

On August 16 the Colorado Division of Insurance issued a [press release](#) and [FAQ document](#) regarding 541 new health insurance plans approved for sale in 2014. Of these, 116 plans will only be sold in Connect for Health Colorado ("C4HCO", Colorado's new health insurance marketplace), 299 plans will only be sold outside of C4HCO and 126 plans will be sold both inside and outside of the marketplace.

The Division of Insurance press release highlights the wide range of choices that consumers will have to choose from. 18 health insurance companies will offer these plans, 9 of which will offer plans through C4HCO. Consumers will also have a number of different choices within each health plan offering because all plans must fit within one of four coverage levels: bronze (60% of costs paid by the plan), silver (70%), gold (80%) and platinum (90%). C4HCO will also offer a category of "catastrophic" plans, which are low-cost, high deductible plans available for individuals under age 30 or other adults who do not have an affordable offer of coverage through their employer. Premiums will vary widely within each coverage level. For example, the monthly cost of a silver plan could vary from about \$230 per month to \$670 per month per person. Individual rates will, however, vary based on age, geographic location and tobacco use status. The Division of Insurance released the following chart showing the variation in pricing in each coverage level:

#### Individual Plans

Coverage Level	Lowest	Highest
Catastrophic	\$135.57	\$355.27
Bronze	\$176.89	\$524.49
Silver	\$232.91	\$667.10
Gold	\$273.44	\$774.16
Platinum	\$311.40	\$705.12

#### Small Group Plans

Coverage Level	Lowest	Highest
Bronze	\$224.04	\$670.32
Silver	\$253.10	\$1,003.69
Gold	\$324.36	\$998.14
Platinum	\$376.65	\$967.95

It's important to note that individuals and families purchasing coverage through C4HCO may qualify for financial assistance to make their monthly insurance premiums more affordable. For example, a family of three with an annual household income of \$30,000 may qualify for over \$800 per month in premium assistance and may also be eligible for additional assistance to help cover out of pocket costs (such as co-payments). C4HCO posted a [calculator](#) on its website to help individuals and families estimate what level of financial assistance they may be eligible for. Here is a screenshot from the calculator:

The screenshot shows a calculator interface with three sections: Household Information, Enrollee Information, and Monthly Credit. Each section contains a list of input fields with values entered.

**Household Information**

1. Number of people in the household 3
2. Annual Household Income 30,000
3. Your federal poverty level 154%

**Enrollee Information**

Only enter members of your household who would enroll through Connect for Health Colorado.

1. Age of the first adult 40
2. Age of spouse 40
3. Number of children under age 21 1
4. Number of children age 21-25

**Monthly Credit**

1. Estimated tax credit from the government \$815

Perhaps the most important aspect of the new health insurance products available in 2014 is that they must adhere to significant consumer protection requirements established under the Affordable Care Act. Some of these protections include:

- **Coverage for consumers with pre-existing conditions:** Insurance companies will no longer be allowed to deny consumers coverage due to a pre-existing condition. This means anyone who wishes to purchase an insurance policy - regardless of health status - must be enrolled by the insurance company. In addition, insurance companies will no longer be allowed to exclude coverage of particular benefits or increase rates because of a pre-existing condition. According to a recent FamiliesUSA [report](#), more than one-third of Colorado adults ages 45 to 54 (34.2 percent) and two in five adults between 55 and 64

(43.8 percent) have pre-existing conditions that could lead to a denial of coverage in today's market.

- **Insurance rating reforms:** The ACA prohibits health insurance companies from discriminating based on a consumer's medical condition, claims history, disability, or other health-status-related factor. This applies not only to eligibility for enrollment in the plan, but also the rates that individuals and families pay. The only rating factors that will be allowed on January 2014 are age, family unit size, geographic area and tobacco use.
- **Minimum essential benefits:** The ACA requires all new health insurance plans in the individual and small group markets to offer a minimum list of Essential Health Benefits (EHB). Each state was required to select an EHB package by late 2012 and this package will apply to all health plans offered both inside and outside of the newly established health benefit exchanges. The EHB provision under the ACA means individuals and families will have the peace of mind that any insurance product they buy will provide comprehensive coverage that meets their needs. The EHB requires coverage in the following categories of services:
  - Ambulatory (outpatient) services
  - Emergency services
  - Hospitalization
  - Laboratory services
  - Maternity and newborn care
  - Mental health and substance use disorder services, including behavioral health treatment
  - Pediatric services, including oral and vision care
  - Prescription drugs
  - Preventive and wellness services and chronic disease management
  - Rehabilitative and habilitative services and devices

### **Most ACA out of pocket limits will take effect in 2014**

There has been so much coverage this week about the delay in the Affordable Care Act's limitation on out of pocket costs, we thought we would include a link to a [very good explanation](#) of what is happening written by Sarah Lueck at the Center on Budget Policy Priorities.

The bottom line is that many people will get the full benefit of the ACA's limits on out of pocket costs beginning January 1, 2014. Only those people who have health insurance through their employers and whose plans have separately administered benefits may have to wait a year for the full out of pocket limitations to take effect.

From the CBPP Blog:

*Health insurance plans in the individual market:* In 2014, the maximum out-of-pocket limit will apply, as scheduled, to the individual (non-group) health insurance market....

*Employer-sponsored health insurance plans:* The maximum out-of-pocket limit will also continue to generally apply to non-grandfathered plans offered by employers, including small group, large group, and self-insured plans. Employer plans that have a single insurer or administrator have to fully comply with the limit next year.

*Employer plans that have "separately administered" benefits:* The Administration provided the exception in February for these plans, in which an employer has one insurer or administrator for its primary package of health benefits and a different insurer or administrator for discrete benefits, such as prescription drugs. Because employers and insurers have claimed it will be difficult to coordinate an overall maximum out-of-pocket limit across separately administered benefits, they sought and received the ability to avoid full compliance for one year.

Even those employer plans with "separately administered" benefits that qualify for the delay still must apply some out-of-pocket limits in 2014. As the February guidance explained, these plans must ensure that their primary package of health benefits has an out-of-pocket limit of no more than \$6,350 for individuals and \$12,700 for families. A separately administered benefit, such as prescription drugs, that already has an existing limit on out-of-pocket costs must comply with the limits of \$6,350 for individuals and \$12,700 for families in 2014.

An employer plan wouldn't have to add a cap to a separate benefit if the separate benefit currently lacks one. But this exception shouldn't be misunderstood as broadly waiving the important out-of-pocket protection that health reform will bring in 2014.