

Released: Dec. 22, 2014

Health Insurance Smarts: What Are My Consumer Rights?

Consumer protections include many items related to coverage, costs and care.

MANHATTAN, Kan. – Premiums, deductibles, coinsurance, copayments and provider networks are among the many items you might consider before choosing a health insurance policy that best suits you and your family’s needs. Most likely your current state of health and financial situation also will play a role in the decision.

No matter what health insurance policy you choose, know that you currently have access to various policies and cannot be denied coverage for a pre-existing condition, said Roberta Riportella, Kansas Health Foundation professor of community health with K-State Research and Extension. You also cannot have a policy canceled because you get sick during the policy term.

Consumer rights such as these coverage protections were included in the recent health reform law in the United States known as the Affordable Care Act (ACA). In addition to coverage protections, the ACA offers consumers many other protections related to costs and care.

Coverage

Before the ACA, many families faced high out-of-pocket medical costs when an insurer either denied coverage for a pre-existing condition or canceled coverage if the medical costs were too high, Riportella said. Now all policies are guaranteed for renewal with one exception.

“That exception is if you do not pay your premiums,” she said. “Premiums are the monthly fixed cost you pay each month for your health insurance. Not paying those premiums gives the insurance company the ability to cancel your policy. The policy is a contract after all, and both sides must agree to its terms.”

According to the U.S. Department of Health and Human Services (HHS) (<http://www.hhs.gov/healthcare/rights/index.html>), other coverage items protected by the law include that those people age 26 and younger could be eligible for coverage under their parents’ health insurance policies. If you are under age 30, or are experiencing financial hardship, you may be eligible for a high-deductible and low-premium “catastrophic plan.”

Also, keeping the coverage you have and asking that insurance companies continue to pay for your health care claims are now more secure, Riportella said. The ACA stops insurance companies from canceling your coverage solely because you or your employer made an honest mistake on your insurance application. Consumers also have the right to

appeal a health insurance company's decision to deny paying for a claim or unexpectedly ending coverage.

“A consumer can appeal a health plan decision either through an internal or an external process,” Riportella said. “The internal one has you asking your insurance company for a full and fair review of its denial decision. An external one involves a third party.”

More details about the appeals process is located on the HealthCare.gov website (<https://www.healthcare.gov/appeal-insurance-company-decision/>).

Costs

The ACA eliminated annual and lifetime maximums on covered essential benefits, which means that insurance companies have to keep paying as long as you receive medical bills, Riportella said. There are also limits on how much your insurance can cost and how much insurance companies can raise premiums year-to-year.

Another cost protection in the law requires your premium dollars to be spent primarily on health care and not administrative costs, according to HHS.

“In the past, insurance companies could use the money they made off of premiums in multiple ways,” Riportella said. “In some cases, this meant spending money on bonuses or new buildings as a priority. Generally, the more spent on health care, the better value for the consumers.”

With the ACA, she said insurers are required to submit data on the proportion of premium revenue spent on actual medical services, which is called a medical loss ratio. An 80/20 medical loss ratio is now required of all insurers in individual and small group plans, and an 85/15 ratio is required in large group plans.

“So you can be assured that at least 80 percent of your premium is going to pay for your care, or that of others on your plan,” Riportella said. “If an insurance company doesn't meet this goal, they are required to give rebates to consumers.”

Care

Lastly, the ACA established more consumer rights for types of care, Riportella said. A range of essential benefits is covered, including many free preventive care services.

“Many insurance policies before didn't give consumers financial security when a major illness occurred,” she said. “Many of these policies also didn't cover preventive services—screening tests such as mammograms or colonoscopies—that help identify disease early and offer a better chance for successful treatment outcomes. Now many people have policies that provide the kind of protections we all need, even if we think we won't ever need them.”

“While we may know a lot about what helps keep people healthy, life is fairly precarious, and anything can happen to any of us, or any of our loved ones, at any time,” she continued. “A comprehensive health insurance policy allows you to worry less about the financial implications of a major illness or injury and focus on the task of staying or getting well.”

All of these coverage, costs and care protections are provided no matter how you obtain health insurance, whether that is through an employer, the Health Insurance Marketplace, a private insurer, TRICARE, Indian Health Service, Veteran’s Affairs, Medicare or KanCare, Kansas’ Medicaid program.

Health insurance is mandated by the ACA, Riportella said, so make sure you choose a policy for 2015. You must be covered for at least nine months of the year to avoid paying a penalty at tax time.

More information

More information about the ACA in Kansas is available through K-State Research and Extension fact sheets (<http://www.ksre.ksu.edu/issuesinhealthreform/p.aspx?tabid=21>). The Kansas Health Institute also has numerous resources on its website (<http://www.khi.org/>).

If obtaining insurance through the marketplace, the deadline is Feb. 15. Log on to www.healthcare.gov to learn more or to enroll. You also can learn more about the marketplace or KanCare by calling the marketplace, available 24/7, at 800-318-2596.

-30-

K-State Research and Extension is a short name for the Kansas State University Agricultural Experiment Station and Cooperative Extension Service, a program designed to generate and distribute useful knowledge for the well-being of Kansans. Supported by county, state, federal and private funds, the program has county Extension offices, experiment fields, area Extension offices and regional research centers statewide. Its headquarters is on the K-State campus, Manhattan.

Story by:

Katie Allen

katielynn@ksu.edu

785-532-1162

K-State Research and Extension

For more information:

Roberta Riportella – rriporte@ksu.edu or 785-532-1942