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Health Insurance in Kansas: Will I Pay More in 2015?

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Consumers might read or hear mixed information about premium increases in the Kansas Health Insurance Marketplace. Premiums are the monthly fixed costs you will pay for your health insurance policy.

A PricewaterhouseCoopers (<http://www.pwc.com/us/en/health-industries/health-research-institute/aca-state-exchanges.jhtml>) report shows that premiums in Kansas have gone up more than in the rest of the nation, while the Kansas Health Institute (KHI) reports that the average premium for all plans offered in the Kansas Health Insurance Marketplace increased just 0.1 percent from 2014 to 2015.

The KHI report does acknowledge, though, that individual Kansans could see a wide range of price changes for specific level plans. As an example, premiums for some silver plans are anywhere from 11.6 percent more to 13 percent less in 2015 compared to 2014.

It is likely that the change in the tax subsidies, rather than premium increases, have the potential to make health insurance more expensive for some families. More than 80 percent of families nationwide and in Kansas are using these subsidies to help pay for insurance.

This financial assistance to pay for premiums is based on the premium of the second lowest cost silver plan offered. Silver plan premiums would likely be in the middle in terms of cost in the marketplace. Bronze level plans will likely have the least costly premiums, and platinum plans would have the highest premiums.

Consider that second lowest cost silver plan tier. If there are plans that have lower premiums in that tier compared to last year—and there are—then the tax subsidy will be based on the cost of those new plans. If a consumer stays with his or her more expensive plan from last year, he or she will receive a smaller subsidy and hence pay more of the premium.

The cost-sharing arrangements constitute a major part of the cost of health insurance. They include the deductibles and copayments or coinsurance you pay once you start using care and get bills. Even those payment schedules may change from year-to-year within the insurance policies offered.

This difference in premiums, cost shares and tax subsidies are among the important reasons why people need to consider plans carefully for 2015. The reason less expensive plans in the same tier exist is that some of them are being offered for the first time and have larger restrictions on network providers than plans offered last year. Kansans

shopping in the marketplace should consider whether they value a less restricted network with a larger choice of providers or a smaller premium with more limitations.

Also consider the cost of being uninsured, as one hospitalization could wipe out personal finances for uninsured individuals and families. In addition to the real risk of financial consequences if you have an unexpected major illness, there is also the tax penalty to consider.

People who obtain health insurance through the marketplace, their employers, Medicare, TRICARE, Veteran's Affairs, or KanCare, Kansas' Medicaid program, are considered insured and will not face penalties. Kansans who fall under 138 percent of the federal poverty level won't incur a tax penalty for being uninsured.

With a few other exceptions, everyone else who's uninsured will face a penalty much higher for 2015 than in 2014. If you are uninsured for nine months of 2015, you will have to pay a penalty at tax time in April 2016. You will face a penalty every year that you continue to be uninsured, and that penalty will increase every year.

If you were uninsured in 2014, you will face a tax penalty when you file in April 2015 of \$95 per person or 1 percent of your annual household income above the tax-filing threshold (about \$10,000 for an individual), whichever is greater. If you choose not to enroll in 2015, you will face a tax penalty when you file in April 2016 of \$325 per person or \$975 a family or 2 percent of your annual household income above the tax-filing threshold, whichever is greater.

If you don't currently have insurance, you have until Feb. 15 to select a plan in the marketplace. If you miss the Feb. 15 deadline, you will have to wait until next fall when there is another open enrollment period, unless you have a special event such as you get married, have a baby or lose job-based insurance.

If obtaining insurance through the marketplace, log on to www.healthcare.gov. To learn more about how to enroll in the marketplace or KanCare, call the marketplace, available 24/7, at 800-318-2596.

To learn more about health insurance reform, you can visit my blog at <https://blogs.ksre.ksu.edu/issuesinhealthreform/>.

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