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Health Insurance Smarts: Why the Need for Health Insurance?

A look at what consumers should consider in selecting a health insurance plan

MANHATTAN, Kan. – Purchasing insurance is a major financial decision regardless of need—life, home, farm, car and health, as examples. Just like purchasing insurance for the motor vehicles you have out on the roads, securing health insurance for yourself and your family is also required by a law, in this case, by the Affordable Care Act (ACA).

Roberta Riportella, Kansas Health Foundation professor of community health at Kansas State University, said not only is securing health insurance mandated, but by having health insurance, you are protecting yourself against financial risk and will have easier access to health care coverage if or when you need it.

“By having health insurance, you would be protecting yourself against a catastrophic event that could lead to financial ruin,” Riportella said. “Medical expenses are a major cause of bankruptcy. It is at least worth looking at your (health insurance) options and what it would actually cost you.”

Consumers can obtain health insurance in many ways, she said. Some will get a plan through their employer, while others might go through a private insurer or qualify for Medicare, TRICARE, Veteran’s Affairs or KanCare, Kansas’ Medicaid program. Young adults less than 26 years of age can remain on their parents’ health insurance policies – one of the provisions of the ACA.

Another option is the Kansas Health Insurance Marketplace (<https://www.healthcare.gov/kansas-health-insurance-marketplace/>), which opened Nov. 15 for 2015 coverage, beginning Jan. 1. Signup goes through Dec. 15. You have until Feb. 15 to sign up for health insurance through the marketplace next year, though, for coverage to begin March 1.

As long as you are insured by April 1 through any of those options, you will not face a penalty for being uninsured, Riportella said.

“The law requires that all individuals, including children, be insured for nine months of every year,” Riportella said. “If you’re not, that is when the penalty kicks in. If you were uninsured in 2014, you will face a tax penalty when you file in April 2015 of either \$95 per person or 1 percent of annual household income above the tax-filing threshold (about \$10,000 for an individual), whichever is greater. You will face a penalty every year that you continue to be uninsured, and that penalty will increase.”

“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 annual household income above the tax-filing threshold, whichever is greater,” she added.

Budgeting and financial assistance

Elizabeth Kiss, assistant professor and K-State Research and Extension family resource management specialist, said it's important to keep in mind that if you choose to remain uninsured not only will you pay the penalty, but you still will not have health insurance coverage and will be responsible for 100 percent of the cost of any medical care you receive.

“Not only does purchasing health insurance have the potential to improve our health, but with health insurance, families are better able to plan for medical expenses,” Kiss said. “They can budget for premiums and out-of-pocket expenses based on the specifics of their plans.”

No one can be turned down for health insurance, Riportella said, and no policies can be cancelled as long as you pay your premium. A premium is a fixed monthly expense you pay for your plan regardless whether you use your health insurance.

“Many are eligible for tax subsidies to help pay for premiums, and in some cases, you can get help paying for the usual copayments,” Riportella said.

Eighty percent of Kansans insured in the marketplace are currently benefiting from tax subsidies, she said. For example, a family of four with a household income of less than \$95,400 but more than \$32,913 qualifies for some assistance.

She recommends those interested in learning more about tax subsidies check out a Consumers Union tax credit handout (http://consumersunion.org/taxcredit/KS_2015_V1.pdf) or an interactive tax credit tool (<https://www.healthtaxcredittool.org/>).

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 hours, seven days a week, at 800-318-2596.

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

Sidebar: Take time to choose a health insurance plan

Choosing a health insurance plan can be difficult, when you are trying to make a decision based largely on unknown health care needs. This is why consumers should shop around to find a health insurance plan that best fits them and their family and review several aspects of insurance policies before making a choice, said Roberta Riportella, Kansas Health Foundation professor of community health at Kansas State University.

Since health insurance plans change year to year, she said it is important to review the details of your renewal contract. This is true if you are obtaining insurance from the Kansas Health Insurance Marketplace, your employer or other provider. The plans could change on items such as provider networks and prescription drug coverage, as examples.

Also, different medical situations require more care than others. Before examining the benefits in each plan, first understand your current health care needs, and identify if you're at risk for a particular need within the next year.

If you are purchasing health insurance in the marketplace, bronze level plans will likely have the least costly premiums, and silver, gold and platinum plans will have higher premiums.

“As with anything, you get what you pay for,” Riportella said. “If you pay more upfront in premiums, you will pay less for each service you use down the road. You also may get a more complete plan that covers more benefits.”

All adults under age 30 could consider catastrophic plans that are also sold in the marketplace, she said.

“Consumers should be aware that premiums for those (catastrophic) plans could be higher this year,” Riportella said. “The deductible is often the out-of-pocket maximum, which is \$6,600 for 2015. Still, expenses for one hospitalization would likely surpass that.”

“Some people over age 30 but in financial hardship might also qualify for a catastrophic plan,” she continued. “For example, a single person expecting to make less than \$16,105 in 2015 would qualify.”

-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

Elizabeth Kiss – dekiss4@ksu.edu or 785-532-1946

