Common Conditions of Enrollment in Major Medical ACA Plans

ACA plan may be purchased through Exchange/Marketplace or off-Exchange directly from the carrier who offers. However, if you expect subsidy for premiums for qualifying income level related to your family size and income, you have to purchase a plan available on Exchange/Marketplace.

With coming of Individual HRA and Excepted Benefit HRA, the employees are required to purchase ACA compliant plan and then setup HRA account with the employer. Subsidy of premium, called Advance Premium Tax Credit is not available for qualified applicant employee if the employee wishes to enroll with the employer in Individual HRA account.

It is nevertheless good to know what all is available to a potential buyer of ACA plan through Marketplace/Exchange and how to shop.

Cost Structure of Qualified Health Plans

There are four categories of plans. The given names to these four categories of plans are Platinum, Gold, Silver, and Bronze. The characteristics of these four levels are related to geographic area the plans are offered, and the maximum Out-of-Pocket cost for the year based on in-network and out-of-network healthcare service providers. Typically, the relatively more expensive the area, the more the Actuarial Value of the plan due to costs of service, and hence higher the premium. All categories of plans specify that defined 'Deductible' is to first borne by the consumer before there is cost sharing of bills with the insurance company. These four categories of plans are having split of **coinsurance** are as follows:

- **Platinum:** 90/100. Means insurance picks up 90%, consumer picks up 10% after deductible is met.
- **Gold:** 80/20. Means insurance picks up 80% and consumer picks up 20% after deductible is met.
- **Silver**: 70/30. Means insurance picks up 70% and consumer picks up 30% after deductible is met.
- **Bronze**: 60/40. Means insurance picks up 60% and consumer picks up 40% after deductible is met.

Out-of-Pocket Maximum: This is the specified amount in the Qualified Health Plan that sets ceiling limit for the consumer to bear with costs of healthcare services. Thereafter, the insurance company picks up 100% coinsurance of costs of services.

What are the basic costs of an individual and family plan?

Here are the terms you must be familiar with, and preferably understand them with some hypothetical examples:

- Deductible: The amount you pay first before insurer comes to share your expenses with coinsurance.

- Coinsurance: This is what you and insurer split for the medical expenses after you have cleared your 'deductible' threshold.
- Copayment: You pay this fee upfront when you check in for a doctor.
- Out-of-Pocket Maximum: This critical threshold that is all has to go out of your pocket of preceding three items before the insurer picks up underwriting 100% of your medical expenses. Note, that there are two such Out-of-Pocket maximum: for in-network based expenses, and out-of-network. All medical care providers in the in-network have contracts with the insurer, and they have discounted rates of service for you as the beneficiary of your membership in the Plan.
- Out-of-Pocket limits: The Out-of-Pocket limit of Marketplace plans varies, but it cannot go over a set amount each year. For year 2020, the ACA has capped upper limit to $8,150 for individual, and $16,300 for family. However, if one member of the family crosses its individual threshold, insurer picks up 100% of expenses. These Out-of-Pocket limits increase every year.
- Out-of-Network: If you take medical services that fall out of your 'in-network' providers, you are exposed to much higher rates of service that you have to pick up, unless the Plan you purchased has upper ceiling of 'Out-of-Network' services. Look out for this financial risk. HMO plan do not cover Out-of-Network at all. If you have PPO plan, it will be set out in the Plan.
- Balance Billing: When the medical services charge you for your Out-of-Network services, and what your insurance plan picks up to pay them, the rest is on you. There is generally no limit on it. These can be high voltage financial shocks.
- Prescription Drugs Plan: Now, add to expected cost of prescription medications. They have their own deductible and coinsurance, and generally will not have maximum Out-of-Pocket. If you have to take branded medications, the costs can be substantial.

Eligibility for APTC and Cost Sharing Reductions Federal Poverty Levels

Plans published on the Marketplace/Exchange offer Advance Premium Tax Credit (APTC) and Cost Sharing Reductions (CSR) based on criteria of: i) size of the family and ii) family income for the year related to the Federal Poverty Level (FPL). Eligibility of qualifying criteria for is as follows:

- The qualifying eligibility for APTC on Marketplace plans is income level between 100% to 400% of Federal Poverty Level (FPL).
- If your income is below 138% of FPL, and your state has expanded Medicaid coverage, you qualify for Medicaid based only on your income.

- If the income level falls between 138% to 250% of the Federal Poverty Line (FPL), there may be further reduction of your share of coinsurance with the insurance company, called ***Cost Share Reduction.***