

Personal Finance Course

The Health Insurance Marketplace

David Sayen interviewed by
Professor Terrance Odean

I'm Terrance Odean. My guest today is David Sayen, the regional director for Medicare. David, let's start today with the health insurance marketplace. What is it? Well, it's a resource where you can go and find insurance products to provide health insurance for you or members of your family in a way that's easy to compare, that is accessible, and perhaps most important, makes it possible to take advantage of subsidies for people who can't afford to fully cover themselves. And who is eligible to make use of the health insurance marketplace? The plans in the health insurance marketplace are available to anyone who is a US citizen or a legal resident of the United States.

What do marketplace health plans cover? It's really important to understand that under this program, unlike in the past, we now have a standard level of what a health insurance plan looks like, so it's not something that pays you \$10 every day you're in the hospital. This is something for people that need insurance, and we all do because we don't know when we're going to get sick. We don't know when we're going to have an accident, but we're going to need real insurance when we do. And that's what we're talking about here. So all of the plans cover outpatient services. They cover hospitalization. They cover the emergency room. They cover surgery if you need that, obstetrical services in childbirth, mental health and substance abuse services, prescription drugs, rehabilitative services for people that need to get back to walking or some other problem like that, laboratory services, pediatric services for children, and perhaps most important, the preventive and screening services that we know that people that don't have insurance often forgo, either because they can't pay for them or they're afraid that they're finding out that they have a problem that they won't be able to pay to work on. So those preventive services are there, and you don't have an out-of-pocket cost on those.

David, I have friends who in the past have had a hard time getting medical insurance because of preexisting medical conditions. How does the health care marketplace deal with pre-existing medical conditions? Well, that's a big word. Let's break it down for people. So in the past, prior to this law, when you applied for health insurance, they would ask questions about what doctors have you seen and what have you been diagnosed with, and they could call up those doctors and find out that you had even a minor problem. And they could charge you more for that, or they could decline to offer insurance, kind of like what car insurance issuers do. That's not legal anymore. Now if you're the right age, and you're the citizen, and you're eligible, you pay the same premium as the guy next door or the lady down the street, which is a good thing that's different. So you don't have to worry about pre-existing conditions, and you don't have to worry about if you're pregnant. I mean, that's a condition that people have. It's a happy condition to have, but nonetheless, you need health insurance if you have it. They can't turn you down.

How much does marketplace insurance cost? Well, here's one of the things that's innovative about the marketplace that's great. Now there's only four categories of plans that you need to look at. They're called gold, silver, bronze, platinum. And they have different prices because for the higher premium product, your out-of-pocket expenses are going to be less during. So it just depends on how much of a chance you'd like to take when you compare those plans apples to apples and know they have

the same coverage. So the prices vary based upon what level of coverage you'd like to have and where you live and your age in some cases, so there's a variety. But here's the important thing to remember. The great majority of people, over 90% of those that are getting coverage through the marketplaces, are getting some level of subsidy that reduces their premium and makes it affordable. Remember that the law requires everyone to have insurance, and it make sure that they can afford it. Otherwise it wouldn't work very well, so there's that. So on average, these people that are in coverage, about 7.7 million people, are on average getting about a \$263 a month subsidy. That's a lot. I think you're a fool if you're leaving that on the table because it's valuable. And for most of those people, more than half, their monthly premium is less than \$100. So remember, I talked about that broad range of benefits. And we all know if you break something and you go in the hospital, it's not cheap, and that can really ruin your day in terms of the financial cost. So we want people to get coverage, and we're helping them do it.

So can you tell us, how does a person enroll in a marketplace plan? Well, this is really important, too, so there are websites that you'll work with. You go to www.Healthcare.gov, and that will point you the resources in your particular state. And you can look at the plans. You can look at what they cover. You can look at the doctors that you'll be able to work with in that plan, the hospitals that they work with. That's important because not all the plans have the same providers in them, so that's important to look at that network. And then you can enroll right on the website. You can also do this over the telephone. We have an 800 number, 318-2596. They'll walk through that with you on the phone if you'd like, and there's another thing that's very important. When you go through the marketplace, some people whose income is quite a bit low actually qualify for the Medicaid program, and that's a program where all of your health benefits are covered. So that's really important, and a lot of people don't know that. That's been expanded in recent years, so going through this marketplace application is valuable for that and for another program, the Children's Health Insurance Program, that in some cases is a better value for people with kids than these insurance. Lots of employers now are covering mom and dad. And if people need buy coverage for kids, this is a place to do that. So that's, like, an important opportunity, too, that I want people to know about, take advantage of that possibility. Thanks, David.

So one final question, can you tell us how people who want to know more about marketplace insurance can get answers for their questions? Www.Healthcare.gov is the national website for information about the marketplace. 1-800-318-2596 is a 24 hour a day, toll-free number, and out in the community we have people called assisters and navigators. And they'll be out in force during the coming open period to help you. For this coming year, November 1 of 2015 through January 31 of 2016 will be the open period when you can switch plans or join, then you're going to wait another year after that. So pay attention to that and get ready because the information should be available before November 1. Thank you. My guest today has been David Sayen, the regional director for Medicare.