COUNCIL FOR AFFORDABLE
HEALTH COVERAGE

Consumer's Guide for Choosing the Right Health Plan

If you are purchasing private health insurance on your own (e.g., separate from an employer) for the first time, here is a broad overview of the general steps you should take to help find the health plan that best fits your needs and financial circumstances.

I. Learn the Basics of Health Insurance

- Before you can evaluate different health plans, it is important to familiarize yourself with common health insurance terms.
    - Do you know what a deductible is?
    - Do you know the difference between coinsurance and copayments for benefits?
    - Do you know what in-network vs. out-of-network coverage means?

- Check out HealthCare.Com's list of "10 Health Insurance Terms You Must Know Before Choosing a Plan" to quickly ensure you understand the basics of health insurance.

II. Determine if You Qualify for Financial Assistance

- Depending on your family income, you may qualify for a tax subsidy from the federal government to help purchase health insurance. You may even qualify for savings on out-of-pocket costs for your plan deductibles, coinsurance, and copayments
    - The amount of federal support you may receive depends on your income and family size. Within the qualifying range, the lower your income, the bigger your premium tax subsidy.
    - For example, in 2016, individuals with incomes between $11,880 - $47,520 and families of four with incomes between $24,300 - $97,200 are eligible for premium subsidies.

- To determine if you qualify for financial assistance and if so, to receive a preliminary estimate of your subsidy, visit HealthCare.gov's "See if you may qualify for savings" page, and answer a few questions about your location, estimated income, and family size.

III. Prepare for Open Enrollment

- Insurance can only be purchased during the annual open enrollment period. For the 2017 plan year, open enrollment runs from November 1, 2016, to January 31, 2017.
    - Outside open enrollment, you may still qualify for a special enrollment period to purchase health coverage if you have certain life changes—like getting married, having a baby, or losing your job.

IV. Understand the Different Plan Types

- Health plans are divided among several metal tiers of coverage. The metal tier you choose determines how you and your plan share the costs of health care.
    - Plans with a higher metal level typically have higher monthly premiums, but pay more of your costs when you need care, and vice-versa.

- The main metal tiers and the share of costs they cover are outlined below. Keep in mind the actual percentage you will pay in total or per service for health care will depend on your specific needs and the number of services you use during the year.
    - Bronze: On average, the health plan pays 60 percent and you pay 40 percent.

- Silver: On average, the health plan pays 70 percent and you pay 30 percent.
- Gold: On average, the health plan pays 80 percent and you pay 20 percent.
- Platinum: On average, the health plan pays 90 percent and you pay 10 percent.

- You should consider your plan metal tier based on your family's health care needs.
  - If you expect to use regular medical services and/or need regular prescription medications, you may want to choose a higher metal level plan that will likely cost more in premiums but pay more of your costs when you need care.
  - If you do not expect to use regular medical services and/or do not need regular prescription medications, you may want to choose a lower metal level plan that will likely cost less in premiums but pay less of your costs when you need care.
  - Note: If you qualify for savings on out-of-pocket costs, you can only obtain these savings if you enroll in a Silver plan.

V. Consider Several Key Factors When Comparing Plan Choices

- What benefits does the plan cover?
  - All plans must now cover a certain set of "essential health benefits" and offer zero cost sharing preventive services. But some plans offer additional benefits.
  - If you need any specific types of health care or require certain prescription medications, you should make sure those benefits are covered by the plan.

- What are the plan's total costs?
  - Look beyond just the monthly premiums, and make sure you consider the plan's required out-of-pocket costs—such as the deductible, copayments, and coinsurance—which you must pay before your insurance begins to pay benefits.
    - Many plans have out-of-pocket cost calculators, which help you estimate total costs.
    - Pay particular attention to the plan deductible. In 2016, the average Silver plan deductible is approximately $3,064 for an individual. Make sure you can afford your plan deductible if a sudden health care emergency were to arise.
    - Some plans may pay a portion or the full amount of your costs for a few services, such as doctor visits or prescription drugs, even before your deductible has been met.
  - Plans with a lower monthly premium tend to require higher out-of-pocket costs, and vice-versa.

- Which doctors, hospitals, and prescription drugs are covered?
  - All plans have a network of providers—doctors, hospitals, laboratories, imaging centers, and pharmacies—that are considered "in-network."
    - If a provider is not in your plan's network, the plan may not cover your health care expenses or may require significantly higher out-of-pocket costs.
  - The type of network a plan utilizes—typically HMO or PPO—can help you evaluate whether the plan's provider network meets your needs.
    - HMO plans tend to have a more restricted network but may offer lower premiums or out-of-pocket costs.
    - In contrast, PPOs tend to have a more open network but may require higher premiums or out-of-pocket costs.
  - The same dynamic is true for prescription drugs. All plans have formulary lists that outline the prescription drugs that are covered.
  - Ultimately, if you have specific doctors, hospitals, or prescription drugs that you need, you should check the specific plan's provider network or formulary to ensure that they are covered

before purchasing the plan. Some health care marketplaces have comparison tools that allow you to compare plans.

VI. Shop Around for the Best Deal

- Do not just pick the first plan you like, make sure you compare different health insurance companies to find the plan that best fits your needs on price, benefits, and network coverage.
- In addition to viewing plan options through HealthCare.gov, you may want to consider viewing other third-party sources such as HealthCare.com that may help in finding your best health plan choices.
- Even after enrolling, be sure to check the plan options available for subsequent years rather than just auto-reenrolling in the same plan. Consumers can often save money by shopping around and switching coverage in between plan years.