

What **OBAMACARE** Means For YOU



FAQ: What You Need To Know About The New Online Marketplaces

TOPICS: [HEALTH REFORM](#), [INSURANCE](#), [HEALTH COSTS](#)

By [MARY AGNES CAREY](#) and [JULIE APPLEBY](#)

KHN Staff Writers

SEP 16, 2013

This KHN story was produced in collaboration with [The Washington Post](#)

The health law's online marketplaces, also known as exchanges, will be open for enrollment Oct. 1. They will allow individuals and consumers to comparison shop for health insurance, much like they do now online for an airline ticket or a hotel room, and apply for subsidies, if they are eligible.

If done well, proponents say, the marketplaces could make it easier to buy health insurance and possibly lead to lower prices because of increased competition. But, if designed or marketed poorly, the exchanges will not attract healthy people and will instead be left with a higher percentage of sicker people that will cause premiums to rise.

Here are some answers to common questions about the exchanges:

What is an exchange?

It's an [online marketplace](#) where individuals and small employers will be able to shop for insurance coverage. Enrollment begins Oct. 1 for policies that will go into effect on Jan. 1. The exchanges will also help people find out if they are eligible for [federal subsidies](#) to help cover the cost of coverage or if they are eligible for Medicaid, the federal-state health insurance program for the poor.

Will all states have exchanges?

Yes. Sixteen states and the District of Columbia are [running their own](#) exchanges and the federal government is setting them up in 27 states. In seven states, federal and state officials are partnering to run the exchanges. You can get information about the exchange at <https://www.healthcare.gov/>, which has details on the federal exchanges and links to state-run exchanges.

Who will use the exchanges?

[Most people](#) will be able to purchase coverage on the exchanges. But many workers and their families already have coverage through their jobs, and they will not be likely to buy policies on the exchanges. The marketplaces are primarily aimed at people who are uninsured and those whose employer-based coverage is too costly and/or lacking in benefits.

Most states and the federal marketplace also will offer a Small Business Health Options program, or SHOP exchange, that will give employees more options than they have now. Initially, these SHOP exchanges will be open only for businesses with 50 or fewer workers.

Who cannot buy coverage there?

Immigrants who are in the country illegally will be **barred** from buying insurance on the exchanges. Legal immigrants are permitted to use the marketplaces and may qualify for subsidies if their income is no more than 400 percent of the federal poverty level (about \$46,000 for an individual and \$94,200 for a family of four.)

If my employer offers me insurance, can I shop on the exchange to get a better deal?

Even if your employer offers coverage, you can opt to buy a plan on the exchange. However, you may not be eligible for a subsidy unless you make less than 400 percent of the federal poverty level and your employer's plan covered less than 60 percent of allowed medical expenses or cost more than 9.5 percent of your household income.

If I am buying coverage on my own, do I have to buy it on the exchange?

Consumers can shop for coverage on or off the exchange. However, subsidies are generally available only for plans sold on the exchange. Also, adults up to the age of 26 have another choice: They often can get coverage through their parents' health plans.

How will the process work?

For someone with a computer, it's relatively straightforward. You can go online to Healthcare.gov or to your state-run exchange, if there is one, and create an account. Then you would fill out an application and provide information such as household size, location, income and citizenship status.



Then the exchange takes over. It first determines whether the person is eligible for Medicaid; if so, it will refer you there. If not, it will tell you how much of a subsidy you can receive. (These subsidies will be sent directly by the government to the insurer to pay a portion of the premium.)

After that, the exchange will offer a list of health plans and their premiums and out-of-pocket costs, including deductibles and co-payments. If a consumer decides to buy one of those plans, in most cases, you will be directed to the insurer's Web site to make the payment. In some jurisdictions, consumers will make their first premium payment to the exchange and then further monthly payments to the insurer.

You can also fill out paper applications or apply over the phone. The federal and state exchange sites have toll-free numbers where consumers can find information about getting help in person.

Are exchanges the only place where I can get subsidized coverage?

Not exactly. Under a **little-known rule** proposed by the administration in June, consumers will be able to buy an exchange-approved plan – and receive a health law subsidy – from the insurance company itself rather than from the exchange.

I am on Medicare. Do I need to use the exchange?

No. Medicare is **not part** of the health insurance exchanges. As a Medicare beneficiary, you can enroll in the program's traditional drug coverage or in a Medicare Advantage plan, where Medicare enrollees get coverage through private health insurance plans, on Medicare.gov during the Medicare open season, which begins Oct. 15.

What about federal workers?

Most federal workers will continue to get their health coverage through the [Federal Employees Health Benefits Program \(FEHBP\)](#) and not be required to purchase coverage through the health law's marketplaces. Members of Congress and their personal staffs, however, will be required to buy health insurance through the exchanges.

A proposed rule from the Office of Personnel Management said the government would [continue its practice](#) of paying up to 75 percent of the premium, as it does for federal workers enrolled in FEHBP. Members of Congress and their personal staffs will not be eligible for the health law's subsidies and will purchase on the exchange in the state where they live, the agency said.

Will exchanges be like travel websites or some existing health insurance sites?

In some ways, but they will be more complex. People will be able to compare policies sold by different companies. Information on the plan benefits will be standardized in an effort to make it easier to compare cost and quality. Plans will be divided into [four different types](#) – bronze, silver, gold and platinum – varying based on the size of their deductibles, copayments and other consumer cost-sharing. They will also have to provide personal financial information and citizenship status that will be linked to the Internal Revenue Service and other government agencies.

What will the coverage sold on the exchanges look like?

Plans will have to offer a set of ["essential benefits"](#) that include hospital, emergency, maternity and pediatric care as well as coverage for prescription drugs and lab services. Annual cost-sharing -- or the amount consumers pay for out-of-pocket for care for medical services and deductibles but not premiums—will be [capped](#) at \$6,350 for individual policies and \$12,700 for family plans in 2014.

What if I can't afford the premiums?

The health law provides sliding scale [subsidies](#) to help people pay premiums up to 400 percent of the poverty level, which is currently about \$46,000 for an individual and about \$94,000 for a family of four. There's also help with [cost-sharing](#) for individuals and families with incomes of up to 250 percent of the poverty level (\$28,725 for an individual or \$58,875 for a family of four). According to [government estimates](#), subsidies will average \$5,290 per person in 2014. Recipients [must pay](#) a portion of their household income – 2 percent to 9.5 percent – toward the cost of the premium, based on how much they make.

Does everyone on the exchange get a subsidy?

No, subsidies will be limited to people who meet specific income requirements. In addition, individuals with access to insurance through their jobs but who decide to purchase insurance on the exchange instead are eligible for subsidies only if their employer's plan does not cover at least 60 percent of estimated medical expenses or if it would cost the worker more than 9.5 percent of household income.

The health law also expands Medicaid. How will I know if I qualify?

The law sought to extend Medicaid to all people who earn less than 138 percent of the federal poverty level, just under \$16,000 for an individual and \$32,500 for a family of four based on current guidelines. However, the Supreme Court ruled in June 2012 that states may opt out of that Medicaid expansion, and [21 states have chosen](#) not to expand. People who would have qualified for Medicaid in states that don't participate in the health law's expansion can enroll in the exchanges but they [won't qualify](#) for subsidies if their income is below 100 percent of the federal poverty limit.

Will all insurers have to offer policies through the exchange?

More Information For Consumers

[What You Need To Know About The New Online Marketplaces](#)

[How Employer-Sponsored Health Insurance Is Changing](#)

[FAQ: How Will The Individual Mandate Work?](#)

[Five Things To Know About Obamacare Premiums](#)

[Deciphering The Health Law's Subsidies For Premiums](#)

[Accountable Care Organizations, Explained](#)

['Grandfathered' Health Plans And The ACA](#)

[The Health Law and Coverage For Immigrants](#)

No. Insurers [are not required](#) to sell through the exchanges.

Where can I go for help?

You can start with [Healthcare.gov](#). Beginning Oct. 1, the site will publish more information about the plans offered on the federally administered exchanges. If your state is running its own exchange, you'll be directed there as well. The federal government has also set up call centers to answer questions from people in states with federal exchanges. That phone number is 800-318-2596. States running their own exchanges will also have individual call centers.

KHN's Julie Appleby and Mary Agnes Carey are participating in an [online discussion on the Washington Post website](#) on Tuesday, Sept. 17 at noon, answering reader questions about how to navigate the new system. The discussion begins at noon ET, but you can submit your questions now at: <http://live.washingtonpost.com/obamacare-enrollment-questions-answered.html>



© 2013 Henry J. Kaiser Family Foundation. All rights reserved.