 

*ACA Tip Sheet: August 26, 2015*

**Affordable Care Act (ACA):**

***Why Health Care Costs May Rise Again: What Families Need to Know***

Although increases in health care premiums have slowed in recent years (see our recent blog), they may increase more rapidly in the coming years. In addition, out-of-pocket costs may be on the rise. This blog examines why this could happen and what families can do to protect themselves against higher premiums and out-of-pocket costs.

***Why Could this Happen?***

There are several reasons that health insurance premiums could increase. For one, there has been an increase in the use of health care services due to improvements in the economy and more people having insurance coverage due to the Affordable Care Act (ACA). When insurers must pay for increased use of services, those costs are often passed on to the consumer as premium increases. Also, insurers offering plans in the ACA exchanges may have set artificially low premiums initially to attract customers, knowing that consumers tend to stick with their insurance plans. Raising premiums is a way that insurers can offset initial low premiums. Other reasons include rising drug prices and the phase-out of ACA protections for insurers, costs which insurers will pass on to consumers to some extent. In addition, when employers face increased benefits costs, these will often be offset by making employees pay a greater share of premiums than they used to.

According to a recent [Kaiser Family Foundation analysis](http://kff.org/health-reform/issue-brief/analysis-of-2016-premium-changes-and-insurer-participation-in-the-affordable-care-acts-health-insurance-marketplaces/) of preliminary 2016 premiums in 10 cities, costs for the lowest and second-lowest cost silver plans – where the bulk of enrollees tend to migrate – are changing relatively modestly in 2016, although increases are generally bigger than in 2015. BUT, the plans which had the lowest cost last year may not be the same plans that have the lowest cost this year**. In other words, to stay in the most affordable plans, a consumer may have to switch plans or insurance companies in most of those cities.**

Generally, there is a trade-off between premiums and out-of-pocket costs. To save money on insurance premiums, employers may choose plans with higher out-of-pocket costs for employees. In the exchanges, plans with lower premiums are likely to have higher out-of-pockets costs.

***What Can Families Do?***

**To save on premiums --**

* Shop around – don’t “stick” with a company just because it is familiar.
* Make sure your family’s providers are still in your plan’s network.
* Find out if any family members are eligible for Medicaid or CHIP; remember that enrollment for Medicaid/CHIP is year-round.
* If you are buying insurance through an exchange, make sure you are receiving any [premium tax credits](https://www.healthcare.gov/lower-costs/save-on-monthly-premiums/) to which you are entitled.
* Remember that the cheapest plans have the highest out-of-pocket costs for families, so that may not be the best deal. See <http://blogs.wsj.com/washwire/2015/05/21/the-value-trade-off-in-high-deductible-health-plans/>. Although there are “catastrophic” plans for people under age 30, these only provide “bare bones” coverage.

**To save on out-of-pocket costs –**

***RESOURCES***

**⮚ Help with Applications:** <https://localhelp.healthcare.gov/>

**⮚ Comparing Plans:** <https://www.healthcare.gov/choose-a-plan/comparing-plans/>

**⮚ Medicaid/CHIP Coverage:** <https://www.healthcare.gov/medicaid-chip/getting-medicaid-chip/>

**⮚ Catastrophic Plans:** [**https://www.healthcare.gov/choose-a-plan/catastrophic-plans/**](https://www.healthcare.gov/choose-a-plan/catastrophic-plans/)

**⮚ Premium and Cost-sharing Subsidies for Exchange Plans**<https://www.healthcare.gov/lower-costs/>
<https://www.healthcare.gov/lower-costs/save-on-monthly-premiums/>
<https://www.healthcare.gov/lower-costs/save-on-out-of-pocket-costs/>

**⮚ Get help applying for coverage through HealthCare.gov**<https://www.healthcare.gov/apply-and-enroll/get-help-applying/>

**⮚ Families USA: Price Transparency in Health Care: An Introduction**<http://familiesusa.org/sites/default/files/product_documents/HSI%20Price%20Transparancy%20Brief_final_web.pdf>

**⮚ What Consumers Should Know About Rising Health Care Costs**<http://time.com/money/3684959/steven-brill-bitter-pill-consumers/>

**⮚ Why is Healthcare So Expensive?**<http://www.healthcarevaluehub.org/cost-and-quality-problems/why-healthcare-so-expensive/>

**⮚ Health Care Costs Expected to Rise in 2015: Are You Ready?**<http://health.usnews.com/health-news/health-insurance/articles/2014/10/21/health-care-costs-expected-to-rise-in-2015-are-you-ready>

**⮚ How to Find the Best Health Insurance Plan for You**<http://health.usnews.com/health-news/health-insurance/articles/2014/11/14/how-to-find-the-best-health-insurance-plan-for-you>

**⮚ How to get the Most for Your Health Insurance Dollar**<http://health.usnews.com/health-news/health-insurance/articles/2013/08/27/health-insurance-how-to-get-the-most-for-your-dollar?page=2>

**⮚ America’s Bitter Pill: Money, Politics, Backroom Deals, and the Fight to Fix Our Broken Healthcare System – a book that provides information about how to read and challenge medical bills. Read a review at**<http://www.nytimes.com/2015/01/11/books/review/americas-bitter-pill-by-steven-brill.html?_r=0>

* If you are buying insurance through an exchange, make sure you are receiving any [cost-sharing subsidies](https://www.healthcare.gov/lower-costs/save-on-out-of-pocket-costs/) to which you are entitled.
* Ask for generic instead of brand name prescriptions, or talk to your health care provider about less-expensive alternatives to your medications.
* Check for errors in your medical bills (very common) and make sure your insurance is covering what it should be by carefully reviewing “explanations of benefits” you receive from your insurance company.\*
* Take advantage of any flexible spending accounts offered by your employer.
* Consider using [Health Savings Accounts](http://www.treasury.gov/resource-center/faqs/Taxes/Pages/Health-Savings-Accounts.aspx), which are available for individuals with high-deductible plans. This allows consumers to set aside funds to pay for health care costs tax-free. If the funds aren’t used, they can be rolled over into the next year.

\*See the earlier blog post, [*What The Insurance Jargon Means for Families*](http://www.fv-ncfpp.org/blog/what-insurance-jargon-means-families/), which explains how to make sure that you are being billed correctly and that your insurance plan is covering what it is supposed to cover. About 80% of medical bills include some errors. See also the [resource](http://money.usnews.com/money/blogs/my-money/2014/09/08/6-questions-you-should-ask-before-paying-any-medical-bill) within that blog post about questions you should ask before paying any medical bill. Families also may want to look at the NY Times review of “America’s Bitter Pill” which addressed how to understand medical bills, and how to appeal denial of benefits on claims.

In summary, families of children with special needs can pick the best plans by comparing five key areas: [premiums](https://www.healthcare.gov/glossary/premium), [deductibles](https://www.healthcare.gov/glossary/deductible), [copayments](https://www.healthcare.gov/glossary/co-payment), [coinsurance](https://www.healthcare.gov/glossary/co-insurance), and [out-of-pocket maximums](https://www.healthcare.gov/glossary/out-of-pocket-maximum-limit)  (also see Resources.) There are also [application assistors and a telephone help-line](https://www.healthcare.gov/apply-and-enroll/get-help-applying/) available if families need help.

This tip sheet is based on an ACA blog authored by Lauren Agoratus, M.A. Lauren is the parent of a child with multiple disabilities who serves as the Coordinator for Family Voices-NJ and as the southern coordinator in her the New Jersey Family-to-Family Health Information Center, both housed at the Statewide Parent Advocacy Network (SPAN) at [www.spanadvocacy.org](http://www.spanadvocacy.org). More of Lauren’s tips about the ACA can be found on the website of the Family Voices National Center for Family/Professional Partnerships: <http://www.fv-ncfpp.org/>.



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