

# Insurers notifying customers of changes

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MONTGOMERY — At least two health insurance companies in Alabama say some of their customers will see existing coverage plans dropped in 2014 as the providers comply with the Affordable Care Act.

They're in the process of notifying consumers of changes — including possible increased costs — and their options.

Blue Cross and Blue Shield of Alabama, the largest provider in the state, recently mailed letters to 4 percent of its customers to inform them their health plans won't be available in 2014 because they don't meet Affordable Care Act, or ACA, rules.

“The majority of these members were also informed their premiums would increase due to the ACA requirements,” according to a statement from Blue Cross.

Humana spokesman Mitch Lubitz said Tuesday about 1,400 customers will be affected by policy changes next year.

“Humana will be notifying all of these Alabama health plan members next month on their health care coverage options for 2014, including keeping their current Humana insurance policy through the end of 2014, or choosing a Humana medical plan that complies with the Affordable Care Act and includes the law's Essential Health Benefits and takes effect Jan. 1, 2014,” Lubitz said in an email to the TimesDaily.

Starting next year, most Americans will be required to have health insurance, or pay a fine, under the Affordable Care Act. People seeking insurance, likely those who aren't offered it through their employers, can shop for insurance through a health care exchange, an online marketplace. People don't have to buy their insurance through the exchange and insurance companies can still offer plans separate from the exchange. However, the Affordable Care Act's subsidies for lower-income individuals and families are available only to those who buy through the exchange.

The subsidy to help pay for insurance is for people making below 400 percent of the federal poverty level — \$45,960 for an individual and \$94,200 for a family of four.

Current insurance holders also have the option of keeping some “grandfathered” plans - ones that existed prior to March 2010. But even those have to abide by some of the new ACA rules, like ending lifetime limits on coverage and providing insurance for adult children up to age 26.

“Our current customers in non-grandfathered plans for individuals and families will be subject to applicable ACA requirements upon first policy year date on or after Jan. 1, 2014,” UnitedHealthcare Spokeswoman Ellen Laden said Tuesday.

Earlier this week, Kaiser Health News, a part of the Kaiser Family Foundation, reported that nationwide, hundreds of thousands of people are receiving cancellation letters from their insurance companies. Some are being offered more costly policies.

The new policies will offer consumers better coverage, in some cases, for comparable cost — especially after the federal subsidies for those who qualify, according to Kaiser, a non-profit focused on health issues. The law requires policies sold in the individual market to cover 10 essential benefits, such as prescription drugs, mental health treatment and maternity care. The policies must also cap consumers' annual expenses at levels lower than many plans sold before the new rules.

In Alabama, Blue Cross said the increased premiums are based on several factors, including new fees and taxes and a rule that older adults can't be charged more than three times the amount that younger people pay.

Additionally, the Affordable Care Act has eliminated underwriting and waiting periods for pre-existing conditions and premiums can't be based on an individual's health status.

Another change: Previously, Blue Cross Blue Shield offered a family rate no matter how many members were in the family. Now, the Affordable Care Act requires that each member on a policy be rated based on age, address and tobacco use. Then all of these individual rates are added together to determine the family premium. As a result, larger families may experience higher premiums, according to the company.

Keivan Deravi, an economist at Auburn Montgomery, said young people could find themselves paying more for more insurance in 2014.

“If I'm 28, 29 years old, (I'd have) insurance for a catastrophe, otherwise I wouldn't have a Cadillac of a health insurance,” Deravi said. “I can get a Cadillac, or I can get a Toyota. But even the Toyota is more than I need. I just need a bicycle.”

The system works by getting younger people into the insurance market and paying premiums that cover older, sicker people.

“The younger people are getting hit harder because the (coverage plans) are much more generous and expanded,” Deravi said.

Blue Cross and Blue Shield of Alabama has more than 80 percent of the individual market, and is the only one offering individual plans in every county under the ACA new health care exchange.

Humana is offering plans on the exchange in Jefferson, Madison and Shelby counties as part of the state's health care exchange.

The Associated Press reported earlier this month that of the 37 states with federally run exchanges, Alabama's has the least amount of choices for consumers.

Blue Cross offered a bronze plan for a 27-year-old in Shelby County for \$170.44 a month, while Humana had a similar plan for \$184.43

For a Shelby County couple about 30 years old with two children, the family prices were \$575.72 for Blue Cross and \$622.96 for Humana, according to the AP.

UnitedHealthcare decided not to participate in the marketplace at this time, but can still sell off-exchange policies.

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