

# PAF Articles



# INSURANCE

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# Catastrophic Health Insurance Plans

If you are young or experiencing financial hardships and the “metal plans” offered through the Marketplace are too expensive for you, you may be eligible for a “catastrophic” plan.

Catastrophic plans offer protection from worst case scenarios like a serious accident or illness. They tend to have lower monthly premiums and very high deductibles, making them a poor option for someone who sees the doctor or a specialist more than average. This plan also requires you to pay your medical costs up front before reaching your deductible.

Although this plan is very basic, it does cover essential health benefits, certain preventive services, and three primary care visits per year at no extra cost. However, unlike the metal plans, the plan does not offer the discounts through premium tax credits.

Because this is the most bare-bones plan the Marketplace offers, you must be under 30 or fall under one of the 14 hardship exemptions including:

1. You were homeless
2. You were evicted in the past 6 months or were facing eviction or foreclosure
3. You received a shut-off notice from a utility company
4. You recently experienced domestic violence
5. You recently experienced the death of a close family member
6. You experienced a fire, flood, or other natural or human-caused disaster that caused substantial damage to your property
7. You filed for bankruptcy in the last 6 months
8. You fell into debt due to medical expenses you paid in the last 24 months
9. You experienced unexpected increases in necessary expenses due to caring for an ill, disabled, or aging family member
10. You expect to claim a child as a tax dependent who has been denied coverage in Medicaid and CHIP, and another person is required by court order to give medical support to the child. In this case, you don't have the pay the penalty for the child
11. As a result of an eligibility appeals decision, you're eligible for enrollment in a qualified health plan (QHP) through the Marketplace, lower costs on your monthly premiums, or cost-sharing reductions for a time period when you weren't enrolled in a QHP through the Marketplace
12. You were determined ineligible for Medicaid because your state didn't expand eligibility for Medicaid under the Affordable Care Act

13. The exemption for “grandfathered” individual insurance plans is no longer available for 2017 and later

14. You experienced another hardship in obtaining health insurance

For more information about exemption hardships or how to apply, please visit <https://www.healthcare.gov/health-coverage-exemptions/hardship-exemptions/>

Keep in mind as you are shopping for health insurance, just because you qualify for a catastrophic plan doesn't mean that it will be the best fit for you. Do your research by assessing your medical needs and picking the plan with the lowest rate that can easily accommodate your healthcare needs.

## Do I Qualify for Health Insurance?

Whether you have been uninsured for a long time or have recently become uninsured, there are multiple options for you to gain access to health insurance.

Despite your current or past health condition, it is in your best interest to obtain health insurance coverage if possible. Insurance coverage provides easier access to care and you will have more doctors to choose from as many doctors do not treat uninsured patients. In addition, insurance gives you and your family protection against a future unexpected health crisis which could potentially leave you struggling with an excessive amount of medical debt.

All health insurance plans must cover preventive services and common screenings that can help you identify medical concerns as early as possible. Obtaining coverage with a health plan that includes dependents and household members ensures they are protected as well.

Consider purchasing a plan through your State Health Insurance Marketplace. Marketplaces will also screen you for Medicaid eligibility and connect you to that program if you meet the criteria. Depending on your income and household size, you may qualify for financial assistance and lower costs for your insurance purchased through the marketplace. Submit the enrollment application for processing as soon as possible for the earliest effective date of coverage.

These questions can help you identify if you qualify for various types of insurance or health benefits:

### **Have you been deemed disabled by the Social Security Administration?**

If you answered “Yes”

- You may qualify for Medicaid through your state.

- If you do not qualify for Medicaid, you will become Medicare eligible once you have received Social Security benefits for 29 months or have turned age 65.
- If you have recently stopped working, were deemed disabled, and elected COBRA benefits, you may be eligible for an 11 month extension of COBRA to bridge the gap between the normal 18 month COBRA period and the waiting period for Medicare.

### **Are you married?**

If you answered "Yes"

- If you are married at the time you become disabled and your spouse has an employer group health policy, you may be eligible to elect coverage under your spouse's policy.
- May no longer be denied coverage or excluded benefits because of a pre-existing condition.

### **Does your employer offer group benefits?**

If you answered "Yes"

- You may choose to elect group health insurance benefits upon being hired or during open enrollment periods

If you answered "No"

- You may purchase a plan through your state or federally run Health Insurance Exchange.

### **Are you under 26 years old?**

If you answered "Yes"

- Healthcare regulations allow parents to cover children under their policy until the age of 26 years old, regardless of student status, employment, or medical history.

### **Did you recently lose a job that provided health insurance benefits to you?**

If you answered "Yes"

- You may be eligible for COBRA benefits.

### **Did you exhaust your COBRA benefits?**

If you answered “Yes”

- You may be HIPAA eligible plan. If you have had 18 month of continuous coverage and have exhausted your COBRA benefits not due to fraud or nonpayment of premiums, you have 63 days from the date your COBRA benefits term to elect a HIPAA eligible plan.

For more specific questions pertaining to health insurance options in your area, contact your state’s Bureau of Insurance.

## Health Plan Cancellations and What to Do Next

Health insurance companies cannot cancel your plan without providing you a clearly outlined and justified reason.

An insurer may cancel your plan if:

- They found that you included false or incomplete information on your insurance application
- You fell behind on your premium payments
- Your plan does not meet the requirements of the Affordable Care Act

If your employer does cancel your insurance plan, don’t fret. You do have options.

**Marketplace Plan** – If you leave your job outside of the open enrollment period, you are still allowed to buy insurance through the Marketplace. You will have up to 60 days to enroll from the day you lost coverage. This is called a *Special Enrollment Period*. Keep in mind you may also be able to qualify for tax credits for lower premiums and out-of-pocket costs based on your household size and income. All marketplace plans meet the minimum essential coverage.

To begin an application, compare plans, or ask a question call 1-800-318-2596. You may also visit [www.healthcare.gov](http://www.healthcare.gov) for more information.

**COBRA** – COBRA or the *Consolidated Omnibus Budget Reconciliation Act*, protects employees who lose coverage due to qualifying events. COBRA itself is not an insurance plan. It is a law that requires employers to offer continued group health care coverage for up to 18-36 months. If you decide COBRA is the best option for you, you must act promptly because you must elect COBRA within 60 days from your initial loss of coverage.

Qualifying events that allow you to enroll in COBRA include:

- Leaving your job voluntarily, including retirement

- If your work hours are reduced making you no longer eligible for health benefits under your employer's policy
- If you leave your job involuntarily for any reason, other than gross misconduct.

If you would like to continue your coverage through COBRA, you will have to continue paying your monthly premiums as well as a small administrative fee. For more information about COBRA, visit the U.S. Department of Labor or click [here](#).

**Insurance Brokers** – You also have the option to go outside of COBRA and the Marketplace by using an insurance broker. It is important to note that not all plans available to you outside of Marketplace meet the minimum requirements for essential coverage. This means you may have to pay the same fee as those without coverage have to pay. Insurance plans are required to tell you whether they provide the minimum essential coverage.

Not only is it important to enroll in a plan that meets the minimum essential coverage requirements for insurance purposes, if you do not enroll in a plan you may be subject to a tax penalty (if active in your state) not to mention the full amount of any health care costs you incur.

Enrolling in a plan is good for your health and good for your wallet!