Suddenly health insurance is not for sale

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People hoping to buy private coverage for 2014 could be out of luck, but some windows may exist.

(HealthDay)— Darlene Tucker, an independent insurance broker in Scotts Hill, Tenn., says health insurers in her area aren't selling policies year-round anymore.

People who didn't try to sign up for health insurance by March 31 may now have to wait until the end of the year to buy a health plan—even outside the new Obamacare marketplaces, she noted.

"I'm very concerned that there are going to be people that develop health problems that begin walking into our doors and say, 'I need to get health insurance ... I need to be able to see the doctor,'" Tucker said. "And we're going to have to tell them that nothing's available."

It's a little-understood consequence of the Affordable Care Act, known as Obamacare.

Millions of uninsured Americans who missed the sign-up period—perhaps hoping to shop for coverage at their own convenience—may soon find they can no longer buy comprehensive coverage whenever they want.

"If somebody needs insurance in the middle of the year, in some places, they won't have access to it," said Kathryn Gaglione, a spokeswoman for the National Association of Health Underwriters in Washington, D.C., which represents health insurance agents and brokers across the nation.

For health insurers, it's an economic decision. To stay viable, they need to attract a certain mix of people, including young, healthy folks who don't require expensive care, or any care at all. If health plans leave the door open year-round, they're likely to attract people who are very sick, newly diagnosed and in need of immediate care. And under the health reform law, health insurers cannot turn these sickest patients away.

Insurers react to new rules

Many uninsured Americans will pay a federal tax penalty during next year's tax season, and people who procrastinated may have to wait until the next open enrollment period, starting Nov. 15, to enroll in coverage that takes effect in 2015.

So why cut off enrollment now? Experts say insurers are simply reacting to the health law's incentives.

The Affordable Care Act prohibits most health insurers from denying coverage to people with pre-existing medical conditions. The exception is for so-called grandfathered plans that were in place before the law took effect.

To discourage folks from waiting until they're sick to buy coverage, health plans offered on the federal and state marketplaces, or exchanges, are available only during open enrollment and under special circumstances—say, a move, divorce or birth of a child.

Healthy young adults for the most part are not the ones scrambling to sign up. They've already weighed the cost versus the benefit and decided to hold onto their premium dollars, brokers said.

Limiting open enrollment minimizes the risk of attracting mostly sick people in dire need, which would make health insurance unaffordable for everyone.

"What they should have done is said, 'Look, you can always enroll in a health insurance plan any time of the year. However, it doesn't cover any pre-existing conditions if you enroll outside of the open enrollment period,' " said Robert Slayton, an independent broker in Naperville, Ill.

Exchange plans don't have a choice, but off-exchange health insurers can decide when to offer coverage, said Carrie McLean, director of customer care for the online insurance broker eHealthInsurance. They can limit enrollment to a designated period mirroring the Obamacare sign-up and special enrollment periods. Or, they can sell insurance year-round, she explained.

Few are choosing to leave the door wide open, insurance brokers said.

"I think the biggest misconception was that [consumers] would just get the tax penalty" if they missed the March 31 open enrollment deadline, McLean noted. "People really did not understand that you couldn't get insurance at all," she said.

Of the more than 180 insurance carriers its works with across the United States, eHealthInsurance has identified just 14 states where at least one insurer has agreed to accept new applications off-exchange, mostly through April 15 or April 30.

'People did not understand that you couldn't get insurance at all'

There are a few exceptions.

Meritus, a Tempe, Ariz.-based nonprofit health insurer, said it intends to sell coverage outside of open enrollment. The consumer-owned and -operated health insurer is currently confirming its plan with the Arizona Department of Insurance.

"Due to the large number of people who did not enroll during open enrollment, we feel that providing an opportunity for people to still secure coverage is important to the community," Meritus CEO Kathleen Oestreich told *HealthDay*.

"We understand there may be additional risk, but we are prepared to manage that risk," she added.

Nevada Health Co-op, a nonprofit health insurer in Las Vegas, is also extending enrollment beyond April.

"They ought to put a kiosk in the emergency rooms, because who's going to be signing up? It's going to be people who desperately need insurance right now," said Larry Harrison, an independent broker in Las Vegas.

The rollout of Obamacare was marred by extensive computer glitches that hampered many Americans trying to sign up for coverage. The recent resignation of U.S. Health and Human Services Secretary Kathleen Sebelius may have been partly due to the fallout from that botched launch.

Consumers in most states had until April 15 to complete the enrollment process. People who submitted paper applications to the federal marketplace by April 7 have until the end of the month to select a plan.

More information: Visit HealthCare.gov to find out how to complete an insurance application.