

Five things young adults should know about buying health insurance

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Imagine what you could do with \$2,000. If you're between 18 and 34, you might travel somewhere fun. Maybe buy a big TV. But would you buy health insurance?

Take it from another millennial: Think about insurance if you don't have any.

We don't get sick often, and maybe we'll never get hurt, but without insurance, a serious accident or illness could put you on the hook for staggering [medical bills](#) that will haunt you for years.

People in our 18- to 34-year-old age range represent half of the 10.5 million uninsured Americans eligible to sign up this fall for coverage under the federal health law, the government estimates.

Enrollment began Nov. 1 and runs until Jan. 31, but Dec. 15 is the last day to get in if you want coverage starting Jan. 1.

"It can be easy to cut corners, but your health is important," said Erin Hemlin, national training director at Young Invincibles, an advocacy group for 18- to 34-year-old Americans on health care and other issues. Protecting yourself against an accident's financial consequences "provides a peace of mind that you won't be in tons of medical debt for years and years to come."

That sounds simple, but we all have different opinions, obligations and

opportunities. I'm fortunate to have insurance through my job reporting on health care. If you lack coverage, you're worried about money and you're confused about your choices, here are five questions to consider:

1. What will insurance do for me?

You can count on coverage for what the government calls essential health benefits. All plans sold on the federal marketplaces must offer them.

Preventive services such as shots and screening tests are free. You can't be denied coverage for a preexisting health condition. Expect to pay some of the cost for other covered services, such as emergency care or a hospital stay. Beyond the essentials, how much of your health care will be paid by insurance depends on the type of health plan you buy.

But if you're 26 or older, you can't stay on your mom and dad's [health plan](#) any longer.

2. Can I afford it?

Are you shouting "No!!" here? Sure, many of us feel crushed by our bills and don't have extra money to throw around. Half the uninsured Americans who are eligible to buy Obamacare have less than \$1,000 in savings. What you will pay for coverage next year depends on what you expect in 2016 income. The government offers tax credits that help people with modest incomes cut their monthly premiums, and for lower-income consumers, there are other subsidies that help reduce the plan's out-of-pocket costs.

You may be eligible for a subsidy if you make between 100 and 400 percent of the federal poverty guideline, or \$11,770 to \$47,080 for a single person, and live in a state that did not expand Medicaid under the

federal health law. If you live in a state that did expand Medicaid and your income is up to 138% of the poverty level - \$16,243 - you must go on Medicaid and cannot qualify for tax credits.

You can get an idea of whether you qualify for financial help by using this estimator. Monthly premiums vary widely depending on where you live, even for widely held types called silver plans. In 2015, the second-cheapest silver plan for a 27-year-old cost \$165 a month in New Mexico but \$449 in Alaska, according to the Department of Health and Human Services.

The tax credit can be applied to your monthly cost automatically, or applied to your taxes come April 2017 for plans bought for 2016.

The government sets out-of-pocket maximums for marketplace health plans, limiting your annual expenses for services not reimbursed by insurance. For 2016, the limits are \$6,850 for an individual plan and \$13,700 for a family plan.

3. What if I don't buy insurance?

That might cost you, too. If you don't buy insurance, the IRS will hit you with a fine at tax time, unless you qualify for an exemption, which can include hardships. Examples of hardship exemptions include eviction in the past six months, medical expenses you couldn't pay in the past 24 months that resulted in substantial debt and ineligibility for Medicaid because you live in a state that didn't expand Medicaid under the federal health law.

The penalty for not having coverage is rising next year to \$695 per adult or 2.5 percent of your annual household income above the tax filing threshold of \$10,150 for an individual - whichever is higher. The penalty is higher for families.

4. How can I tell what plan is right for me?

Obamacare has five categories of plans: platinum (which pays for 90 percent of your medical costs on average), gold (80 percent), silver (70 percent), bronze (60 percent) and catastrophic (which only pays for very high medical costs).

Sound complicated? The differences are all about how much you will pay for health care services beyond what your plan covers. The platinum plans generally have higher premiums but might save you more in other expenses, such as deductibles and co-payments.

If you go to a doctor twice a year, maybe you don't need a platinum-level plan; bronze or silver plans are for you. But if you have a chronic disease that requires a lot of medicine or treatment, for example, you might come out ahead with a more expensive premium that covers more services.

This part of the process can be daunting. Not all plans are structured the same, and they can be difficult to compare, warns Chris Redrich, 28, of Irvine, Calif., who will be buying insurance on Covered California, the state's marketplace website, for himself and his husband this year.

The "total out of pocket" estimator on the site, "was helpful, but it didn't provide a clear enough picture of what to expect for us," he said. "I wasn't terribly confused, but it was a chore to sift through all of the options to select the right balance of premium, co-insurance, deductible, and benefits."

5. So what should I consider?

No matter how much we dislike spending more than we have to, a good health care plan isn't measured only by a monthly premium. Once you've

picked a plan level, you'll need to dig into the options. Depending where you live, you might have one choice or 20. When you compare plans, factor in deductibles (what you pay for health care services before insurance kicks in), the co-payments you will owe for covered services and the out-of-pocket maximums.

And it's important to check out whether you will be able to visit almost any doctor or health care facility. Some plans keep premium costs lower by reducing the number of these [health care](#) providers that they contract with. And if you go outside the plan's network, the services may not be covered by your plan or only a small portion may be covered, and you could be responsible for the remainder of the bill. The out-of-network costs also do not count toward your out-of-pocket limits.

You might qualify for a catastrophic plan if you are younger than 30 or, if you are older and qualify for a hardship exemption from a health law marketplace. Catastrophic plans have lower monthly premiums, but deductibles running into thousands of dollars a year. Once you meet your deductible, those plans will cover your costs for any serious accidents or major illnesses.

Need more help? Health care navigators are free and can be found on [healthcare.gov](#). Their services are paid for by grants from the federal government. [Healthcare.gov](#) also has a new tab with tailored information for adults under 30.

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