

Slipping between Medicaid and marketplace coverage can leave consumers confused

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For people whose income changes shift them above or below the Medicaid threshold during the year, navigating their health insurance coverage can be confusing. Ditto for lower income people who live in states that may expand Medicaid this year.

Under the health law, states can expand Medicaid coverage to adults with incomes up to 138 percent of the federal [poverty level](#) (about \$16,000 for an individual). Thirty states and the District of Columbia have done so.

This week I answered three questions from readers about how Medicaid interacts with plans on the [health insurance](#) marketplaces.

Q: In my state, if my income drops below 138 percent of the federal poverty level, I have to drop my marketplace plan and sign up for Medicaid. But if my income increases and I become eligible for a marketplace plan again, what happens to any payments I've made toward the deductible and out-of-pocket maximum for that plan? Do they reset to zero so I have to start all over again?

A: As long as you sign up for the same plan you were originally enrolled in when you return to the marketplace, any payments you've already made for medical care that year will still count toward reducing your deductible and your annual maximum out-of-pocket spending limit for the year, said Sarah Lueck, senior policy analyst at the Center On Budget And Policy Priorities. In 2016, that maximum out-of-pocket limit, after

which the insurer generally picks up the whole tab for covered benefits, is \$6,850 for an individual.

Your payments would count whether you re-enrolled in a marketplace plan from Medicaid or another type of coverage such as a job-based health plan.

Insurers have the option of letting consumers who switch to a different plan when they return to the marketplace carry over the amounts already paid toward the deductible and out-of-pocket maximum, but they're not required to do so, said Lueck.

Q: My state, Louisiana, has not yet implemented the Medicaid expansion, but with the new governor it may happen this year. My income is between 100 and 138 percent of the federal poverty level, and since I'm not eligible for Medicaid under the current rules, I've signed up for a marketplace plan. What happens if Medicaid eligibility expands and I become eligible during the year? Will the marketplace automatically enroll me in Medicaid? And if I don't enroll, do I face financial consequences for not cancelling my marketplace plan?

A: Your new governor, John Bel Edwards, has said that expanding Medicaid is a priority. If that happens this year, don't expect to be automatically enrolled in the program, says Judith Solomon, vice president for health policy at the Center on Budget and Policy Priorities.

Because your income is between 100 and 138 percent of the poverty level, you likely are receiving federal tax credits to help subsidize the cost of the premium for the marketplace plan you chose. If you stay in that plan instead of moving to Medicaid this year, you won't be responsible for repaying the tax credits. The Internal Revenue Service will accept that you were eligible for those premium tax credits based on the marketplace's decision earlier in the year, Solomon says.

Next year, however, if the marketplace determines that your income qualifies you for Medicaid, you'll have to sign up.

Q: I live in California. What happens if, at tax time, the income reconciliation shows that I should have been enrolled in Medi-Cal instead of a subsidized marketplace plan? Are there consequences? Will I be responsible for any of the benefits I received?

A: If your final income at year's end was less than 138 percent of the [federal poverty level](#), you were likely eligible for the California version of the Medicaid program, called Medi-Cal. But if when you signed up for coverage earlier in the year the marketplace determined that your estimated [income](#) made you eligible for a subsidized marketplace plan, you won't have to repay any tax credits you got to help pay the premiums.

You also won't be on the hook for any benefits you received while insured by your marketplace plan. However, you can't recoup any premiums you paid for that plan either.

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