

## New healthcare law means looking at options is key

By: Kathy M. Kristof • Personal Finance

New healthcare rules that went into effect last week offer both opportunities and risks for consumers. With open-enrollment season looming, it may be time to take a close look at how the first phase of the healthcare law might affect you and what you should do about it.

“Don’t be complacent. This is not a static environment,” said Marty Rosen, co-founder of the Health Advocate, Inc., the nation’s largest health advocacy and assistance company based in Pennsylvania. “There is going to be change, and that change requires you to evaluate your options and your changing needs.”

The new law will phase in a host of changes that determine who will have access to health insurance and what types of coverage must be offered. New healthcare plans offered after Sept. 23, for example, must cover preventive care without co-payments or deductibles and all plans must accept children, up to the age of 26, who want to enroll on their parents’ health plan.

The catch: Grandfathered plans -- those that were in effect and haven’t been changed since the health law was passed -- don’t have to abide by the new rules. That means consumers must be particularly careful in looking at what they’re offered this open-enrollment season.

The new rules will alter access and coverage for consumers. Here are five key elements to look at.

### 1. Free preventive care

Starting with the first plan-year following Sept. 23, all new plans must cover routine checkups and screenings on a first-dollar basis. That means no out-of-pocket costs for you.

But again, that’s only for new plans. So if you buy new individual coverage, no problem. It will include no-cost preventive care.

It gets trickier if you’re already insured, either through an individual plan or through an employer with a grandfathered plan. Then the old rules still apply.

What should you do? If you have a plan with a significant deductible and you pay plenty for routine care -- which might be the case if you have young children -- you might save by switching out of your current plan.

Before you switch, though, check carefully to determine what doctors, hospitals and medical access you’d have with the new plan.

### 2. No lifetime limits

This isn’t likely to affect a lot of people, but consumers with chronic and expensive conditions who lost coverage because they hit the lifetime coverage limits on their plans -- usually about \$4.5 million -- can re-enroll and get additional coverage, said Carrie McLean, consumer specialist with online health insurance seller eHealth Inc. This change applies to all plans, including those that were grandfathered, she adds.

What it doesn’t do is provide coverage for conditions excluded from policies, which can include maternity coverage.

### **3. Coverage for adult children**

Under the new rules, parents with family coverage can keep their adult children on their insurance policies until the child is age 26, regardless of where the child lives or whether he or she is employed. But before you consider going from single to family coverage to add your progeny to your plan, make sure you shop the cost of buying an individual policy in the open market, said McLean. The average policy cost for a young adult is \$109 per month, she said. Some employers may charge more than that to add a dependent.

Moreover, if the child lives in another community, he or she may have limited access to healthcare. Investigate before you buy, she suggests.

### **4. Guarantees for kids**

A child with a preexisting ailment cannot be excluded from group or individual health coverage based on that condition, under the new rules. The catch, again, is that this provision applies to new, not grandfathered plans, McLean said.

If you've insured children under Medicaid or SCHIP programs in the past, you may be able to get them on your group plan, but don't cancel their coverage until you're sure, she said.

### **5. Protections against rescission**

It will now be harder for insurance companies to rescind your coverage if you get sick after enrolling in the plan. But that doesn't mean you can lie on your application to get cheap insurance, McLean said. Your coverage can be canceled if you obtain it through intentional misrepresentation or fraud.

Those buying insurance through group plans don't need to worry. Group plans take all comers and don't impose restrictions on preexisting conditions. But people who buy insurance through the individual market have previously found that insurers might scour their medical records, years after they got coverage, if they became seriously ill, looking for a reason to cancel the policy. The new law makes it clear they can't do that.

If you forgot some relatively minor medical procedure you had years ago and end up having a problem with the same thing later, you cannot be canceled, McLean said. But if you're a longtime smoker, for example, and write on your application that you've never smoked -- or rarely smoke -- to get the preferential nonsmoker rate, the insurer could cancel you after the fact based on that clearly intentional misrepresentation.

If you don't want to risk having your insurance canceled at the worst possible time, don't lie. Fill out the application as accurately and completely as you can.