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HEALTH CARE »

Health Insurance Do-Over

Whether you get coverage through your employer or buy it on your own, use our strategies to make smarter choices during open enrollment. **BY KIMBERLY LANKFORD**

AFTER A YEAR OF HUGE changes in the health care world, now is your opportunity to step back and figure out whether you made the right choices. If you had any nasty surprises when using your policy—say, you discovered that your doctors weren't covered, your drugs cost more than expected or your deductibles were too high to handle—this is your once-a-year opportunity for a do-over.

Most employers offer open enrollment during the fall. If you buy health insurance on your own, you have from November 15, 2014, to February 15, 2015, to pick your plan for 2015. For the second year, insurers can no longer reject you or charge you higher rates because of a preexisting condition, and premiums for older people are capped. That makes it easier to switch to a new policy every year.

Even if you liked your coverage over the past year, you may benefit from switching. “The plans that were competitive in 2014

may not be as competitive in 2015, and a lot of consumers would be better off shopping and comparing plans again,” says Elizabeth Carpenter, of Avalere Health, a consulting firm.

You may have more options this time; 77 insurers will be selling policies on the health insurance exchanges for the first time in 2015, a 25% increase from last year. Some big insurers that only dipped their toe in the exchanges in 2014 will bump up their presence significantly. UnitedHealthcare, for example, sold policies on four exchanges but plans to sell on as many as 24 for 2015; Cigna is entering three more states.

Average premium increases vary a lot by state because competition and insurers' claims costs vary. A study of nine state exchanges by Avalere Health found average premiums for silver plans increasing by as much as 16% in Indiana but just 2.5% in Rhode Island. Premiums in Oregon will average 1.4% lower.

But premiums are just part of the picture. Many plans continue to shrink their provider networks, boost deductibles and other out-of-pocket costs, and add more hurdles before covering expensive drugs and procedures. The policy with the lowest premiums may cost you more when you start to use the coverage.

If you have insurance at work, don't let inertia take over during open enrollment. Employers have been struggling to find creative ways to rein in rising costs. Some are giving their health coverage a major overhaul; others are introducing stealth changes that can boost your costs significantly.

Whether you get your health insurance through your employer or on your own, compare your options and make sure you're getting the most out of your coverage.

Choosing a Policy at Work

Even though the Obamacare exchanges don't directly af-



fect people who get coverage through their employer, companies are still struggling with rising costs. Premiums for employer health insurance averaged \$16,834 for family coverage in 2014, which is a 69% increase over the past 10 years, according to the Kaiser Family Foundation.

Large employers (those with at least 1,000 employees) surveyed by the National Business Group on Health expect their health insurance costs to rise by 5%, on average, in 2015, about the same as the 2014 increase. These employers



plan to pass along some of the extra cost to employees through higher premiums and deductibles and increased cost sharing. The average deductible for the most popular plan offered by large employers continues to grow, reaching \$1,000 for employee-only coverage and \$2,325 for family coverage. Smaller employers tend to have even higher deductibles.

The biggest surprise is the number of large employers who are offering only high-deductible plans in 2015. The percentage jumps from 22% in 2014 to 32% in

2015, says Karen Marlo, vice-president of the National Business Group on Health.

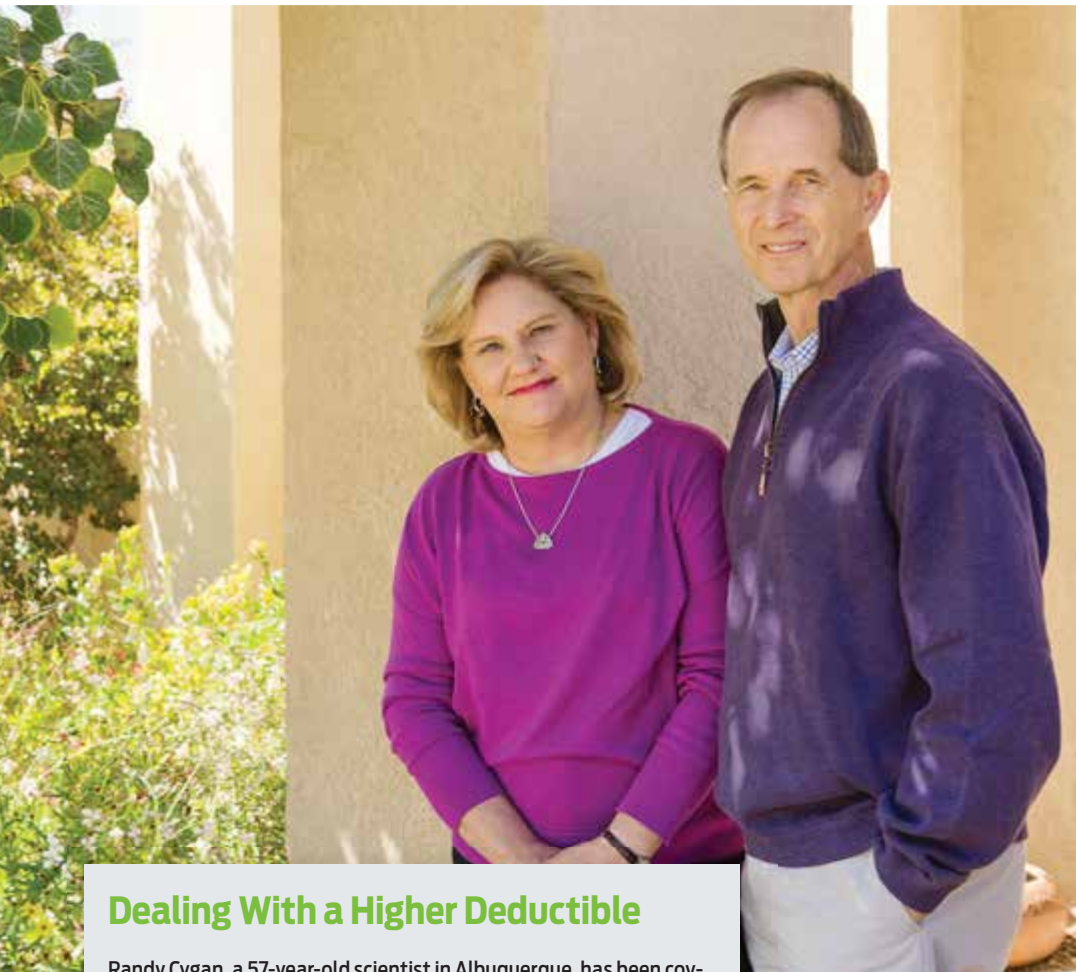
Even if your company has low-deductible as well as high-deductible options, it may offer big incentives to pick the high-deductible plan by reducing premiums and contributing extra cash to your health savings account. Employers are hoping that employees will become better health care shoppers if they have more skin in the game, which ends up saving the employers money, too. They're also beefing up tools to help you

Shopping Smart on the Exchange

Matt Mason buys health coverage on his own and used to have a hard time finding it. The 46-year-old poet and executive director of the Nebraska Writers Collective in Omaha has type 1 diabetes and was forced to rely on the Nebraska high-risk pool. In 2013, he paid \$320 per month for a policy with prescription-drug coverage and a \$10,000 deductible. His wife, Sarah, and their daughters Sophia, 10, and Lucia, 6, had a separate policy that charged the same monthly premium plus a \$5,000 deductible.

When the law changed last year and insurers could no longer reject people or charge more because of a preexisting condition, Matt shopped on the Nebraska exchange. He discovered that a policy with a higher premium and lower deductible would cost his family less than one with a lower premium and a higher deductible. He chose a silver policy that covered his doctors, cost \$687 per month (after a \$100 subsidy) and had a \$3,000 deductible.

Replacing two policies with one family policy reduced their deductible by thousands of dollars, but Matt had to adjust to a cash-flow crunch. "The first three months caught me by surprise," he says. Under his old policy, he paid a percentage of the cost of the insulin and test strips he needs every month. With the new policy, he had to pay the full cost out of pocket until he reached the \$3,000 deductible in mid March. "The prescription costs were so much higher at first," he says. After he meets the deductible for the year, the policy picks up most of the family's medical expenses, with few out-of-pocket costs for the rest of the year.



Dealing With a Higher Deductible

Randy Cygan, a 57-year-old scientist in Albuquerque, has been covered by his employer's health insurance for years. The policy also covers his wife, Donna, 56, who owns a financial-planning firm, and their daughters, Kate, 22, who lives in Santa Barbara, Calif., and Nora, 20, a student in St. Louis.

Until recently, Randy's employer offered an old-school policy that covered almost everything, requiring only small co-payments for drugs, doctors' visits and other care. But now there are three plan choices, all with higher deductibles. Two are from Blue Cross Blue Shield: a low-cost policy with a limited provider network as well as a more-expensive policy with a larger network. The third option is a UnitedHealthcare policy that costs slightly more than the other two but covers all of the family's doctors and the local hospital they prefer. It also provides the best coverage for their daughters. That's the one the Cygans chose.

The family pays \$359 per month for the policy, which is only about one-fourth of the full price (his employer pays the rest). But they have to pay a family deductible of \$2,250 before the coverage kicks in. Randy contributes \$1,000 pretax to a flexible spending account each year, which they use tax-free to help cover the deductible. The policy generally pays 80% of the costs beyond the deductible.

The family has been remarkably healthy; the cost of their care has only reached the deductible twice—when Randy needed knee-replacement surgery and when their daughter needed an outpatient surgical procedure. "In those situations, the insurance is invaluable," says Donna.

may get some cash for taking a health assessment or biometric screening (which measures things such as cholesterol and blood pressure). But you may get a lot more money if you stick with the program and reach certain goals, such as meeting a target body mass index or cholesterol level. And you may have to pay a penalty or higher premiums if you don't participate.

It has always been a good idea to check out all of your choices during open enrollment, especially if both you and your spouse have coverage at work. You may do better if the two of you keep your own policies and cover the kids with your plan or your spouse's.

Employers pay an average of 82% of the premiums for single coverage. But they tend to cover less of the cost for your dependents, paying an average of 71% of the premiums for family coverage, according to the Kaiser Family Foundation. Some charge spouses extra if they could have gotten coverage from their own employer, and 9% of employers don't cover those spouses at all. Employers may even give their own employees a bonus for choosing to get their coverage elsewhere.

Buying Insurance on Your Own

After the tumultuous launch of Healthcare.gov and the state exchanges, new enrollees started 2014 relieved that they could finally sign up. But many of them had big surprises when they started to use their policies—especially

compare prices—for example, showing the rates you'll pay in your area that insurers negotiated with health care providers.

When comparing your options, consider not only premiums but also deductibles and coinsurance for medications and other health care. Check whether your doctors and other providers are included in the network, and add in the value of any incentives, such as contributions to an HSA.

You could get extra money (as much as \$500 or more) by participating in a wellness program. But the standards are a lot tougher than they used to be. You

those who discovered that their doctors weren't included or who had a tough time paying a high deductible. Although you have until February 15 to switch policies for 2015, you only have until December 15 if you want your new coverage to kick in on January 1.

Do nothing and your policy will renew automatically. But that could be a big mistake. "Your plan may no longer be the lowest-cost plan available to you," says Cynthia Cox, of the Kaiser Family Foundation. You need to be particularly careful if your income is below 400% of the federal poverty level and you qualify for a subsidy to buy coverage on the exchanges (see the box below).

If you don't qualify for the subsidy, check out policies both on and off the exchanges. You may have more insurers to choose from off-exchange, and those policies must meet most of the same requirements for bronze, silver, gold and platinum policies as the policies on the exchanges, with the coverage (and premiums) increasing as you move up to the next level. You can get off-exchange policies through agents, insurers or Web sites such as eHealthInsurance.com.

Picking an Individual Plan

Whether you buy a policy on or off the exchanges, you should find shopping this year an easier task compared with last year. "So many consumers had a difficult time enrolling last

year, provider directories were difficult to get, and a list of covered drugs was hard to find," says Carpenter, of Avalere Health. "A lot of people picked a plan based on premiums."

This year, you can analyze your expenses to see what kind of plan works best for you. Many insurers, such as UnitedHealthcare, have created tools that break down your medical expenses throughout the year.

Compare deductibles and out-of-pocket costs for your medications and the medical care you're likely to use. If you have a lot of medical expenses, a plan with a higher premium but a lower deductible and coinsurance payments, such as a gold-level plan, might end up costing less by the end of the year than a lower-tier silver or bronze plan. Also compare the out-of-pocket maximum (the most you have to pay for in-network care). The Affordable Care Act requires plans to have an out-of-pocket maximum in 2015 of no more than \$6,600 for single coverage or \$13,200 for family cover-

age. But some plans charge higher premiums for lower maximums, which could be worthwhile if you have a lot of medical expenses.

Keep in mind that "premiums are certainly important, but they don't tell the whole story," says Kirsten Sloan, senior policy director for the American Cancer Society. "We recommend, particularly for people with cancer, to look beyond the premium to the co-pays and deductibles. Paying a little more up front with the premium may guarantee you better coverage on the back end."

And because it's easy to change policies during open enrollment, regardless of your health, you can reassess your needs from year to year. "If you had a bronze plan and are anticipating surgery in 2015, you may want to go to a gold plan, but then move back to the bronze plan the following year," says Wayne Sakamoto, a health insurance broker in Naples, Fla.

If you take expensive medications, find out how much you'll pay out of pocket. "The good news is

that most cancer drugs are covered," says Sloan. "The bad news is that you may have to pay 30% to 50% coinsurance. You want to make sure you know where the drug is covered and how it's covered." Some insurers require you to try a lower-cost drug first, or have your doctor fill out detailed pre-authorization forms.

The biggest shock for many people may have been the small provider networks. A number of insurers offered several versions of their policies—some with lower premiums but also with fewer doctors and hospitals. Expect to see this trend accelerate for 2015. "Companies that did not narrow their networks going into 2014 are likely to jump on that bandwagon, seeing that as the quickest and simplest way to get a more competitive price," says Sabrina Corlette, senior research fellow at the Georgetown University Center on Health Insurance Reforms.

Ask both the insurer and your doctors whether the doctors are covered by your plan. If you aren't too tied to certain doctors and hospitals, a lower-cost, narrow-network plan may work for you. Also find out whether you'll have coverage if you go out of network (some plans provide no coverage except for emergencies, and some charge higher co-payments). If you need specialized care or medications, talk to the insurer before you commit, and make sure you understand the insurer's appeals process. ■

 KipTip

Help With the Premiums

IF YOUR INCOME IS LESS THAN \$46,680 IF YOU'RE SINGLE or \$62,920 for a couple (or \$95,400 for a family of four) in 2014, you may qualify for a subsidy to help pay premiums, but you have to buy on the exchanges. The subsidy is based on the cost of the second-to-lowest-cost silver policy in your state. If the price of that policy changes in 2015, your subsidy will change, too—even if your income remains the same. You get an extra subsidy to help with deductibles and co-payments if your income is below 250% of the federal poverty level, but only if you buy a silver policy.