

## Transitioning out of a Group Plan and into an Individual Health Plan



The Affordable Care Act of 2010 has leveled the playing field between Group Health Plans and Individual Health Plans. Health insurance is now guaranteed for all individuals. Gone are the days when employees felt tied to an employer's health plan for fear they would be rejected by health insurers or get "rated-up" for health related reasons. The new "age-based" rating system has minimized the premium gap between group and individual health plans offering comparable benefits. These significant consumer friendly reforms are particularly relevant for employees who are considering leaving their group health plan and need to maintain their health insurance coverage.

Once your employment ends, your group health insurance ends. **1.)** You can continue your group coverage under **COBRA** for up 18 months - with the possibility of extending another 18 months under CAL-COBRA provisions. **2.)** If you are between jobs, you can enroll in a "**Short Term Medical**" Plan lasting up to one year. **3.)** You can enroll in a private individual health plan either through the state exchange, called **Covered California**, or in the open marketplace. Either way, you are guaranteed coverage, and because losing employment is a "life event" you can enroll "outside" of the mandated open enrollment period with no loss of coverage. **4.)** If you are 65 or older and considering retirement, you may be eligible to enroll in **Medicare Parts A & Part B**. Medicare offers comprehensive health coverage and premiums that are generally less expensive than the alternatives. If you are nearing age 65, and you choose to remain employed and covered under your employer's health plan, you should know your Medicare Options.

### ENROLLING IN AN INDIVIDUAL HEALTH PLAN – 7 things you need to know

- 1.) Losing your Group Health Insurance Plan is a "life Event." A "life Event" allows you to enroll in an **Individual Health Plan** outside of the ACA mandated **open enrollment period** (November 15 to February 15<sup>th</sup>). Your coverage will become effective the date that your group coverage ended.
- 2.) If you choose to enroll in **COBRA** or CAL-COBRA you can keep your group coverage for up to 18 months. However, the act of dropping COBRA is not a "life event," so once you are on COBRA you will need to wait until the open enrollment period to enroll in an Individual Health Plan.
- 3.) The ACA created two "markets" for Individual health insurance – the State Exchange or **Covered California** and the **Off-Exchange Marketplace**. Both markets offer the same plan/benefits/rates, but the tax-credit also known as a "premium subsidy" is only available by enrolling in Covered California.
- 4.) In the individual marketplace **not all carriers are available in all areas**. You might find that the health insurance carrier for your group plan does NOT offer an individual plan where you live.

- 5.) Make sure your preferred doctors and/or medical facilities are contracted with the carrier of your choice. Blue Cross and Blue Shield have created what they call “**narrow networks.**” Those networks are significantly smaller than the group networks.
- 6.) If you take “brand name” prescription drugs, you should check with the carrier’s RX formulary to ascertain your benefits for that drug. Even if you are moving to the same carrier, individual plan benefits for RX are different than group plans. For example, Kaiser Group and individual plans offer a three-tier RX benefit, but the specialty drug benefits under their individual plans are significantly less than their group benefit.
- 7.) Make sure you understand the benefits for your Individual Health Plan, if you don’t like your plan you can always change – but not until the next open enrollment period.

If this all seems rather complicated, that’s because it is. We’ve been in the health insurance business since 1987, we know health insurance and we know Affordable Care Act. We can help you find the best plan for you and your family. And remember, the ACA didn’t make health insurance free or cheap, but it did make it accessible for all and more affordable for many and that’s a good thing for all of us.