



TEXAS HOSPITAL ASSOCIATION

THA TAKEAWAYS

Achieving Goals of Health Care Reform Requires Consumers to Use Insurance Appropriately and Effectively

BACKGROUND

Health care reform promises three things:

- greater coverage (reduction in uninsured);
- better health; and
- reduced health care costs.

Fulfilling these promises, however, depends not only on the uninsured enrolling in newly available private coverage through the health insurance marketplace but also on maintaining that coverage and using it appropriately.

Private health insurance is a complex product with multiple requirements, obligations and restrictions. Navigating its requirements requires a high level of understanding and literacy. Yet, many Americans are not sufficiently literate in private health insurance terminology or knowledgeable in using it correctly. For example, according to a recent American Institute of CPAs survey, more than half of Americans are unable to identify correctly at least one of three common health insurance terms -- premium, deductible or copay. Inadequate health care literacy is more likely to be a barrier for newly covered individuals who were previously uninsured or for whom English is not their first language.

The consequence for hospitals and other health care providers of consumers' failure to understand their coverage and comply with its requirements is additional uncompensated care.

Hospitals went above and beyond to enroll uninsured Texans in marketplace coverage. Qualified health plans and the marketplace itself need to help covered individuals understand their coverage and utilize it appropriately.

COMPLEXITY OF PRIVATE INSURANCE

Individuals with private health insurance need to understand:

- Cost-sharing obligations, including paying monthly premiums, meeting deductibles and contributing towards the cost of care through copayments or coinsurance;
- Provider network limitations and the difference between in-network and out-of-network providers;
- Benefit package scope and limitations/restrictions/exclusions;
- Prior authorization and referral requirements;

- Need to keep scheduled appointments;
- Value of maintaining coverage, even when healthy; and
- Appropriate care settings (i.e. primary care, not emergency rooms, for nonemergent conditions, routine prescriptions).

POSSIBILITY OF ADDITIONAL UNCOMPENSATED CARE

Failure to use private coverage correctly can lead to health plans rejecting claims for services. For covered individuals whose incomes are low enough that their premiums are subsidized, these unpaid medical claims are likely to be unaffordable. The result is that hospitals and other health care providers will have to absorb the costs, adding to the already large amount of uncompensated care currently provided.

Of particular concern to hospitals is the provision in the federal health care reform law that gives covered individuals a three-month grace period to pay their health insurance premiums.

- Qualified health plans cannot disenroll covered individuals for nonpayment if they have paid one month's premium but fail to keep up with payments.
- QHPs are required to process claims for services during the first month of nonpayment.
- QHPs are allowed to pend claims for services during the second and third months.
- All claims can be denied if premiums are not paid after the third month.
- Unpaid claims are the responsibility of the covered individual but are likely to be unaffordable for many with subsidized coverage.

FROM COVERAGE TO CARE

- U.S. Department of Health and Human Services initiative, unveiled June 2014
- Consumer-friendly resources designed to answer questions people may have about their new health coverage
- Help newly covered make the most of new health insurance benefits, including taking full advantage of primary care and preventive services.
- <http://marketplace.cms.gov/help-us/c2c.html>

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