

Health Insurance Strategies for Those with Anthem Individual Coverage

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Prepared by:

Robert H. Spicknall, CEBS

VIRGINIA STATE BAR MEMBERS' INSURANCE CENTER

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Background

Anthem provides both individual and group health insurance to many throughout Virginia. The purpose of this paper is to offer various strategies that those with *individual* Anthem coverage may want to consider given the Health Care Reform changes that become effective January 1, 2014. Before exploring these strategies, one with individual Anthem insurance needs to first understand community rating and grandfathering.

Community rating will result in rates being determined by age and geographic location. No longer will health history or current medical conditions be considered. Thus, there may be wide fluctuations in premiums as “healthier” individuals with low rates (i.e. levels 1, 2) pay more, and those with high rates (i.e. level 4) receive rate relief for which they have longed. Community rating is required to be implemented on renewal dates starting January 1, 2014.

Grandfathering refers to people who had their existing Individual policy in place on March 23, 2010 (when Health Care Reform became law) and have not modified their coverage. Many will wonder if they are grandfathered and may call Anthem 800/533-3164 to check. Those who are grandfathered will not be required to change their product. In addition, these grandfathered individuals can keep their favorable underwriting status (i.e. level 1, 2) and not be subject to community rating.

Strategies

1. Grandfathered—Very Good Rating (i.e. levels 1, 2). Because these individuals currently receive the lowest premiums, they may want to continue with their current product and favorable rating. They will not likely want to take action.
2. Grandfathered—High Rating (i.e. level 4). Because these people currently pay much more than average premiums, they will strongly want to consider re-enrolling under the 2014 provisions and receive average rates resulting from the new Community rating. Individuals may want to call us as early as November/December 2013 to change coverage in early 2014 rather than waiting until their normal renewal date. Re-enrollment should result in lower premiums.
3. Non-Grandfathered—Very Good Rating (i.e. levels 1,2). Many people will fall into this category. Because these people currently receive the lowest premiums, they will want to consider maintaining the status quo for as long as they can. This can be accomplished by selecting “renewing early—December 1, 2013.” By electing this early renewal date, these individuals can go until December 1, 2014 until they must take a different product and receive higher rates associated with community rating. While this approach delays the inevitable, it results in lower premiums for the first eleven months of 2014 by actively renewing early on December 1, 2013. To accomplish this people will want to select this option in October or early November as a firm deadline of December 1 is anticipated.
4. Non-Grandfathered—High Rating (i.e. level 4). Similar to #2, because these people currently pay much more than average premiums, they will want to consider re-enrolling under the 2014 provisions and receiving average rates from community rating. They may want to call us as early as November/December 2013 to change coverage in early 2014, rather than waiting until their normal renewal date. This should result in lower premiums.

My colleagues and I are committed to guiding you through our changing and complex health insurance environment.