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What to expect from Kentucky's health care exchange

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Beginning Oct. 1, Kentuckians will be able to register for the state's new health care exchange, a key part of the Patient Protection and Affordable Care Act that will allow people who do not have insurance to shop for a benefits plan.

Kentucky is ahead of many other states in setting up a health care exchange, but prices have not been set. Also not tallied is a cost for the state setting up its exchange, said Carrie Banahan, exchange administrator.

"Part of that process is the health insurance companies will be developing the benefits as well as the rates," Banahan said. "When they file those with us, we'll have a better idea of what the premiums will be."

Andrea Bennett, deputy director of Kentucky Youth Advocates and a member of the exchange's advisory board, said getting premium information available quickly is crucial.

"We know that all plans on the exchange have to offer the essential benefits required by the federal government ... but we still don't know what those premiums are going to look like," she said. "If the premiums are extremely high, even with a subsidy a family may not be able to afford it."

She also said the state cannot begin to publicize the exchange's offerings soon enough, because few people fully understand the ramifications of the Patient Care and Affordable Care Act, sometimes referred to as Obamacare.

"There is still a lot of confusion about the Affordable Care Act, what it includes," she said. "You can have a great system, but if people don't know what this exchange offers for them, it's not going to be used in the manner it could be."

Kentucky's exchange is run by the state. Some other states that are starting exchanges are doing so by setting up quasi-governmental entities to operate their programs.

Health insurance companies are expected to start filing plans for the exchange by Feb. 1.

The exchange will operate like an online deal-finding site such as Travelocity, said Jill Midkiff, spokeswoman for the state Cabinet for Health and Family Services, which houses the exchange. Customers will visit a website, answer questions about what they are seeking in health care and how much they are willing to pay; the exchange will direct them to a policy that meets their preferences.

(Individuals also will be able to apply for coverage by submitting a paper application through the mail, contacting the call center or filing an application in person at a local office.)

"We expect that around 300,000 people will be using the exchange," Banahan said. "That doesn't necessarily include those who can apply for Medicaid coverage on the exchange."

Consumers will be able to select from various levels, named after metals, among the plans offered: A bronze plan means that the premium the customer is charged is expected to cover 60 percent of the claim's cost; silver, 70 percent; gold, 80 percent; and platinum, 90 percent. The remainder would be paid by the consumer in co-payments, co-insurance and other fees.

While cost is still being decided, it is easier to project what the plan minimums will look like. The Anthem preferred provider organization, which includes a broad network of providers, was selected by the state as a model on which other insurers are to base their offerings.

"The Anthem PPO plan will be a baseline for the benefits and services that will be offered on the exchange," Banahan said, noting that the exchange will include carriers such as Humana, United Healthcare and others. "It's more of a marketplace. They will offer their health insurance products on the exchange."

The health plans must offer at least 10 services, including emergency care, hospitalization, maternity and newborn care, mental health care, lab tests and pediatric services.

Small employer groups may buy at any time, but there will be a limited-time initial enrollment plan for individuals, followed by annual open enrollment, Midkiff said. Exceptions to those enrollment periods will be made for "qualifying events," such as being laid off or losing Medicaid coverage.

Expect to see more information about the health exchange in the summer, as the state begins getting the word out via television, radio and newspapers. The exchange also will also what it calls navigators and assistors, individuals and groups in communities that prospective health exchange participants may contact for assistance.

As of November, 16 states had health exchanges, 19 were studying options and 16 decided not to create an exchange or had made no significant progress toward creating one, according to the Kaiser Family Foundation, a non-profit, non-partisan foundation that studies health care issues.

Aaron Yelowitz, an associate professor of economics at the University of Kentucky, said several variables could affect how many Kentuckians wind up in the exchange. That could make the state's projected numbers even higher, including employers who offer health insurance but plan to shift to the exchange, employers who never offered health insurance and will be going into the exchange, and individuals who are picking up new coverage.

Using a rough estimate, Yelowitz said that if 20 percent of Kentucky's population of about 4 million people lacked health insurance, there are 800,000 prospective clients for the exchange pool.

The health of those coming into the exchange also will bear study, he said, because those coming into the exchange might have more health problems than those who have employer-sponsored insurance.

"It will be hard to know how big of a deal this really is until some time has passed," Yelowitz said. "If some companies are gearing up to change their behavior, we may see that change early on."

Still, Banahan is optimistic that the state will have its exchange up and running on time.

"We have been planning and working and had a lot of efforts on the development efforts for two years," Banahan said. "We're well ahead of many, many states."

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