Health Care Reform: Marketplace Health Plan Categories

People who buy health insurance often have difficulty comparing health plans based on different benefits and out-of-pocket costs. In addition, it is often difficult to know the benefits and costs of services included in your health plan. Under the Affordable Care Act, plans offered in the individual and small business Marketplace are standardized by the types of benefits and cost-sharing they offer, making it easier for consumers to know what is covered and how much services will cost.

Four categories of Marketplace insurance plans

There are four categories of Marketplace insurance plans: Bronze, Silver, Gold and Platinum.

All Marketplace insurance plan categories offer the same set of essential health benefits: ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health and substance use disorder services; prescription drugs; rehabilitative and habilitative services and devices; laboratory services; chronic disease management; and pediatric services, including oral and vision care. These benefits must all be paid for to some extent by the insurance company after you meet your deductible. Also, preventive services like annual physicals, cholesterol tests, mammograms and colonoscopies must be covered free of charge.

Under the Affordable Care Act, plans offered in the individual and small business marketplace are standardized by the types of benefits and cost-sharing they offer.

The difference between these plan categories is the cost of your monthly premium and what portion of the bill you pay for things like hospital visits and prescription medications. The categories help you choose a plan that’s right for you.

- **Bronze**—Bronze plans have the lowest monthly premiums, but will only cover an average of 60 percent of your incurred medical bills. The policyholder is responsible for roughly 40 percent of non-preventive health care costs. Bronze plans are a good option for people who require little to no medical care in an average year.

- **Silver**—Silver plans have slightly higher premiums than bronze plans and cover an average of 70 percent of annual non-preventive health care costs, with the policyholder paying the remaining 30 percent. People who choose silver plans and earn incomes of up to 250 percent of the federal poverty level are eligible for reduced out-of-pocket costs. Silver plans are also used as the basis for determining health insurance tax subsidies for people with incomes up to 400 percent of the federal poverty level.

- **Gold**—Gold plans will cover an average of 80 percent of your medical care, with the policyholder paying the remaining 20 percent. People with gold plans pay higher premiums than people with bronze or silver plans.

- **Platinum**—Platinum plans have the highest premiums and also the most coverage, with an average of 90 percent of medical care paid for by the insurance company. Gold and platinum plans are the best options for people who are likely to require a lot of medical services in any given year.
Health Care Reform: Marketplace Health Plan Categories

In general, when choosing your health plan, keep this in mind: The lower the premium, the higher the out-of-pocket costs when you need care; the higher the premium, the lower the out-of-pocket costs when you need care.

Catastrophic Plans
People under 30 and some people with limited incomes may purchase what is called a "catastrophic" health plan. It protects policyholders from very high medical costs.

A catastrophic plan generally requires you to pay all of your medical costs up to a certain amount, usually several thousand dollars. Costs for essential health benefits over that amount are generally paid by the insurance company.

These policies usually have lower premiums than a comprehensive plan, but cover you only if you need a lot of care. They are intended to protect you from worst-case scenarios.

Catastrophic policies cover three primary care visits per year at no cost. They also cover free preventive benefits.

When you fill out a Marketplace application, you'll see catastrophic plans listed as an option if you qualify. If you don't qualify for a catastrophic plan, you will not see it as an option.

Source: Healthcare.gov