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Health care reform: What you should know

It’s coming in 2011, but you need to start making decisions now

By Bertha Coombs

Whether you get health insurance through your job or buy it on your own, your health plan options for 2011 could include some big changes because of the new health reform law. A number of new coverage requirements kick in on the six-month anniversary of the reform bill's passage, just in time for this year's annual enrollment season.

Key changes many of us will see this year involve expanded coverage and protections.

If you get your insurance at work, or buy on your own:

No lifetime caps
Health plans can no longer impose dollar limits on benefits like hospitalization and expensive treatments, so you can no longer max out of your plan. Yearly dollar limits are also expanded to no less than $750,000.

Coverage for adult children
Adult children of employees can be covered under dependent care plans until the their 26th birthday, if they don't qualify for health insurance through their jobs. They don't have to live with you or be your dependent.

Free preventive care
New plans have to cover preventive services including annual exams and mammograms, and colorectal cancer screenings for adults with no co-pays or deductibles. For children, the services include well-baby and well-child visits, certain blood tests and certain immunizations.

If you buy your own insurance, new plans will also include these new protections:

Insurers can’t drop you
Insurers are now prohibited from canceling your coverage when you get sick, or rescinding your coverage and denying payments due to errors on an application.

Children can’t be excluded
Children with chronic and acute health issues like diabetes cannot be denied coverage. Because of the rule, many of the major insurers say they will no longer offer Child-Only policies, because it will be too costly. They will insure sick children on family plans.

Questions to Consider:

Should you keep your child on your plan?
Insurance consultants say the adult child coverage may be the change that will generate the biggest immediate change for most of us this year. “Expansion of coverage to age 26 is a significant one,” says Ron Fontanetta of benefits consulting firm Towers Watson. But, he says, keeping or adding an adult child to your plan may not be the best option financially.

For parents trying to add an adult child back onto their plan, it may be cheaper to help the child buy their own insurance, because employers typically make workers pick up a bigger chunk of cost for family plans than for individual coverage.

“If the person is healthy and they can get an individual policy,” says **Ankeny Minoux with The Foundation for Health Coverage Education**, “the policy will likely cost less in certain markets.” Premiums for a young adult on a plan with a high deductible can run as low $100 a month in California, she says.

Buying on your own

The new requirements apply only to new benefit plans — plans that maintain essentially the same provisions from 2010 are grandfathered. According to Towers Watson, about half of large employers are switching to new plans this year.

If you buy insurance on your own, you may want to think about keeping your grandfathered plan if you don't need all the added new coverage. "If you sign up for a new plan, it's going to have more costs associated with it," says **The Foundation for Health Coverage Education founder Phil Lebherz**. The new expanded preventive care coverage will likely mean new costs because people will use more services. "We expect that these plans are going to have significantly more premium increases than grandfathered plans."

How much should I spend?

As you think about your insurance choices during this year's open enrollment period, take advantage of your health insurer's online tools to calculate just how much you spent on doctor visits, drug coverage and other health costs.

"Go through the exercise of investigating the choices, and doing math on the total cost, not just the price per pay check," suggests Karen Frost, a benefit consultant with Hewitt Associates. You may be overlooking less expensive options.

More employers are offering high deductible plans, which tend to have lower premiums. If you're healthy and don't anticipate needing a lot of medical care, when you combine the plans with a tax-free Health Savings Account (HSA) to meet your deductible, the savings can be significant.