ObamaCare Countdown: Exchange Landscape Takes Shape

By: Kate Rogers – June 17, 2013

With less than 200 days left until the biggest part of the Affordable Care Act goes into full effect, consumers are beginning to get a better idea of their coverage choices. And for many, it appears their options will be limited.

Starting next year, consumers will be required to have health-care insurance or face a fine and state and federal health exchanges will hit the market to provide policies. However, 36 states have opted not to set up state-run exchanges, according to the CATO Institute, meaning some residents will have to purchase coverage through federal exchanges.

What's more, insurers are also making decisions about which states they will continue to offer coverage in, says Heritage Foundation Senior Policy Analyst Chris Jacobs, and some companies are leaving states that might not be financially prudent, leaving consumers with even less options.

For example, Aetna (NYSE: AET)and Cigna Corp (CI), have both opted out of California's exchange, called Covered California.

"For consumers, in many cases, their access will be limited in terms of what hospitals and doctors they can visit in-network," Jacobs says. "There will be a trade-off between affordability and access."

As insurers decide whether or not to offer coverage in states, the pool of provider networks could get smaller for some consumers. New Hampshire, for example, has only had one major insurer come to the table, according to Jacobs, and few insurers are actually opting to participate in all exchanges across 50 states.

The lack of participation could also bring higher copayments.

"Right now, most states are not going to have a wide variety of health-insurance plans," he says. "Insurers don't know who will enroll, if it's young and healthy people or old and sick people. Carriers are being defensive and are trying not to expand in states where they have not seen the product."

Michael Tanner, senior fellow at the CATO Institute, says some states will only have one or two insurers, and there won't be much difference between state and federally-run insurance exchanges.

“Insurers are seeing how they will be making money on this product,” Tanner says of insurance. “They have highly-regulated insurance markets in some states.”

Consumers need to be aware of what will happen to their existing insurance, Jacobs says. For example, the more than 50,000 residents in California who were on Aetna will be changing providers. It remains to be seen if another carrier will pick them up.

“Consumers need to be aware and monitor if their plan is leaving a state,” he says.

Others will be eligible for subsidies, according to Tanner, which is for those with incomes at about 400% of the poverty level and below.

“To determine your exact eligibility, it will be a bureaucratic process,” he says. “Some people may end up paying less than they do today, while others will pay more.”