



## Ohio's Proposed Modification of the Open Enrollment Program Questions and Answers

### 1. What is the Open Enrollment Program?

Ohioans who are not offered employer or group health coverage are left to purchase individual or family coverage in the "individual market." Insurance companies follow different rules in the individual market and sell different policies to individuals and families in the individual market. The premium for each policy varies based on age, health history, and other factors. Ohioans can be denied insurance in the individual market because they are old, do physical labor, or participate in sports or other "risky" activities. Those hit hardest are people with pre-existing medical conditions, many of whom are denied coverage. Ohio created the Open Enrollment Program for people who are denied coverage in the individual market.

### 2. How does Open Enrollment work today?

Under Ohio law, all Health Maintenance Organizations must offer open enrollment one month a year to all applicants. All other health insurance companies must offer open enrollment beginning January 1<sup>st</sup>. Both the HMO and the non-HMO plans may not refuse anyone, regardless of pre-existing conditions, until the company reaches its enrollment quota, or "cap." Plans almost never reach their enrollment cap, because premiums in the Open Enrollment Program have such a high premium cap they are out of reach for most Ohioans. Premium quotes can run as high as **\$3,000 per month** for an individual and higher for family coverage. As a result, in 2007 only 1,487 Ohioans enrolled for coverage during the open enrollment period.

### 3. How does House Bill 1 Modify the Open Enrollment Program

House Bill 1 modifies the Open Enrollment Program by imposing a cap on premiums for people with pre-existing conditions, thereby setting a limit on the premium cost. Introducing a cap will enable an additional 52,000 high-risk Ohioans to purchase affordable coverage. This is achieved by spreading the risk over the whole individual market.

### 4. What impact will this change have on people in the Individual Market?

Under House Bill 1, premiums in the individual market would increase by an average of 5.5 percent. Not everyone will see a price increase –this is an average. This increase can impose a modest hardship. However, health care premiums are already too high because health care is broken and we need to fix health care in Ohio. In the next two years, we must address the real causes of the high cost of medical care which will keep rates under control.

### 5. Won't a lot of people in the individual market drop coverage because of the rate hike?

The estimate of 52,000 additional Ohioans obtaining coverage takes into account a small drop-off in coverage in the individual market. But the Ohio Department of Insurance will review carefully any rate increases in the individual market to protect consumers against excessive rate hikes. Denying affordable coverage to high-risk individuals is not the right way to cut or control insurance costs.

## **6. How will this affect small employers?**

This change will have no effect on the small group market, where small employers purchase group coverage for themselves and their employees. Small employers who purchase individual coverage for themselves and their families in the individual market may be affected.

### **Addendum 3/3/11**

In September 2010 a high risk pool (HRP) was created in Ohio under the Affordable Care Act. This provides people with pre-existing conditions an option that did not exist at the time this fact sheet on Open Enrollment was created. The HRP has a limited amount of federal money on which to operate until 2014, when insurance companies will no longer be permitted to exclude people with pre-existing conditions. Because of limited funding there is a cap on the number of enrollees. As of 3/3/11 Ohio's HRP has not reached its cap. There are restrictions on who can enroll. The one that affects most people is the requirement that the person has been without creditable insurance for six months before they are eligible. To learn about the high risk pool go to [www.ohiohighriskpool.com](http://www.ohiohighriskpool.com)

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