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Catastrophic Plans

The Affordable Care Act (ACA) establishes four tiers of health insurance plans that can be purchased in the marketplace. The plans range in cost and benefits along a continuum of “metal” levels starting with Bronze plans at the lowest cost, to Silver, Gold, and finally Platinum, which is the most expensive. In addition, catastrophic health plans are also available on the marketplace for some consumers.

(Updated October 2017)

WHAT ARE MARKETPLACE CATASTROPHIC PLANS?

Catastrophic plans are high-deductible health insurance plans that protect consumers against large medical bills in case of emergency. Compared to other metal plans, catastrophic plans have lower monthly premiums, higher deductibles, and limited benefits until the deductible is met.

For eligible consumers, marketplaces offer catastrophic plans as a Qualified Health Plan (QHP) option. However, Advanced Premium Tax Credits (APTCs) and Cost-Sharing Reductions (CSRs) cannot be applied to catastrophic plans to decrease monthly premiums and out-of-pocket costs.

Marketplace catastrophic plans are considered Minimum Essential Coverage (MEC) and satisfy the individual coverage requirement under the ACA. Non-marketplace catastrophic plans may not qualify as MEC and may leave enrollees subject to the individual responsibility payment, which is the penalty for not having health insurance that meets the MEC standard.

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WHAT BENEFITS DO CATASTROPHIC PLANS COVER?

Catastrophic plans have high deductibles (\$7,350 for individuals and \$14,700 for families in 2018) and cover few benefits before the deductible is met. Consumers enrolled in catastrophic QHPs can receive free preventive care and three free primary care visits each year before meeting their deductible. After the deductible, catastrophic plans cover all Essential Health Benefits (EHBs) (e.g., emergency services, prescription drugs, hospitalizations, and mental health and substance use disorder services).

When comparing marketplace plans, consumers may have questions about the difference between bronze-level plans and catastrophic plans because catastrophic QHPs often have lower premiums than the bronze-level plans. However, consumers may also want to consider covered services and out-of-pocket expenses of each plan. The table on the next page outlines some important differences (numbers below reflect cost-sharing limits for the 2018 plan year).

	Bronze Plans	Catastrophic Plans
APTCs	Available to eligible consumers	Not available
Covered Services	Covers EHBs and more at the plan’s discretion.	Covers recommended preventative care services and three annual primary care visits for free (not subject to deductible). Only covers all EHBs after deductible is met.
Out-of-Pocket Limits	Maximum \$7,350 for individual plans and \$14,700 for family plans, but can be lower.	\$7,350 for individuals plans and \$13,700 for family plans.
Actuarial Value	On average, the plan covers 60% of consumers’ health	The plan usually covers less than 60% of consumers’ health care costs.

WHO IS ELIGIBLE FOR CATASTROPHIC PLANS?

Not all consumers can enroll in catastrophic QHPs. Consumers must be under age 30 or have qualified for certain exemptions before the marketplace offers them catastrophic QHPs.

	Consumers Under Age 30	Consumer Age 30 and Older
What are the eligibility requirements?	No financial or situational requirements.	Qualify for a hardship exemption from the individual mandate, or Qualify for an exemption from the individual mandate because the lowest cost marketplace plan is greater than 8.05% of household income in 2018.
When can eligible consumers enroll?	During open or special enrollment periods.	During open or special enrollment periods, and after receiving an exemption.

WHAT SHOULD CONSUMERS CONSIDER BEFORE ENROLLING IN CATASTROPHIC PLANS?

Consumers should think carefully about their health care needs and budgets before choosing catastrophic QHPs. Here are some questions a consumer should consider before enrolling in a catastrophic plan:

- **Does the consumer expect to use health services, other than preventive care, within the next year?** Under an individual catastrophic plan in 2018, the consumer will have to pay the first \$7,350 for health care expenses when he is sick before services such as lab tests and prescription drugs are covered. A family will have to pay the first \$14,700 for these health care services under a catastrophic plan.
- **Does the consumer have a chronic health condition (e.g., arthritis, asthma, diabetes, heart disease) that requires routine non-preventive health care?** In a catastrophic plan, the consumer will face high out-of-pocket costs for treating her condition until she meets her deductible.
- **Is the consumer eligible for Advanced Premium Tax Credits or Cost-Sharing Reductions?** APTCs and CSRs cannot be applied to catastrophic plans so consumers eligible for these benefits may find their most affordable coverage is a metal level plan.

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MORE INFORMATION AND RESOURCES:

[Advanced Premium Tax Credits](#), *In the Loop* Fact Sheet

[Cost-Sharing Reductions](#), *In the Loop* Fact Sheet

[Catastrophic Health Insurance Plans](#), HealthCare.gov