

## BENEFITS CORNER



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### “Myths & Urban Legends of the ACA”

The Affordable Care Act (ACA) has been the law of the land for more than four years now. Last January 1<sup>st</sup> saw the more impactful portions implemented with the Individual Mandate and the associated Marketplace Exchanges. Given the highly charged political nature of the ACA, there has been tons of news coverage, online stories and internet pundits expounding on the perceived strengths and weaknesses in the law. Along with that has come what I like to call a whole body of Myths and Urban Legends surrounding the law. Here are just a few- along with the real story.

*The ACA will lead to lower insurance costs.* This may be true to folks that are receiving a federal subsidy for the purchase of their coverage, but on the whole, the underlying factors that cause insurance rates to go up have not been addressed. The way doctors, hospitals, drug manufacturers and other providers are paid would have to undergo radical changes to break the cycle of ever increasing insurance premiums. Until this change occurs insurance rates will continue to go up between five to fifteen percent per year. Additionally, the ACA includes several coverage mandates, taxes and fees that push rates upward.

*“Obamacare” is very unpopular, but the ACA less so.* This is one of my favorites! Poll after poll shows that Obamacare has about a 25% approval rating while the Affordable Care Act receives a 45% approval rating. They are the same thing. It all depends on how the question is asked.

*The ACA doesn't apply to me.* Wrong! Every legal United States citizen and resident is subject in some way, shape or form to the provisions of the Affordable Care Act. You may be shielded by some of the details by your company's HR

department, but you still have to comply with the law. Even people who are covered under a governmental program like Medicare or Medicaid are impacted by provisions within the law. Nobody is immune from the reach of the ACA.

*I can get full health insurance coverage anytime I want.* This is absolutely not true. The ACA did not create an “insurance on demand” marketplace. The only time you can buy health insurance on your own without questions being asked is during the Annual Open Enrollment Period (AEP). The next AEP begins on November 15, 2014 (conveniently after the mid-term elections). Outside of the AEP you would have to have a qualifying event to open the window on a Special Enrollment Period (SEP). Qualifying events include things like marriage, divorce, birth of a child, death, loss of coverage through no fault of your own or moving to a new area. You cannot buy personal health insurance coverage at this time without one of these qualifying events.

This is all part of the grand bargain made between the government and insurance companies- the individual mandate requires everyone to have coverage that cannot exclude pre-existing condition exclusions or higher premium rates for poor health. Many folks would wait to purchase health insurance until they got sick without limits on when you can purchase coverage. Otherwise the whole funding mechanism of insurance would collapse faster than Lehman Brothers.

*Employer-based, or group, health insurance is always less expensive than individual coverage.* Not really. In fact, with all of the new rules and regulations, the difference in coverage between individual and group plans is becoming very slim. It all depends on your own personal situation like age and where you live. If you are older and work for a larger company that has a lower average age than yours, group is likely to be less expensive. However, if the opposite is true, than coverage through your employer is likely to more expensive for a comparable plan. Additionally, the federal subsidies that might be available to you could make the effective premium you have to pay much less than the cost of an employer-based plan.

*The Defense Department has the largest budget within the Federal Government.* Actually, it is the Department of Health

and Human Services that gets the largest allotment of Federal dollars. The DOD has a budget approaching \$700 Billion while HHS handles over \$1 Trillion. It takes more money to provide Medicare, Medicaid, Social Security, Unemployment and other programs than it takes to defend our shores and other national interests abroad.

*Providers love price transparency.* Price transparency occurs when the payers of medical services like Medicare or insurance companies make available to the public the reimbursement rates paid to doctors and hospitals. Providers put up a huge fight any time this occurs. HHS recently made available all of their reimbursements for the past year to all providers accepting Medicare payments. This was quickly followed by a press release from the American Medical Association (AMA) saying the public could be easily “misled” by this data. Now some major insurance carriers want to do something similar and the AMA is trying to block this from happening. What do they have to hide?

*The Eight Million individuals insured under the new ACA plans were all previously uninsured.* Actually, it appears that close to 75% of the eight million had previous insurance coverage and elected, or were forced, to get a new plan. Only about two million previously uninsured people are now covered under a commercial health plan. There are about three million new Medicaid enrollees as well. So, we have reduced the 48 million uninsured by 5 million. It's very interesting how this number is spun in the media.

There you have some of my favorite Myths and Urban Legends surrounding the Affordable Care Act. I hope you enjoyed them!

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