LifeHealthPRO

Who needs HSAs? Or brokers?

By Allison Bell

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Jonathan Gruber, an economist, is hoping the Cadillac plan tax will lead to more debate about the how the U.S. health insurance system works.

Gruber, an architect of the Massachusetts health insurance exchange and the Patient Protection and Affordable Care Act (PPACA) exchange system, and the man known for saying PPACA was designed to get past the "stupidity of the American voter," talked about the future of U.S. health benefits tax policy today during a webinar organized by **Sun Life Financial (TSX:SLF).**

Sun Life put Gruber on a panel with **Michael Cannon,** a health policy specialist at the Cato Institute.

The Cadillac plan tax is set to impose a 40 percent on "high-cost employer-sponsored health coverage" starting in 2018. The moderator asked Gruber about some employers' intention to do anything possible to avoid the Cadillac plan tax.

The average cost of each market's cheapest silver plan rose just 2.9 percent.

Gruber said the real problem with current U.S. health tax policy is that the employer-sponsored health exclusion tends to help higher income people more than the lower-income people who actually need help the most, and that some other health programs, including the health savings account (HSA), reflect efforts to offset the effects of the existing tax bias.

"If we get rid of that bias, we really don't need HSAs anymore," Gruber said.

Also during the webinar:

- Cannon said HHS should give more information about what it plans to do if it loses the **King vs. Burwell** (Case Number 14-114) U.S Supreme Court case, which could lead to a loss of the ability of HHS to offer PPACA premium tax credits through HHS-run exchanges. "They're really treating people as pawns," Cannon said.
- Adam Russo, chief executive officer of The Phia Group L.L.C., a subrogation and claim recovery firm in Braintree, Mass., said the new "reference-based pricing" strategy — employers' effort to play Priceline with health care, by naming a price and asking providers to match the price — works best for employers that can handle "a lot of noise."

"If you're an employer that doesn't like a lot of noise, it's not for you," he said. He added that, for a self-insured employer with a good plan lawyer, reference-based pricing should be viewed more as a tool for creating a "direct contracting" network than as a permanent structure. Whenever a plan member gets care from a good provider at the reference price, the lawyer should call to see if the provider will provide the same care for other plan members for the same price, Russo said.

- The anonymous digital viewers started arguing in the webinar comment system about the value of benefits brokers. "Insurance brokers are one important [source of] waste in the system, because they have a major conflict of interest accepting money from the very people they are supposed to be negotiating against," one viewer wrote. Other viewers eventually agreed that the way to avoid concerns about conflicts of interest is for employers to hire fee-based brokers. "If brokers are so valuable, then let them bill their clients directly," a viewer said. "Get rid of all commissions from insurers."