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Posted on Mon, Mar. 22, 2010

Reading the fine print on health care reform? Questions still swirl

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The Kansas City Star

What does health care reform do for me — or *to* me?

For about 180 million Americans with insurance, the answer is: Not much at first.

“If you have an insurance plan through your employer that you like and a doctor that you like, nothing will change,” Health and Human Services Secretary Kathleen Sebelius said Monday.

Some experts dispute that. As the full package kicks in around 2014, they say, insurance premiums will most likely go up, small companies will drop or add coverage for workers, and individuals should have new choices and competition for their insurance dollars.

For those without health care coverage, the changes will be more immediate and dramatic. Individuals and families can get subsidies, and Medicaid will expand for the poor — but they’ll either have to get insurance or pay higher taxes.

While millions of Americans began examining the fine print of the health bill, Republicans and Democrats on Monday resumed their squabbling, each vowing to punish the other for their votes.

House GOP members promised to push for repeal of the plan, which President Barack Obama is set to sign today. Democrats said they would take the bill to voters — and attacked the emotional language used by their opponents.

But neither party seemed certain how the measure will affect the behavior of individuals and businesses. In the end, that will determine whether overall costs go up or down, or stabilize.

“There are a huge number of unanswered questions,” said Marcia Nielsen, former head of the Kansas Health Policy Authority. “There are always unintended consequences from any piece of legislation.”

Added David Kendall, a senior fellow for health policy at the Washington think tank Third Way: “There’s a lot of understanding that needs to happen. … If I were an average member of the public, I would be going, ‘This is way too confusing. Just give me the results when it’s all done.’ ”

It isn’t all done: The changes under what is known as reconciliation await congressional action, perhaps this week.

But here are some of the things we do know — and some things we don’t.

What we know: Most individuals will eventually have to buy insurance, and larger companies will have to provide it.

What we don’t know: Whether companies and individuals will decide instead to pay penalties and go without coverage.

The just-passed bill imposes a tax, enforced by the IRS, for almost everyone who doesn’t buy insurance (there are hardship exceptions).

In the reconciliation bill, the penalty — phased in starting in 2014 — is eventually 2.5 percent of household income, or $695 for individuals and up to $2,085 a year for families, whichever is higher.

Some people may simply pay the tax if it’s cheaper than insurance. Premiums for a family policy could be much higher than $2,085.

“We don’t know how many people are going to enroll in plans,” said Michael Tanner, senior fellow and health care expert at the libertarian Cato Institute. “That’s a huge guess at this point.”

Companies face a similar penalty: $2,000 per worker, with some exceptions and exemptions for businesses with

fewer than 50 employees. There is a carrot with that stick, though — small companies can get tax credits for providing insurance to their workers. The smaller the companies and the lower their income, the greater the subsidies.

The Congressional Budget Office says by 2019, with the new law, 6 million to 7 million Americans will get coverage at work that they wouldn't get under current law — but 8 million to 9 million Americans will *lose* work-based insurance because companies will decide to pay the penalty and drop coverage for workers.

What we know: States and regions will establish "exchanges," beginning in 2014, where consumers can compare plans and purchase coverage. The federal government will not establish a public insurance option to the private market.

What we don't know: What the plans in the exchange will cover, whether nonprofit companies will compete with for-profit insurers and whether the competition will make premiums go up or down.

The bill establishes an "essential benefit package" for insurance sold through the exchanges to individuals and small companies. Policies will have to cover hospitalization, doctor visits, supplies, prescription drugs, mental health services, maternity and well-baby care, and other screening and diagnostic services.

It also establishes a Health Benefits Advisory Committee to recommend "periodic updates" to plans in the exchanges. The secretary of health and human services will then adopt those recommendations or ask for changes.

Insurers in the exchange would offer four levels of coverage: bronze, silver, gold and platinum. The bronze package would cost the least, but cover less; platinum would cost, and cover, the most.

While other specifics — co-pays, deductibles, other terms and conditions — will be determined by the companies, the states, the Health and Human Services Department and the committee, the standard plan will end up being "much richer" than people usually buy, according to Tom Bowser of Blue Cross and Blue Shield of Kansas City.

But because the benefits are better, premiums will likely be higher, he said, especially for younger, healthier workers — though more people will be buying coverage.

Tanner at Cato said that "sick people will pay less and healthy people will pay more. Younger people will be getting more coverage, but they'll be paying premiums they wouldn't have before, and that changes the insurance pool. We don't know exactly how that's going to work out."

Nielsen said premium increases should be kept in perspective. Premiums have gone up three times faster than wages over the past 10 years, she said; anything less over the next 10 could mean consumers come out ahead.

Some people think the legislation will require insurance companies to cover new or experimental treatments. It doesn't, although the committee could recommend expansion of coverage in some areas.

And setting up the state-based exchanges will be a major challenge, Bowser said. They will be Web-based one-stop shops for insurance plans, where consumers should be able to easily compare coverage options and costs.

Sort of like an online travel agency for health care.

"You have to review the plans, review the rates, and then create the ability, sort of like an Orbitz concept, to be able to display … the offerings from X number of carriers," he said. "Being able to assemble, certify and match the subsidies for those who are eligible is a mountain of a task."

What we know: Subsidies for Medicare Advantage will be cut.

What we don't know: How many people 65 and older will abandon the program and use regular Medicare.

Medicare Advantage — a private insurer program that provides extra benefits for enrollees — isn't eliminated under the bill, but subsidies are cut sharply starting next year.

That means millions of enrollees face higher out-of-pocket costs to maintain their plans, and some may drop out.

But there's an upside: Drug coverage under Medicare will increase, reducing most seniors' out-of-pocket drug costs. Seniors getting a prescription drug benefit under Medicare will get $250 later this year under the reconciliation bill. And starting this year, Medicare beneficiaries can get some free preventive services like routine cancer screenings.

What we know: This will cost $938 billion over 10 years.

What we don't know: Whether that estimate is even close to reality.

The Congressional Budget Office estimates that the House reconciliation plan will ultimately trim the federal

budget deficit $143 billion in a decade through higher taxes, and cuts to doctors, hospitals and others who provide Medicare services. But projecting costs, or cost savings, so far into the future has proved unreliable.

Beginning in 2013, income over $200,000 for individuals and $250,000 a year for couples would be hit with a 2.35 percent Medicare payroll tax instead of the existing 1.45 percent rate. Those upper incomes would also see 3.8 percent more in taxes on unearned income such as stock dividends and interest income above the thresholds.

So-called Cadillac health plans would also get dinged. Employer-sponsored plans worth $10,200 for individuals and $27,500 for families would be hit with a 40 percent excise tax starting in 2018.

The legislation also would cap at $2,500 annually, starting in 2013, the amount of tax-protected money you could stash in a flexible spending account for medical expenses.

What we know: Some popular changes kick in this year.

What we should remember: There is fine print, and there will be changes.

You can keep your dependent children on your policy until age 26 — but if they're married, or work where they can get insurance, they aren't dependents.

That's the fine print.

Analyst say those additions could add 3 percent to 4 percent to premiums.

"But for families who have young adults, or to those young adults who are on their own, it's a dramatic savings in the rates they would be paying," said Sara Collins, a health care analyst at the Commonwealth Fund.

Like to work on your tan? Salons will face a 10 percent tax this year, which they'll likely pass on to you. Fine print.

Some medical devices will be newly taxed. Same with drugmakers.

You won't qualify for coverage if you're in jail, or if you're in the country illegally.

In 2011, your employer will tell the government, and you, what it costs to provide you health insurance. It'll be on your W-2. In 2018, they'll start taxing expensive health plans.

And for all the attention paid to health insurance, the bill may do little to bring down the actual cost of treating a cough or a bad knee.

As the bill phases in, things will change.

"Predicting what happens next is just that, a prediction by smart people who make estimates on what we know," Nielsen said. "But what we know is fairly limited."

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