

POLITICS AND A BROKEN PROMISE: THE ACA FACES ANOTHER ELECTION CYCLE

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In this article...

Political gaffs and rhetoric will continue to dominate debate over the Affordable Care Act.

EVERY TWO YEARS WE ARE USED TO SEEING recycled complaints and divisions on prominent political issues in preparation for the November elections. The Affordable Care Act (ACA) has arguably provided more fodder for those debates than any other issue in the past six years.

Interestingly, the law appears not to have generated as much interest this summer; as Congress was winding down to go home the ACA was mentioned a mere 27 times, as opposed to the 2,753 cries of “Obamacare” in Congress during the month of September 2013.¹

Undoubtedly, it becomes harder to push for repeal as Americans get used to benefits offered through the ACA,² but it would also appear that the country is simply tired of arguments about the law.³

Because of a reactive response by the Obama administration in the spring, the public soon will hear about a new round of people losing their insurance plans. This news predictably will be accompanied by the familiar refrain of the problems with the act and the President’s “broken promises.” Although the White House is certainly not without fault in this matter, the complaint reflects some level of misunderstanding about the ACA, the law’s intentions and the role of the insurance industry.

We all remember the outcry as people were “dumped” by their insurance companies earlier this year, and the headlines screamed that President Obama broke his promise that people could keep their health plan if they so desired. The uproar was significant and resulted in the White House scrambling in March to minimize the political damage through compromise:

Insurance policies that did not meet the requirements of the ACA could be extended until October.

When that wasn’t enough to stop the political bludgeoning, the reprieve was again extended through 2016, subject to each state’s decision on whether to allow the extension and — if so — for what period of time. Despite this maneuvering to avoid a political black eye, voters (also known as patients) are still wondering: Why would the White House want anyone to lose their insurance when the whole point was to get more people on insurance plans?

The ACA is intended to do more than put insurance within reach of those previously uninsured; it is to get all Americans well-insured. Insurance reform is the heart of the ACA, with the paramount goal to protect consumers from policies that do not cover all their health care needs and to ensure that policies do not disappear when policyholders need insurance the most. This can only happen if policies meet the mandated, minimum threshold for coverage.

By instituting “minimal essential benefits,” the ACA seeks to standardize policies across the country. People buying insurance can rest assured that their policy will meet their basic needs and potential future illnesses, injuries and health issues. At the same time, policies that fail to meet those standards are invalidated under the ACA, resulting in the “dumping” of their policy holders as they are nullified.

Although clearly a rhetorical blunder, when the president (repeatedly)⁴ promised people they could keep their insurance if they wanted to, it revealed a miscalculation — that people



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would not be upset to lose their subpar policy or that some would choose “bad” coverage over policies in the exchanges.

Perhaps the assumption was fair, given that the exchange policies by definition included the essential benefits established under the law and were potentially eligible for a subsidy under the ACA — but it was a misstep all the same.

PREMIUM RATES — Readers may scoff and repeat the frequently heard retort that policies on the exchanges are too expensive, so people should have the option of maintaining their cheaper, suboptimal options. Ironically, these noncompliant policies, once grandfathered into the system, adversely affected the premium rates on the exchanges.

Anticipated premium rates under the ACA were based on a very large pool of insured consumers, thus reducing the risk to insurance companies. As people (predominantly younger, healthier patients) were allowed to stay out of the pool with their “bad” insurance, the costs for the dwindling few on the exchanges went up. Surprisingly, however, as *Consumer Reports* magazine recently discovered, these rates did not increase by as much as the ACA’s detractors want us to believe.⁵

Depending on where you are located, rates may actually decrease on the exchanges in 2015.⁶ Even if your location will experience an increase, the average premium increase for exchange-based policies is expected to be 8.2 percent,⁷ which — when compared with the premium increases experienced before the ACA — is a big improvement.⁸

In these states, the net effect — as witnessed by many “dumped” policy owners — is that a visit to Healthcare.gov results in a policy that meets the minimum benefits at a lower premium price. Many people, then, are finding that being “dumped” is not such a problem at all.

The sad truth is that this happy resolution isn’t the case everywhere. In states that allowed plans to be grandfathered, the decreased pool has resulted in higher (sometimes doubled) premiums. If we look at those states that allowed these “bad” plans to remain in effect, those areas are likely to be dominated by Republican voters who detest the ACA. Rates are most likely to rise significantly in states where opposition to the ACA is strongest, which will compound the anger and reinforce the resistance to the law.

Most troubling to the White House, some of the states that have been hit the hardest are also some of the most politically important: Ohio, North Carolina and Florida.⁹

That may be bad news, but why is it not old, bad news? That’s because of the compromise made by the White House last March. Insurance is regulated by the states, so deciding whether to allow insurance companies to continue offering policies that did not meet the requirements of the ACA varied from state to state. Some states denied the idea outright, but about two-thirds said, “Yes,” with varying lengths of reprieve.

Depending on where you are in the country, then, the policies that do not meet the minimum requirements mandated under the ACA have different life spans. Since most plans terminate at the end of a given calendar year, the 90-day notice requirement for all policies lands those “pink slips” smack in the middle of the fall and election frenzy. By reaching the compromise in March, the White House guaranteed for itself that this issue — and its accompanying screaming headlines — will come back repeatedly until 2016.

That is unless the House of Representatives gets its way. On Sept. 11, they voted 247-167 to allow insurance companies to continue offering grandfathered plans through 2018, under the guise of providing “access to more affordable options.”¹⁰

President Obama has pledged to veto the bill, in the unlikely event it passes the Senate, but the fact that 25 Democrats voted for the measure underscores the political turmoil created by the headlines proclaiming broken promises.

Certainly none of this was part of the ACA plan. If there is fault, it is that the Obama administration failed to roll out this portion of the law in a straightforward, efficient manner. By compromising on this issue, the president unnecessarily created a political upheaval that will resurface for years, and the ACA's critics got a gift that will keep on giving. Just like the debt ceiling debates, shouts of "broken promises" will be a biannual American tradition. ■

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