IMpulse
Intermountain Media Pulse
A TRUETONE INCORPORATED COMPANY
news CLIP
11623 Lake Shore
Nampa, ID 83686
(208) 880-9814

FOR YOUR INFORMATION
The Idaho Statesman
Boise, Idaho
Thursday March 9, 2017
Wire Report (LA Times)

What Republicans' health care plan may mean for you

WASHINGTON — Health insurance shoppers could wind up with more options to choose from but less help buying a policy under the Republican proposal to replace the Affordable Care Act.

A plan unveiled Monday in the House of Representatives shifts more responsibility for finding affordable coverage to the individual and away from the government. The draft offers the first look at how the GOP wants to change the government's role in delivering health care. Here's a short guide to what's in the plan and what it could mean for Americans' health coverage.

Guaranteed coverage

How it works now: This part of Obamacare was revolutionary. The current guarantee allows Americans to get health insurance even if they're sick. That put an end to insurers denying coverage to people who had pre-existing medical conditions.

Americans can get the guaranteed coverage even if they've been uninsured for years.

Would it change? The House GOP plan would still prohibit insurers from turning away sick consumers.

Insurance mandate

How it works now: Obama-care, for the first time, required Americans to have health insurance or pay a tax penalty. The penalty is assessed annually when people file their taxes, though there are exemptions for people with low incomes or other hardships that make getting health insurance difficult.

Would it change? The tax penalty is eliminated. But the House bill still penalizes people who don't get insurance.

If consumers allow coverage to lapse for as long as two months, insurers would be required to charge them a 30 percent penalty when they buy a health plan. That penalty could discourage many people from getting new coverage if they lose their plan because of a job loss or other change. That could increase the number of uninsured Americans.

Medicaid

How it works now: For decades, being a poor adult in America often meant not having health insurance. That's because Medicaid, the 50-year-old government safety net health plan, historically limited coverage to select groups of low-income Americans. These included children, pregnant women, the disabled and the elderly.

Poor adults without children were barred from Medicaid coverage in most states. Obamacare tried to change that by offering states billions of dollars to expand Medicaid to childless adults.

Thirty-one states have done so. (Idaho has not.) That has helped millions of low-income Americans get health coverage over the last several years.

Would it change? The House GOP plan would make two big changes to the program.

First, starting in 2020, it would phase out the additional federal money that has helped states expand their Medicaid programs. The legislation would then eliminate the decades-old system that linked federal aid to states to how much medical care Medicaid enrollees used.

The GOP plan would instead cap how much aid the federal government provides states for Medicaid under a system called a “per capita cap.” That means the federal government would give each state a fixed amount of money every year for every person who qualifies for Medicaid. That amount then would increase annually by an amount linked to the medical inflation rate.

Many advocates and medical groups fear that over time that change would force states to scale back coverage for poor people and limit medical services.

Insurance marketplaces

How it works now: The Obamacare marketplaces, such as **HealthCare.gov**, enable people who don’t get health benefits at work to compare plans, just as they might compare hotel rooms or airline tickets online. Importantly, all plans on the marketplaces must offer a basic set of benefits, such as hospital care, mental health services and prescription drugs.

The plans cannot impose annual or lifetime limits on coverage, a once-common practice. And insurers are barred from charging older consumers more than three times what they charge younger consumers.

Would it change? The House GOP plan largely preserves the marketplaces and Obamacare’s requirements that health plans offer basic benefits. And insurers would still be barred from imposing annual or lifetime limits.

But they would now be able to charge older consumers five times more than younger consumers.

Insurance subsidies

How it works now: Among the most important features of the current law are insurance subsidies that are available to low- and moderate-income people who use the marketplaces to get coverage. The current law offers these subsidies to people making less than about $48,000 a year.

There are several complicated, but very important, features of these subsidies. First, they are linked to consumers’ incomes, so people who earn less get bigger subsidies.

Second, the size of the subsidies is also pegged to how much insurance plans cost. That means that if health plans are very expensive in one market — perhaps because hospitals there charge a lot for medical care — the subsidies in that market are larger.

This is a big deal because there are huge variations in how much health care costs around the country, with insurance premiums much higher in some places than in others. So people who live in higher-cost areas are protected.

It's also important because health insurance premiums can change a lot from year to year. By pegging the size of the subsidy to the actual cost of health plans, the law protected consumers from big insurance increases.

The last important feature of the subsidies is that they are automatically applied to consumers' monthly insurance bills. That means that low-income people don't have to pay a large premium every month and then wait for a rebate, something that can be difficult for consumers who may be living paycheck to paycheck.

Would it change? The House plan completely scraps Obamacare's subsidy system. Subsidies would no longer be linked primarily to the price of health care plans and to consumers' income. Instead, Americans who don't get coverage through an employer would qualify for a tax credit based on how old they are.

Older consumers would get larger credit, as much as $4,000 annually for people over 60. And younger consumers would get a smaller credit, as little as $2,000 for people younger than 30. This reflects the assumption that insurers charge younger people less as they are generally healthier.

The only income variation would happen for individuals making more than $75,000 a year and couples making more than $150,000. Subsidies would be phased out for these higher-income households.

Linking the credit to consumers' age, instead of their income, is much simpler. But it risks leaving some people, particularly lower-income consumers, without enough financial aid to buy a health plan. And because the subsidies would increase annually at a rate slightly above inflation, they risk not keeping up with rising health insurance premiums.

Models of this approach suggest that younger, wealthier people would probably fare better under the new system.

Taxes

How it works now: Obamacare's architects cobbled together a mix of taxes to offset the cost of subsidizing insurance for tens of millions of low-and moderate-income Americans. That has meant some new taxes on insurance companies and medical device makers (both of which, it was reasoned, were benefiting from getting new customers through the law).

Wealthy Americans are paying more too. Families making more than $250,000 a year have seen their Medicare payroll taxes increase because of Obamacare.

Would it change? The House Republican plan scraps the taxes. That's a big tax cut for the medical device and insurance industry. Insurers say lower taxes will allow them to charge lower premiums.

It's also a very large tax cut for the wealthiest taxpayers, who would no longer be subject to the Medicare payroll surtax. The House legislation does not include any new tax to offset the loss of revenue from cutting the Obamacare taxes.

— by Noam N. Levey for The Los Angeles Times

# # #