Employers to offer bare-bones coverage under health care law

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US employers will be able to largely avoid penalties under the Obama-backed health care legislation while offering very limited plans to their workforces. An article in Monday's *Wall Street Journal* notes that these bare-bones plans may lack key benefits such as hospital coverage.

In the run-up to full implementation of the Patient Protection and Affordable Care Act (ACA), the *Journal* reports, a crop of benefits advisers and insurance brokers is sprouting up to pitch these low-benefit plans to employers. While these plans would cover minimal requirements such a preventive services, some would provide no coverage for surgery, X-rays or prenatal care. Others might charge fees for additional service, such as $100 a day for a hospital visit.

Details of these "skinny" plans are the latest confirmation that the Obama health care overhaul is tailored to the profit interests of big business and the private insurance industry. The Obama administration's claim that the ACA will extend decent-quality, affordable health care to millions of those currently uninsured is increasingly being exposed as a fraud. In fact, despite President Obama's repeated assurances that "if you like your plan, you can keep it," companies are looking for ways to hack away at provisions of existing coverage for their employees.

Government officials admit that these bare-bones plans appear to qualify as acceptable minimum coverage under the health care law. Companies offering these substandard plans would dodge $2,000 per worker penalties for not offering health coverage. Although they might face other penalties if employees opt out of the plans and choose to purchase subsidized coverage on the insurance exchanges, those fines would be far less costly.

The ACA requires employers with 50 or more workers to offer health care coverage or face penalties. The Department of Health and Human Services (HHS) has promoted the perception that these plans would be mandated to cover benefits such as mental health treatment, hospitalizations and other vital services.

However, the *Journal* points to a largely undetected loophole in the rules indicating that such mandates apply only to plans sponsored by insurers that are sold to small businesses and individuals. These cover only about 30 million of the 160 million people with private insurance. This leaves 130 million people—more than 40 percent of the US population—with private insurance that is not governed by these coverage mandates.

In general, larger employers, those with more than 50 workers, will be required only to cover preventive services without a lifetime or annual cost limit. Such low-benefit plans would constitute "health coverage" in name only. They might cost employers as little as $40 to $100 a month per employee—all while avoiding the ACA's penalties for not providing coverage.

Government health officials responded cynically to the news that employers would seize on these business-friendly loopholes in the health care law. "We wouldn't have anticipated that there'd be demand for these types of band-aid plans in 2014," Robert Kocher, a former White House health adviser, told the *Journal*. "Our expectation was that employers would offer high quality insurance." But why should they, when these workarounds were included in the legislation for the precise purpose of boosting the profits of big business at the expense of health care services for millions of ordinary Americans?

The Obama administration bent over backwards to accommodate both private insurers and corporations in the course of the debate over the health care overhaul. In the phase-in period of the legislation, companies employing about 4 million workers sought and won the approval of federal health officials for waivers to offer their workers cut-rate insurance coverage. These so-called mini-med plans offered by McDonald's and other employers have maximum annual benefits as low as $2,000. (See "White House sanctions employers' cut-rate health plans").

With waivers running out, employers in retail, restaurant and other low-wage sectors are devising strategies to move their workers from these mini-meds to other bargain-basement heath care plans. Bill Miller Bar-B-Q, a San Antonio, Texas-based chain employing 4,200 workers, plans to replace its mini-med this July with a plan priced at about $50 a month per employee. This plan will cover only preventive services, six doctors' visits a year, generic drugs, and X-rays and tests to be performed exclusively at a local urgent care chain. Surgeries and hospitalizations will not be covered.

Workers offered these cut-rate plans would have the option of purchasing coverage on the health care exchanges, in which case the employer would pay a $3,000 annual penalty for each worker that receives an exchange-plan subsidy. However, employers are anticipating that few workers will take that route, because workers on poverty wages would be unable to pay for such insurance, even with the aid of subsidies.

According to the Kaiser Family Foundation, after subsidies, a full-time worker earning $9 an hour would have to pay as much as $70 a month for a midlevel exchange plan. In fact, many workers have been unable to purchase even the mini-med coverage under the waivers granted their employers. At McDonald's, a worker needs to contribute $13.99 a week—more than $700 a year—out of his or her already low weekly paycheck for substandard coverage, with maximum annual benefits as low as $2,000.

Employers are banking on significant numbers of workers opting out of insurance altogether and paying the fine for not being insured. At Bill Miller Bar-B-Q, only a quarter of the workers eligible for the mini-med plan have signed up for it. Barbara Miller, the chain's controller, told the *Journal*, "We really feel like the people who are not taking it now will not take it then." These workers will pay a fine—an estimated $95 the first year for an individual—for the privilege of having no health insurance whatsoever.