US health reform to slash care, leave millions uninsured

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With the full implementation of the Patient Protection and Affordable Care Act (ACA) less than seven months away, mounting evidence demonstrates that the health care reform signed into law by President Barack Obama in 2010 will result in deep cutbacks in medical care, while raising costs for the vast majority of ordinary Americans.

At the same time, millions of the uninsured who were promised health coverage will be left out in the cold altogether. While working families and the poor face an uncertain future as far as their health care is concerned, private insurance companies are gearing up for steep increases in premiums as the medical benefits provided under their policies shrink.

The Obama administration's health care overhaul will also reduce reimbursements to Medicare by more than $700 billion over 10 years, forcing drastic cutbacks to medical services and treatments for millions of American seniors who rely on the government program.

The health care exchanges, set up for adults under 65 and their dependents, are required to open for enrollment by October 1, with the insurance provided through them set to begin January 2014. Individuals and families who do not receive "affordable" insurance through their employer, or through a government program such as Medicaid, will be required to purchase coverage through private insurers via these marketplaces or pay a penalty, receiving modest government subsidies to do so.

The first of these exchanges has already gone into effect in California. Insurer Blue Shield of California has projected that it will increase premiums by an average of 13 percent in the first year alone. But as the health care law goes into effect across the country, premiums can be expected to rise at an even more rapid pace.

A recent report by the US House Committee on Energy and Commerce, chaired by ACA opponent Republican Fred Upton of Michigan, found that individuals in about 90 percent of US states would likely face "significant premium increases." Based on responses from 17 insurance companies, the report estimates that individuals purchasing coverage on the individual market could face average premium increases of nearly 100 percent, with potential increases of 400 percent.

Insurers offering coverage on the exchanges are required to cover a standard set of benefits, including prescription drugs, maternity and preventative care. They cannot turn away people with pre-existing conditions or charge older customers more for coverage. Limits on maximum co-payments and other out-of-pocket costs, on the other hand, are high: $6,400 a year for individuals and $12,500 for families.

However, insurers are hiking premiums to make up for any increased costs resulting from offering the ACA-specified coverage on the individual market. Despite a rule in the federal law that requires review of any requests for more than a 10 percent increase in premiums, there are wide disparities in how the review process operates at the state level.

In California, for example, regulators cannot deny rate increases, but can only review insurers' requests for technical errors. Three insurers in that state have already requested double-digit increases for 2013: Aetna, 22 percent; Anthem Blue, 26 percent; and Blue Shield of California, 20 percent.

A new survey by InsuranceQuotes.com shows that two-thirds of Americans who are currently uninsured are undecided whether they will purchase coverage by the January 1 deadline. These people will either be priced out of the market or will decide they are young and healthy enough to take the risk of going uninsured. Most will then have to pay the penalty for not obtaining insurance. If enough people opt out of the exchange market, the insurance companies can be expected to jack up prices even further.

As originally proposed by the Obama administration, about half of those presently uninsured were to gain coverage through an expansion of Medicaid, the health care program for the poor jointly administered by the federal government and the states. But in its ruling upholding the ACA last June, the US Supreme Court ruled that states could not be required to expand their Medicaid programs.

Now more than half of the 50 US states are opting out of the Medicaid expansion, which would have provided health care coverage for adults making up to 133 percent of the poverty level income. This means that the very poorest of the uninsured—those with annual incomes between 32 percent and 100 percent of the poverty level ($6,250-$19,530)—will have no affordable health care options. They will be eligible for neither Medicaid nor subsidies to purchase coverage on the exchanges,

which are available only for people from the poverty level to four times that rate.

Those workers who presently receive coverage through their employers will also see attacks on their medical coverage. Businesses, big and small, are strategizing how to comply with the ACA regulations while paying as little as possible for insurance for their employees. The law requires companies with 50 or more employees to provide affordable insurance to their workers or be penalized with an excise tax. However, these businesses are not required to offer coverage to employees who work less than 30 hours a week.

The Wake County Public School System in North Carolina is responding by restricting its 3,300-plus substitute teachers to working less than 30 hours a week, effective July 1. The district's chief business officer estimates insuring these teachers, who are presently not covered, would cost the Wake County schools about $5.2 million. Many employers in retail, restaurants, nursing homes, health care, building services, local government and other sectors are expected to follow suit, allowing them to dodge the $2,000-per-worker penalty for not providing insurance.

Other small businesses are cutting back on hiring to avoid crossing the 50-employee threshold defining a large business, thus avoiding the requirement that they offer insurance. Still other businesses are considering ditching their health care altogether and paying the federal penalty instead, which in a considerable number of cases would be to the companies' economic advantage.

Even in those companies with 50 workers or more, a loophole in the ACA will allow these businesses to offer bare-bones insurance plans and still meet the law's requirements. These "skinny plans"—costing employers as little as $40 to $100 a month per employee—may cover minimal requirements such as preventive services, but offer no coverage for hospitalizations or surgeries. For workers and their dependents with such plans, one serious medical event could spell bankruptcy and destitution.

Workers offered these plans would have the option of purchasing insurance on the exchanges. But for workers in retail and other low-wage sectors this coverage would be prohibitively expensive, even with subsidies. The Kaiser Family Foundation estimates that a full-time worker earning $9 an hour could have to pay as much as $70 a month to purchase a mid-level exchange plan.

Those companies presently offering plans with relatively low deductibles and co-pays are already moving to reduce benefits and shift costs to their employees in response to a provision of the ACA that penalizes companies that offer insurance valued over $10,200 annually for an individual or $27,500 for a family. Employers or health insurers who offer such "Cadillac plans" would pay a 40 percent excise tax on the amount exceeding this threshold.

A number of large labor unions have come into conflict with the Obama administration over the ACA's treatment of health insurance plans that cover about 20 million union members. These multi-employer plans, run by union-management boards, cover workers in occupations and trades governed by collective bargaining agreements.

Unions such as the United Food and Commercial Workers (UFCW), UNITE HERE, and the International Brotherhood of Teamsters—which gave full support to Obama's health care reform—now object that the ACA does not provide tax subsidies for the workers covered by these plans. More to the point, they are worried that union members may turn to the insurance exchanges, depriving the unions of their lucrative stake in the multi-employer plans.

Despite this falling out, UFCW President Joe Hansen says he has no regrets over endorsing the health care overhaul and supporting Obama's reelection bid. The UFCW donated more than $13.1 million in 2008 to various federal and state-level Democratic Party campaigns.

All the major players in the overhaul of the health care system—the corporations and health care industry, the Democratic Party and their supporters in the trade unions—have engaged in what can only be called a conspiracy against the American people. They have attempted to pass off as a reform legislation that will reduce care and benefits and leave millions of people uninsured and impoverished.

Any nominally progressive component of the legislation has been long-since ripped away, leaving behind a contorted patchwork of rules and regulations that serve one main purpose: to slash costs for the government and corporations and boost the profits of the privately owned health care corporations, which already rake in $200 billion a year in profits.

The only solution to the health care crisis lies in putting an end to the privately run health care system and establishing socialized medicine, as part of the socialist reorganization of economic life as a whole.