

Obama, touting health care law, remains silent on delay in insurance requirement for companies

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President Barack Obama made a renewed pitch for the Patient Protection and Affordable Care Act (ACA) in a speech yesterday at the White House. He pointed to rebate checks being received this summer by 8.5 million Americans from their insurance providers as evidence that the health care overhaul he signed into law in 2010 is poised “to deliver the security of quality, affordable health care to more Americans.”

Obama’s remarks follow by two weeks a White House announcement that the administration will delay for one year implementation of a legal requirement that companies with 50 or more employees provide insurance to those working 30 hours a week or more. The requirement, set to take effect on January 1, 2014, would have fined companies \$2,000 for each employee without coverage. Obama has yet to comment publicly on this climb-down, which came following a vigorous campaign by businesses that claimed the law was too cumbersome to implement on time.

The rebates cited by Obama are going to individuals and families whose insurance companies failed to adhere to a requirement of the health care bill that calls for 80 percent of the revenue from premiums to go to medical care rather than administrative costs. For 2012, the average insured family received a rebate of only about \$100, an amount dwarfed by the thousands of dollars the typical family spends out of pocket for health care.

The president also pointed to a report just released by the Department of Health and Human Services (HHS) which asserts that 10 states—California, Colorado, New Mexico, New York, Ohio, Oregon, Rhode Island, Vermont, Virginia, Washington—as well as the District of Columbia are proposing health insurance premiums

for 2014 that are nearly 20 percent lower than originally projected by the Congressional Budget Office (CBO).

These rates apply only to the one in seven Americans who do not receive insurance through employers or government programs such as Medicare or Medicaid. While businesses have been given a pass on complying with the ACA, individuals and families without insurance will still be subject the “individual mandate,” requiring them to purchase coverage from private insurers on the exchanges set up under the health care law, in some cases receiving modest subsidies, or pay a penalty.

In his White House remarks, Obama made the claim that the HHS figures showed families buying insurance on the exchanges could save “thousands of dollars a year that can go towards paying a mortgage or putting a kid through college, or saving for retirement.” He said this demonstrated “how the Affordable Care Act is doing what it’s designed to do: deliver more choices, better benefits, a check on rising costs, and higher quality care.”

The HHS has yet to reveal precisely how it calculated these average rates. But one analysis appearing in Kaiser Health News notes that they “bear little connection to what people actually pay, however, with some likely to pay more than they do now, while others will see savings.” Premiums will most likely vary greatly according to location, as well as by the age and health of the insured.

The states thus far analyzed are mainly supportive of the ACA, having already moved to set up their own insurance exchanges. And premium costs are only part of the picture. While insurers will be barred from

denying coverage on the basis of health or preexisting conditions, the quality of coverage—as well as deductibles and co-pays—will vary widely between cut-rate “bronze” coverage and the most expensive “platinum” plans.

In his White House remarks, Obama cynically claimed that the Affordable Care Act is already providing “middle class families...better benefits, stronger protections, more bang for your buck.” However, his touting of modest rebates and reined-in premiums is at odds with the entire trajectory of the health care overhaul, which is aimed at cutting costs for big business and the government while reducing care for ordinary Americans.

He felt obliged to address a series of reports in recent months showing that the health care overhaul will result in higher costs and fewer benefits for large numbers of workers. “[S]ome of the progress we’ve made in slowing the rise of health care costs isn’t always passed on to workers,” he said. “Sometimes companies may keep it and they are charging their employees a higher co-pay or higher deductible, or in some way shifting some costs onto some workers.”

In fact, employers have already responded to the ACA by eliminating health insurance for some workers. Low-wage industries such as restaurant chains and retail stores will not be required to provide insurance for employees working fewer than 30 hours a week. Some employers who presently offer coverage to part-time workers have already cut them off, or threatened to do so. Businesses have also lobbied for the cut-off to be raised to 35 or more hours, relieving them of the responsibility of providing any insurance whatsoever, while still not paying a penalty.

A loophole in the ACA will also allow businesses with 50 or more workers to offer bare-bones insurance plans and still meet the law’s requirements. Costing the employer as little as \$40 a month per worker, these “skinny plans” may cover minimal requirements such as preventive services, but offer no coverage for surgeries or hospitalizations.

On the other hand, companies that presently offer more generous insurance coverage, with lower deductibles and co-pays, are incentivized by the law to slash these plans so as to avoid a 40 percent excise tax to be levied on employers or health insurers that offer plans valued over \$10,200 annually for an individual or

\$27,500 for a family.

Since the beginning of the health care debate, Obama and his media supporters, particularly the *New York Times*, have called for reducing health care costs through the elimination of “unnecessary” treatments and procedures and a reduction in “over-testing” for cancer, heart disease and other conditions. A July 12 feature in the *Wall Street Journal* (“Hospitals Prescribe Big Data to Track Doctors at Work”) details moves by health care providers to track data on doctors’ performance in an effort to trim services, tying doctors’ pay to success in cutting costs.

Obama had the audacity Thursday to compare the opposition of congressional Republicans to the health care legislation to opposition to the implementation of Medicare and Social Security. In fact, one of main pillars of the health care “reform” is the slashing of \$700 billion from Medicare, the government-run health insurance program for seniors and the disabled.

Less than 24 hours before Obama’s White House appearance, the Republican-controlled House of Representatives passed the latest of dozens of measures striking down provisions of the health care law, voting to delay both its individual and employer mandates. The measures have virtually no possibility of passage in the Democratic-controlled Senate.

The reactionary nature of the Obama health care overhaul, whose design is entirely determined by the interests of the insurance, pharmaceutical and hospital industries, has allowed the Republicans to posture as champions of middle class families fighting intrusive government. In reality, both big business parties are in agreement on imposing the full weight of the economic crisis on the backs of working families and the poor.



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