Obamacare plans include high deductibles, large out-of-pocket drug costs

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People shopping for insurance coverage on the exchanges set up under the Affordable Care Act (ACA) are discovering that the plans with lower premiums come with high deductibles, large out-of pocket costs for prescription drugs, and other cost-sharing. These costs will undoubtedly mean a reduction in medical services for the insured, who will be discouraged from seeking treatment for themselves and their dependents because they cannot afford the upfront payments.

Under the health care overhaul commonly known as Obamacare, beginning January 1, 2014, people without insurance through their employer or a government program such as Medicare or Medicaid must obtain insurance or pay a penalty. Until last week, it was very difficult for consumers looking for insurance to even determine the potential out-of-pocket costs for specific plans.

But last week federal officials added a "window shopping" feature on the HealthCare.gov site that displays data on deductibles. As independent surveys of the plans have previously revealed, deductibles on policies offered on the federal and many state exchanges are often as high as $5,000 for an individual and $10,000 for a couple. This means that the insured must pay these amounts out-of-pocket before any insurance coverage kicks in.

According to HealthPocket Inc., which compares health insurance plans for consumers, the average individual deductible for the lower-priced bronze plans is $5,081 a year for an individual in 34 of the 36 states that rely on the federally run health exchanges. This is 42 percent higher than the average deductible of $3,589 for an individually purchased plan in 2013.

White House officials are in the midst of a public relations blitz to boost the ACA after the technical debacle at HealthCare.gov following its October 1 launch. They have chosen to emphasize the supposed "affordability" of insurance available through Obamacare. They have deliberately made little comment on the exorbitant out-of-pocket costs that await the millions of consumers who are being mandated to purchase coverage from private insurers on the exchanges.

According to the "window shopping" feature at HealthCare.gov, one bronze plan available to a couple in their late fifties living in Dallas, Texas is priced at $680 a month and includes yearly deductibles of $12,700 for the couple and $6,000 per individual. Another policy comes with a $1,019 a month premium, a $10,200 family deductible and a $5,100 individual deductible.

In Miami, Florida, a couple in their mid-thirties with two children could expect to pay $580 a month for one bronze plan that includes deductibles of $12,600 for the family and $6,300 per individual. Another plan comes with a monthly price tag of $806 and includes a $11,500 family deductible and a $5,750 individual deductible.

HealthCare.gov notes: "Prices will be lower if you qualify for help paying for coverage." The ACA makes tax credits available to help cover insurance premiums for people with annual income up to four times the poverty level ($45,960 for an individual). Subsidies to defray some of the costs of deductibles are available to people who earn up to 2.5 times the poverty level ($28,725 for an individual), but these are available only to those who purchase the higher-priced silver policies.

It is clear that the private insurers have priced the deductibles at or near the $6,350 yearly maximum for an individual and $12,700 for a family. The ACA stipulates that coverage sold on the exchanges must provide certain "essential" services, such as routine

preventive care, and that people cannot be denied coverage or charged more if they have a preexisting condition. But there is virtually no control over what the insurance companies can charge, so they are passing the extra costs for this mandated coverage onto the consumer.

These high deductibles will inevitably result in families foregoing care. Parents may be forced to choose between seeking medical treatment for their child or for themselves, or they may be unable to afford either, despite the fact that they are newly insured. This is the real meaning of statements by Obama health officials that the health care plan will make people more "cost conscious" in their health care decisions.

The *Wall Street Journal* notes that a patient's typical share of the cost of having a baby through normal delivery—an estimated $6,150—would be an entirely out-of-pocket expense for a woman with the maximum deductible of $6,350.

The high deductibles will also result in unpaid emergency and other hospital bills—one of the things the health care overhaul was supposed to curb. Hospitals, in turn, will raise fees to offset these losses and hound patients for the unpaid bills.

Another high out-of-pocket cost consumers can expect on the Obamacare exchanges is the outlay for certain prescription drugs. In order for drugs to be covered, they must be included in a plan's drug formulary. Even then, many bronze plans require cost-sharing of as much as 40 percent of the price.

Forbes gives the example of the drug Copaxone for multiple sclerosis. Forty percent of the monthly cost for this drug would be about $1,980 a month. On the higher cost platinum plans it would only come down to about $792 a month.

The potentially greater problem is that many drugs will not be covered at all. Also, in many cases, the plans being offered on the Obamacare exchanges do not make information about their drug formularies readily available. Patients with a serious preexisting medical condition are therefore left in the dark as to whether a vital medication will even been included as part of their purchased plan.

Staff at the Centers for Medicare and Medicaid services have suggested that patients will have the option to appeal formulary decisions and seek to compel a health plan to cover a given drug. This is an unrealistic solution for a patient suffering with a disease that requires a drug costing tens of thousands of dollars a year, and which is needed immediately. In any event, private insurers are unlikely to change a decision that was made on the basis of reducing benefits and cutting their liability.

From the start, the Affordable Care Act has been designed, not to expand the accessibility of quality, affordable health care to the vast majority of ordinary Americans, but to cut costs for the government and corporations while boosting the profits of the private insurers. The high out-of-pocket costs for the plans being sold at HealthCare.gov are one more demonstration of this reality.