Obamacare a model for employer-sponsored health plans

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The Obama administration's key domestic initiative is losing support at a rapid pace. An Associated Press/GfK poll finds that people who already had insurance before the enactment of what is popularly known as Obamacare blame the health care bill for changes for the worse in their insurance coverage.

The online survey of 1,357 adults conducted December 5-9 found a total approval rate of 39 percent for the way President Obama is handling health care, and a total disapproval rate of 61 percent. The approval rating is down sharply from a high of 45 percent in June 2010, soon after the law was passed. Following the problem-plagued rollout of the HealthCare.gov web site, it is not surprising that 76 percent of respondents said that the opening of the insurance marketplace for Obamacare has done "Not too/Not at all well."

However, it is the responses related to changes in coverage for those who are already insured that expose how the health care overhaul is working to raise costs and reduce coverage and care for wide layers of the population. This applies both to those enrolling for coverage through the Obamacare exchanges as well as those who are already insured.

Among those surveyed by the AP/GfK poll who had insurance, 60 percent were insured through an employer-sponsored plan, 28 percent were insured through Medicare or Medicaid and 6 percent bought insurance on the private market. Among all these categories, 46 percent said they had been informed that changes would be made to their policies in 2014.

Sixty-nine percent of respondents had been notified that their insurance premiums would be increasing, while 59 percent said that annual deductibles and co-payments for services would be increasing. Eleven percent said that their plans were being discontinued outright, and 14 percent said coverage for their spouses was being restricted or eliminated.

These figures make clear that a huge change is being effected in the employer-sponsored health care system, the means by which the majority of the US population receives their health insurance. At the same time as they are raising premiums, more and more businesses are switching to high-deductible plans that shift more costs onto workers. Plans with large out-of-pocket costs are the centerpiece of the insurance exchanges set up under Obamacare.

Under the Affordable Care Act (ACA), those who are not insured through their employer or through a government-run program such as Medicare or Medicaid must obtain insurance or pay a penalty—the so-called individual mandate. HealthCare.gov and the state exchanges set up under the ACA offer plans for sale through private insurance companies that stand to make a handsome profit from the new crop of cash-paying customers.

People shopping for coverage are discovering that the lowest-priced plans offered on the exchanges (the "bronze" plans) carry deductibles averaging more than $5,000 a year. This means that before coverage can even kick in, the insured must shell out thousands of dollars of their own money. The inevitable result will be that people will be forced to forgo care if they cannot afford these massive out-of-pocket costs.

Obamacare has nothing to do with expanding Americans' access to high-quality, affordable insurance. It is a system aimed at cutting costs for government and employers, while boosting the profits of the insurance companies and the rest of the private health care industry.

The ACA was designed with the collaboration of the private insurers, who have dictated much of its infrastructure. While Obamacare mandates that certain “essential” services—including routine screenings and prescription drug coverage—be covered under insurance plans offered on the exchanges and in the individual market, there is virtually no oversight on what the employers can charge for premiums.

In order to compensate for the cost of covering these mandated services, as well as the requirement that people cannot be denied coverage for preexisting conditions, the insurers are charging premiums estimated to be 30 percent higher than on the current individual market. This is in addition to the huge deductibles.

The insurers are also trimming costs through severely restricting the networks of hospitals and doctors available through the Obamacare exchanges, as well as limiting the prescription drugs available for enrollees in the plans. (See “Obamacare plans include high deductibles, large out-of-pocket drug costs”)

For more than a decade, big employers have been steadily chipping away at health care benefits for their employees by instituting more “consumer-driven” health plans. The aim of this large increase in cost-sharing is to force employees to self-impose cutbacks in medical care due to the simple fact that they cannot afford it. With the bludgeon of these high out-of-pocket costs, employers and insurers aim to force workers and their families to “self-ration” their medical care and “think twice” about getting a medical test or procedure.

Obamacare has taken its cue from this drive of employers to cut medical costs. It is also now serving as a model for a further gutting of the health care system in the interest of big business.

A 2013 survey of employer-sponsored health plans by Mercer, a human resource and financial services consultant firm, found that 18 percent of employer-sponsored workers are enrolled in a high-deductible health plan, compared with 16 percent in the 2012. According to a survey by the National Business Group on Health, 22 percent of businesses plan to offer “consumer-directed health plans” as their only health benefits option in 2014.

In the Midwest, ravaged by the decline in manufacturing, more than a quarter of employees are covered by such plans. An article in *Crain’s Detroit Business* quotes Jerry Konal, Mercer’s health and benefits practice leader in Detroit, who says, “The big story this year is consumer-driven health plans are really taking off.”