



Understanding the Realities of the Affordable Care Act

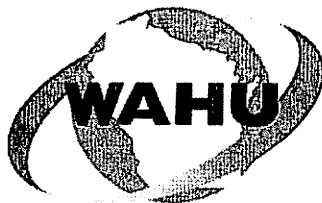
1 message

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WISCONSIN ASSOCIATION OF
HEALTH UNDERWRITERS

Wednesday January 9, 2013

Understanding the Realities of the Affordable Care Act

Employers and business groups are increasingly asking WAHU members to educate them about implementation of the Affordable Care Act. Here are 15 key points that you may wish to include in your conversations and discussions. The bottom line is that, given the increasing complexity of the ACA (the law, related regulations and Fiscal Cliff law changes to it) now, more than ever, people need the expertise of knowledgeable WAHU members!

1. The Affordable Care Act does not address the cost of health care. It avoids that issue, except for tax credits for individuals whose incomes are within a specified range. The Act does expand health care coverage, though.
2. When pre-existing conditions are covered for everyone, children are covered to age 26 and both prevention/wellness and essential benefits are required to be covered, costs of health care coverage will go up for many people. The amount they go up could be sizable, even with the premium variances limited by the ACA.
3. No one yet knows what the cost of coverage will be in January of 2014, either with income-based tax subsidies (for those eligible) or not. How many net winners will there be? How vocal will net losers be?
4. There are a number of new costs imposed by the ACA on businesses and individuals. For example, 3.5% of premiums are to be paid annually by insurance companies to be included in federally-run health care exchanges. For what benefit? To have access to individuals seeking coverage(!) And the 3.5% user fee can be passed on to consumers.

Upcoming Events!

**Fox Valley
Health Policy
Summit**
February 2013;
Exact date TBD
Green Bay, WI
More information
coming soon!

Day on the Hill
Tuesday, March
19, 2013
Concourse Hotel
More details
coming soon!

**South Central
Golf Outing**
July 10, 2013
Six Mile Creek,
Wauaukee

**Fox Valley Golf
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July 11, 2013
Royal St.
Patricks,
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5. The cost to implement the ACA over the next 7 years is estimated to be **\$258 billion**. Click [here](#) to view an ACA implementation timeline.
6. Consider the total annual costs to all 50 states to operate health care exchanges. Minnesota's alone now estimates its health exchange to be a \$45 million per year expense.
7. The amount of federal regulations to interpret and implement the ACA is sizeable and is growing. Some refer to the regulations as a "flood" or "onslaught." Federal regulators are not particularly receptive to the requests of state for more flexibility.
8. Categories of coverage under the ACA include:
 - Medicaid recipients. Those eligible will increase.
 - Small business (fewer than 50 employees). They are exempt from some requirements but employees will need to get coverage somewhere. Tax credits may be available to some workers.
 - Large employers (50 or more).
 - ERISA-exempt employers.
 - ****Remember that insurance companies that sell within an exchange must provide that same premium rate outside the exchange (such as through private exchanges), if they want to sell in both marketplaces.**
9. With a majority of the states deciding not to operate their own exchanges, some knowledgeable observers believe that the federal government simply cannot have exchanges up and running well by the January 1, 2014 date specified in federal law. Then what will happen?
10. Changes to some of the tax and funding provisions of the ACA have already been made in the new "[fiscal cliff](#)" law. For example, no more funding is available to create new co-op health plans. Will more charges be made during subsequent 2013 fiscal cliffs?
11. Will Governors accept the additional federal Medicaid funds that are available (100%, 100%, 90%) or not? If not, then what happens, given the U.S. Supreme Court decision?
12. Will the individual mandate tax be relevant and effective? If not, then what? It is not an option to significantly increase the tax, given the U.S. Supreme Court decision.
13. What happens if the pending federal court dispute regarding the tax credit (limited to state-run exchanges) prevails? See the December 13, [2012 US House letter](#) to Treasury Secretary Geithner.
14. How creative will businesses and individuals be when developing cost-effective work-arounds to the ACA? For example, the work now being done on self-funded plans for small businesses.
15. What happens if/when the ACA does not meet the cost-savings expectations of the public voters? What then will policy-makers decide to do?

Conclusion

The Affordable Care Act will not make health care coverage more affordable for many people. It will increase access and coverage. Some individual's health care costs will increase significantly. When the new law does not deliver on the expectations it has created, what will happen next?

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