

June 21, 2010

## Half Of Workers Can't Keep Their Plan

Written by John C. Goodman

If you listened to the campaign rhetoric during the 2008 election you could be forgiven for thinking that health reform would mainly mean insuring people who cannot afford insurance on their own; in the process there would be no tax increases or benefit cuts for the middle class; and, "If you like the plan you are in, you can keep it!"

Turns out, the reality is very different. Take, for example, health plans that were supposed to be "grandfathered," and thus immune from onerous, cost-increasing regulatory burdens. A draft of the proposed regulations shows the news isn't good. Under a "mid-range" estimate, more than half of all workers will not be in grandfathered plans within three years. Under the worst case scenario, the number will be two-thirds.

Here is the full table:

### Percent of Employees Who Will Not Be In Grandfathered Plans 2013

#### Best Case

Small Employers 49%

Large Employers 34%

#### Total 39%

#### Mid-Range Estimate

Small Employers 66%

Large Employers 45%

#### Total 51%

#### Worst Case

Small Employers 80%

Large Employers 64%

#### Total 69%

Notes: Represents full-time employees.

Small Employers = 3 to 99 employees;  
 Large Employers = 100+ employees.

Table source: Department of Health and Human Services

Under the most likely scenario, 87 million Americans will no longer be able to retain the health plan they have and the number could be as high as 117 million. Small businesses will be especially hard hit. As many as 80% will lose their grandfather status, for example. One reason: any change of insurers (say, to take advantage of lower

premiums) will cause a loss of such status. By contrast, a self-insured union plan is free to change its third-party administrator and still keep its grandfather status.

Also, it now appears that “grandfathering” was never intended to be a long-term phenomenon. Eventually, all firms will lose their grandfather status.

Moreover, as I wrote in *The Wall Street Journal* the other day, even if you are in a grandfathered plan, your employer could drop your coverage anyway.

As we previously reported here, the number of workers who will lose their employer-provided insurance is estimated at 9 million to 10 million by the Congressional Budget Office (CBO), 14 million by the Medicare Chief Actuary and 35 million by former CBO Director Douglas Holtz-Eakin.

*John C. Goodman is the President and CEO, National Center for Policy Analysis, and Kellye Wright Fellow*