



## **Millions Expected to Lose Their Current Coverage Under Obamacare**

Written August 2, 2010 by Sarah McIntosh

During the push to pass his health care legislation, President Obama repeatedly encouraged concerned citizens, stating, "If you like your health care plan, you will be able to keep your health care plan."

However, it now appears regulations within the Patient Protection and Affordable Care Act (PPACA) include several components negating the President's claim.

### **Grandfathering in Jeopardy**

At present, roughly 160 million Americans have employer-based health insurance. Some of these plans can be "grandfathered" in under the law, exempting them from some new requirements. But Devon Herrick, senior fellow at the National Center for Policy Analysis in Dallas, Texas, says it will be difficult for plans to receive grandfathered status.

"Almost any major change [in a plan's provisions] can trigger a loss of grandfather status," Herrick said. "In all likelihood, two-thirds or more of small businesses will lose their status."

According to Herrick, employer-based plans will not be allowed to change in ways that are standard practice in the insurance industry, such as increases in coinsurance or decreases in employer contribution percentages.

"Within a decade I suspect only a few grandfathered plans will still exist," Herrick said. "Many small employers, especially those with a significant proportion of moderate-income workers, will drop their employee health plan and send workers to the Health Exchanges."

### **Most Will Lose Coverage**

Christie Herrera, director of the health policy task force at the American Legislative Exchange Council in Washington, DC, says a majority of the nation's workers stand to lose their coverage.

"The administration's own analysis predicts that its health care law will cause 66 percent of workers in small businesses to lose their current coverage," Herrera said.

## **Small Businesses Hamstrung**

Herrera says the offsets in the bill will prove insufficient for the vast majority of small businesses.

“The administration tried to mitigate the damage by spending millions of dollars on tax credits that only 12 percent of small businesses will qualify for,” Herrera said. “In order to qualify for the credit, small businesses need to keep wages low and not hire additional employees, which is not what we need in this economy.”

Herrera says the new requirements mean even small changes to existing employer-based plans will put businesses in violation of the new law, thus making health plans more expensive.

“Businesses can no longer shop around to find the most affordable coverage, because if they do so, they’ll lose their ‘grandfathered’ status,” Herrera said. “They will be forced to choose between a grandfathered health plan and skyrocketing premium costs, or violate the new rules and pay even more for coverage.”

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