



October 2009

Can You Keep Your Own Plan Under Health Care Overhaul?

Written by Sarah McIntosh

President Barack Obama has repeatedly said if you like your current health insurance plan you can keep it under his proposed overhaul—but does the legislation match the rhetoric?

According to John C. Goodman, president of the National Center for Policy Analysis, the answer is “no.”

“All the bills differ, but basically very few people have a plan that will satisfy the federally mandated benefits and cost sharing. So almost everyone will be affected,” Goodman said. “Estimates of how many will lose their employer-provided coverage and go into a government-regulated, government-run exchange run as high as 120 million.”

The current version of HR 3200 requires (Section 122(b)) health plans to meet government standards and qualifications. If your current plan does not meet the guidelines, you cannot keep it—which NCPA Senior Fellow Devon Herrick says will cause the elimination of many high-deductible plans popular with younger Americans, and will undercut other plans down the road.

“Telling consumers, ‘If you like what you have, you can keep it,’ is really not a promise politicians have the power to keep,” Herrick said.

Decreasing Competition

Younger people won’t be the only ones affected.

“We estimate five million seniors will lose their Medicare Advantage plans once Obama cuts \$177 billion out of the program,” Goodman said. “These are low- and moderate-income seniors. Many will have to turn to Medicaid as a result.”

Even if a plan meets the standards, individuals may lose it later. “Over time, unfair competition between public and private plans would likely crowd out private coverage,” Herrick said.

This uneven playing field could be exacerbated if a public plan option is included in the final reform measure. A study released September 9 by the Lewin Group in Falls Church, Virginia found if a public plan allowed anyone to enroll and paid low, Medicare-level reimbursements to doctors and hospitals, nearly 120 million people would leave or be dropped from their private coverage.

Herrick says if the study is correct, 75 percent of Americans would end up in a government-run health plan—Medicare, Medicaid, or the public plan—with few other options available.

“For instance, employers of moderate- to low-wage workers might drop their private plans and merely pay a penalty,” Herrick said. “Workers would then have to obtain coverage in a state-sponsored ‘connector.’ Even if workers liked their own employee health plan, they would not be able to keep it if their employer decided to stop offering coverage.”

Rising Concerns

The inability to keep your current health plan or have a chance to decide among plans in the market—either because your current plan does not meet government requirements or because it is driven from the marketplace by a public option—is a particular concern.

“Health care is a very personal thing,” said Christie Raniszewski Herrera, director of the Health and Human Services Task Force at the American Legislative Exchange Council in Washington, DC. “When bureaucrats decide on a one-size-fits-all plan for

everyone, they make health care decisions based on what is best for the government, not what is best for an individual patient.”

Herrick concurs.

“Consumers can make better decisions for their own families because they know their own unique needs better than a bureaucrat in Washington,” Herrick said. “For instance, a family might prefer a health savings account (HSA), where they save funds year-to-year for when their health needs rise. Yet a bureaucrat might believe cost-sharing is bad, as many public health advocates do, and want to discourage if not outright prevent families from owning an HSA.”

Melanie Fowler, a 20-something undergrad majoring in accounting at Wichita State University in Kansas, is worried about the potential loss of freedom.

“It is important for me to choose my own health care because my needs are not the same as everyone else’s,” Fowler said. “I know my own needs best.”