



ACA: Flawed Law

Jim Jones, President, Wellspring Benefits Group

"I make just enough money to not be able to afford health insurance." That was a very interesting quote from a man I spoke to last week named Jason. He's 37 years old, has a family, works hard and just wants to do what any middle-class American would like to do – support their family and the laws of their country at the same time. He doesn't qualify for a federal subsidy because of his income. But after paying for food, mortgage, utilities and trying to save for a college education for his children, he has very little disposable income and not nearly enough to pay for an ACA policy. "So I guess I'm going to get fined and have the risk of being on my own for getting sick or having a catastrophic accident. I'm doing everything I can and should for my family and yet I'm getting penalized and putting my family at risk. That's not right." He's the classic example of why ACA is so flawed.

It Sounds Good!

The whole premise of ACA is centered around three basic principles: 1) all Americans must have access to health insurance regardless of their current health or pre-existing conditions; 2) all Americans must purchase health insurance if they do not have it or be subject to a tax penalty if they don't; and 3) all health insurance policies must have 10 essential health benefits as defined by ACA.

When you read those three principles, they appear to be plausible objectives toward a noble and worthy cause. After all, those with pre-existing conditions need health insurance the most and in a country as wealthy and compassionate as ours, there should be a mechanism for them to access it.

So What Happened?

Clearly, the time had come to reform some of the antiquated ways of the health insurance industry. On the surface, each of the three principles appear worthy of our collective support regardless of income status, political preference or age. But as we've heard so many times – *the devil is in the details*. Unfortunately, ACA was written and developed from the standpoint of political ideology that has done more to divide the country than reform health insurance.

Let's begin with a statement I believe we can all agree with: ***Your health status is a universal equalizer.*** It is agnostic to income or politics. There are just as many conservatives with adverse

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health problems as there are liberals. There are just as many Democrats with Jason's story above as there are Republicans. Health problems and/or income status has no political preferences. Yet too many people of all political persuasions are finding ACA to be more of a problem than a solution. Let's look at each of the three principles and explain why ACA is so flawed – regardless of its intent.

It's About the Money

If you begin with funding for ACA by redistributing wealth based on income, you immediately create a set of “winners” and “losers” based on class warfare that does nothing but create political discourse for something that shouldn't be political (remember, your health status is agnostic to income). Someone has to overpay for their health insurance so someone else pays less for theirs (by getting a federal subsidy). But as we see with Jason's story, the ones paying full price for ACA can't afford to pay for their own family's insurance. So when it's all said and done, what have you accomplished ?.....*the ability to access health insurance regardless of health conditions but its inaccessibility due to cost.* **So this one flaw makes 2 of the 3 principles of ACA in conflict with one another!**

The third principle is the requirement of the 10 essential benefits as defined by ACA. The intent was to require these benefits as a minimum standard so that everyone could have a better quality health plan. The problem is two-fold: 1) to require all 10 benefits in all ACA compliant health insurance plans causes the premium to drastically increase for everyone; and 2) not all people buying an ACA compliant plan needs all 10 benefits so they pay artificially higher prices for benefits they'll never use (ie: maternity coverage and children's dental benefits for a couple that doesn't need or want either).

To make matters worse, there are only four plans to choose from – Bronze, Silver, Gold and Platinum – all with identical essential benefits but varying deductibles and co-insurance. By the time you reach the Gold and Platinum versions, the premium is so expensive that they're really not choices at all. That leaves just about everyone with two choices – Bronze and Silver. And if you're like Jason and don't qualify for a federal subsidy, the premium is so high on those plans that many Americans can't afford them and go without health insurance altogether. And if somehow you can barely afford the premium – or even if you get a generous subsidy, to access the plan you have to pay such a high deductible that the insurance is virtually inaccessible. As Jason said, “that's not right” and it's not sustainable.



ACA was designed under the premise that wealth redistribution would be readily embraced by the American people. But here's the flaw to that reality – Young adults aren't interested in a requirement to buy an overpriced policy to compensate for those that are older or for those that qualify for a subsidy. The older adults aren't interested in buying an overpriced policy for benefits they don't want or will never use. Small employers aren't interested in buying overpriced policies that drive up costs, inhibit growth and stifle job creation.

Common Sense

Every American that needs health insurance should be able to get it. The problem, as we've seen, is the funding mechanism for making it work for everyone – without regard to income, health status or political persuasion. But it must be funded on a fair, equitable and common sense basis. It can if we change the tax code in America. With the maze of tax brackets, deductions and loopholes, lawmakers have created more problems than have been solved. And today, with the largest social program in the history of the nation failing because of the way it's funded, the time has come to change the tax laws to make ACA workable for all Americans.

We need a means-tested flat tax where every American, no matter how much they make, contributes to the overall greater good. No tax deductions – no charity deductions, no mortgage deductions, nothing. This way, everyone making an income contributes to the overall greater good, everyone pays their fair share, everyone is subsidized through tax revenue for a portion of their premium and no one has to overpay so that others may underpay.

"Balanced" Health Insurance Reform

There has never been a doubt that reform of the health insurance industry needed to happen. *But if solving the problem of what needed to be reformed was the true intent, why didn't ACA include a balanced approach to help solve the private-sector insurance industry's need to make a profit?* If the insurance industry is not able to make a profit due to ACA's mandates and regulations, health insurance premiums will continue to rise even further as costs are passed down to consumers. The private sector insurance industry must be able to make a profit if we are to continue in a free-market economy. If not, the only alternative is a single-payer system through the federal government. And if you think the insurance industry is bad now, wait until your healthcare is administered through the feds. You'll get the efficiency of the postal system with the compassion of the IRS in charge of your healthcare.



Here are several balanced reforms that will make health insurance more affordable without the constant pressure to keep raising premiums:

- 1) Tort reform for liability and malpractice claims to offset the actuarial upheaval created with guaranteed insurability for those with pre-existing conditions.
- 2) Have the ability to purchase insurance across state lines included to offset the enormous administrative costs to insurance companies for onerous compliance regulations from both state and federal agencies.
- 3) Insurance companies should be rewarded for efficiently operating their business instead of having to pay out at least 80% of premium income in claims cost or refund the difference to their policyholders.
- 4) Allow individuals and small employers to contribute their ideas to solving the accessibility / affordability issue under a free-market economy.
- 5) Allow the insurance industry to create less expense plan options for ACA - High deductible, catastrophic plans; plans that do not include 10 essential benefits where it doesn't make sense to have them; plans that have maximum payouts for certain benefits.

Whether you are Democrat or Republican, liberal or conservative, rich or poor, ACA was flawed law even if you believe it had noble intentions. Now middle-class America is paying the price one way or another – purchasing insurance they can barely afford or not buying at all because they can't, putting themselves at more financial risk than ever before. ***The net result is that ACA conflicts with its own intent, cost-shifts the uninsured from one income class to another and fails to provide meaningful coverage based on plan design. That is flawed law.***

ACA must be greatly modified or repealed with a new law in its place. There is a better way – an American way – and that begins with ***We The People*** taking America back.

Jim Jones is President of Wellspring Benefits Group and ControlMyCare.com located in Colleyville, Texas. He is a visionary leader with an eye for emerging markets in a changing healthcare environment. Through Jim's 30 years in the insurance and healthcare business, he has developed a business model that integrates insurance products and healthcare services for individuals and small businesses to manage their costs and coverage with customized plan options. Jim can be reached at jim.jones@wellspringbenefitsgroup.com.