



ACA: Where We're Headed

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Last month, I wrote an article entitled "ACA: How We Got Here and Practical Solutions for Controlling Your Cost". In an effort to continue with the theme of understanding the Affordable Care Act (ACA), this month's article will lay out a vision for what we should expect as we move forward in the "new normal" of government mandated health insurance. As with any government entitlement, once the law goes into effect, there's no "undoing" what's already been done. Yet what's been done doesn't solve the problem that the law (ACA) was ostensibly supposed to solve.

Background

One thing that both conservatives and liberals can all agree on is that before the enactment of ACA, the health insurance industry needed major reform and the healthcare system was in dire need of a make-over. That's where the agreement ends. To liberals, the answer was and always will be more big federal government mandates and regulation. To conservatives, the answer was and always will be allowing individual states to solve their own issues through free market reforms. In the case of something as complex and personal as healthcare, neither will solve the problem. It will take a combination of both. Right now, we're too heavily tilted toward the liberal, big government approach which is proving to be a debacle for middle-class America.

In a nationally televised address in September 2009, President Obama said, "there are more than 30 million American citizens who cannot get coverage". He was right. They couldn't get health insurance because of pre-existing medical conditions that would cost the insurance company more to insure them than they had a chance in collecting premiums to offset the risk. ***In other words, insurance companies have to make a profit to stay in business.*** And as I pointed out in last month's article, prior to ACA, health insurance companies relied on a risk-based actuarial model to set premium pricing vis-à-vis an appropriate underwriting process to evaluate the health risk prior to issuing a policy. We'll come back to his point later in this article.

Epic Fail

Earlier this year, the non-partisan Congressional Budget Office (CBO) released its latest assessment of Obamacare as it relates to the overall economy through 2024. One of the metrics used to evaluate ACA and its effectiveness is the number of Americans that will be insured; or put another way, the number of Americans that *will not* have health insurance because of Obamacare. *The CBO report reads: "About 31 million non-elderly residents of the United States*

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*are likely to be without health insurance in 2024, roughly one out of nine such residents". That's a net zero gain that will cost the American taxpayers over the next 10 years in excess of 2 trillion dollars to fund ACA while creating a colossal disruption of our healthcare system - *for a net zero gain*. If the purpose of ACA was to reduce the number of Americans without health insurance, the CBO report shows just how badly the federal government missed the mark. If you consider the amount of money the American taxpayer has to contribute and the disruption it will create, it's nothing short of epic fail.*

Big Government Logic

I read a cartoon this week that sums up the logic that could only come from bureaucrats that live inside Washington, DC and are completely disconnected from middle-class America.

"Obamacare: To insure the uninsured, first we make the insured uninsured. Then we make the formerly insured pay more to become re-insured to insure the uninsured for free". The redistribution of wealth is clearly closer to a Ponzi scheme than a workable solution for middle-class America.

Not Enough Pain

Consider also as you read this article, many middle-class Americans have lost their health insurance because of ACA and millions more can't afford their premiums. I spoke to a lady this week who told me she has a decision to make – "buy health insurance or feed my family". Put in those terms, the decision was easy. I spoke to a man last week who said his ACA premium was more than his mortgage payment and he didn't know how he could pay both. Bottom line – the big government approach is not sustainable. It will break the back of middle-class America, the economy will falter and the entire process will implode.

ACA's proponents are telling us that it's too new and needs time before we'll see its advantages to society. In the meantime, middle-class Americans are very skeptical and most believe it's not beneficial for the overall greater good. In a November, 2013 CBS Poll, only 7% of Americans want Obamacare "kept in place". 48% believe changes are needed and 43% want full repeal. But it's not yet a crisis because it's "too new" and the pain factor hasn't manifested itself long enough. The problem isn't painful enough to make Congress fear for their congressional lives. **Until the government fears the people, nothing will happen.** When Congress feels the heat of the American people's breath on their necks, things will change. Until it becomes a crisis, we'll just feed the beast.

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The Setup

The plan is already in motion. Inside the beltway, Democrats are already formulating the next phase of their incremental plan to take over the healthcare system in America. Ironically, they need Americans to feel the pain – but only in an incremental way – not too much too soon. The madder middle-class America gets over time, the more it plays into their overall plan. You see, middle-class America is being setup by the people who brought ACA into existence, only to have the same people promote the “solution” that will make ACA look like a small government blip on the radar – universal healthcare through a single-payer system.

“It’s the Insurance Companies Fault”

Speaking at a recent conference, Mark Bertolini, CEO and Chairman of Aetna Insurance, announced that the end is near for profit driven health insurance companies. “The system doesn’t work, it’s broke today. The end of insurance companies, the way we’ve run the business in the past, is here.” *You see, it’s that profit thing that gets in the way.* (See last month’s article on how we got here).

So what’s left of the insurance industry in a single-payer system? A scaled down version of what exists today that contracts with the federal government as a third party administrator for claims payment. Jobs will be lost, the economy will be negatively impacted and a once viable industry will be relegated to the ash heap of big government take-over.

I can hear the single-payer proponents now – “the private sector is the problem because they have to make a profit”. “The insurance companies are the ones who set the premiums that no one can afford....it’s not right that an American has to choose between buying groceries or paying their mortgage and buying health insurance”. “If the insurance companies can’t price their insurance to where people can afford it, then let the government do it”. Never mind that there are hundreds of thousands of Americans that make their living for their families in the insurance industry. Never mind that the private sector has to make a profit for those families to keep their jobs. Never mind that insurance is too expensive because of the mandated benefits of ACA that must be included whether you need them or not.

So imagine the efficiency of the Postal System with the compassion of the IRS in charge of your healthcare – when you get treated, where you can go, who you can see, what treatment you can have and what treatment you can’t and who gets treated and who doesn’t. Ask our veteran heroes how they’re treated at the VA. That’s the future of healthcare in a single-payer system.



Why would any freedom loving American want such government tyranny over the most critical and personal aspect of our lives?

And when the pain gets enough for middle-class America, when more and more have to choose between buying groceries or paying their mortgage and buying the insurance that the government says they have to buy, they will yield to a government run single-payer system. And in doing so, Americans will admit that the government is the only solution – even though the ACA (government) mandates are the reason for the skyrocketing costs. But that doesn't solve the problem. If the cost of insurance is too expensive because of the cost of mandated benefits, administrative inefficiencies and the rising cost of healthcare, how does a single-payer system make the cost lower? It doesn't. But in our belief that the government can solve the problem, we've shifted the burden of cost from the private sector that manages its ability to make a profit to the federal government who has the power to tax. Pandora's box has just been re-opened and We The People will be standing with the key in our hand. The federal government's solution to all ills is taxing more and spending more. If you think health insurance premiums are high now, wait until Congress has the power to tax under the cover of "healthcare for all".

What's the Solution?

As I stated above, a big(ger) government solution nor an individual state solution will solve the problem. Individual states regulate insurance today which is part of the problem. Each state has its own laws and regulations that have to be comingled with the requirements of ACA. That creates an administrative nightmare for insurance companies and adds millions of dollars in excess cost to the price of insurance.

We must and we should find a way for Americans with existing health problems to have access to health insurance without the epic fail of ACA. We have a moral obligation as a nation to take care of those who don't have the ability to take care of themselves and to have a healthcare system that is available to all Americans regardless of health conditions. But how do you propose such a solution when so many political agendas are tied to every legislative initiative? First, we need the initiative to start outside Washington and work its way back in – not the other way around. With something so personal as healthcare, We The People should have a say in how it's provided and accessed – not strictly politicians who don't live in the real world.

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A Blueprint

- 1) Begin a formal plan with stated objectives of what reform measures are needed.
- 2) Include healthcare professionals, business leaders, insurance executives and a select group of middle-class Americans (no elected politicians) to contribute their ideas about what a health insurance plan(s) should look like, including a provision that members of Congress cannot vote on the law until they have personally read it.
- 3) Submit the plan to a select, bi-partisan group of U.S. Senators as a working document.
- 4) Require that whatever law is ultimately passed, all members of Congress must purchase it just like We The People.
- 5) Promote Health Savings Accounts (HSAs).
- 6) Allow health insurance policies to be sold across state lines.
- 7) Tort reform to keep frivolous malpractice lawsuits from being filed for bogus reasons.
- 8) Allow different insurance plans to be designed (with minimum standards) based on free market demand instead of government mandates.
- 9) Eliminate the individual mandate.
- 10) Require all Americans to pay an additional 1% sales tax to fund a national insurance pool for all people with pre-existing conditions to get coverage.
- 11) Repeal and replace ACA with the model above.

We're Still in Control

We The People. We still have the final say. Perhaps we'll look back one day and say ACA was the catalyst for improving a broken system. If the system we had prior to ACA did less damage than what we have with ACA, then ***We The People*** need to speak. We need a private sector health insurance solution that provides the best quality healthcare for all Americans – without government intrusion. "Where We're Headed" is the title of this article. That's strictly up to ***We The People.***

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