

Affording the Affordable Care Act

THE promise of the USA's Affordable Care Act is right there in its title: "Affordable". Yet, anti-poverty agencies across the country fear that even with the federal financial assistance available under the law, health insurance will remain unaffordable for significant numbers of low-income Americans. The Affordable Care Act (ACA) is designed to make insurance affordable for Americans with low and moderate incomes - particularly since it requires all Americans to have health insurance starting this year, or face financial penalties. The law expands Medicaid eligibility (in the states that have agreed to do so) to the poorest Americans - those making up to 133 percent of the federal poverty line. But it also provides financial assistance for those making up to 400 percent of the poverty level to help them buy private insurance on the new state health exchanges. Still, the financial help is not enough for some. Janet Varon, executive director of the Northwest Health Law Advocates in Seattle, which works on health access issues, said even with the subsidies, some people simply will not be able to manage to pay their health insurance premiums consistently with all the other costs facing them. The authors of the ACA anticipated this problem. To address it, the law allows states to create a separate insurance programme, called the Basic Health Programme, for people who earn too much to qualify for Medicaid and too little to afford insurance on the state exchanges, even with federal aid. Under such a plan, the federal government will give the subsidies directly to the states, instead of to individuals and families. The states are supposed to pool the money and then use the financial leverage to push insurers to offer less expensive coverage. A number of states, including New York and Washington, are eager to create such programmes, but they can't until the Obama administration issues the regulations that will govern them. Some now fear states won't be able to launch the programs before 2016. For now, low-income Americans who are not eligible for Medicaid must rely on the financial help that is available to them on the health insurance exchanges. Determining how much that amounts to is a computational labyrinth. According to the ACA, a family of three whose annual income is at 133 percent of the federal poverty level (an annual income of \$24 352), should have to pay no more than three percent of their household income in annual premiums, or \$731. In that case, the federal government would pay the insurance company the difference between \$731 and the actual premium. The percentage an individual or family is expected to pay rises at higher income levels, up to 400 percent of poverty. At that income level, paying up to 9.5 percent of household income on health insurance is considered affordable. So, a family of three making \$73 240 would receive a subsidy to cover premium amounts above \$6 958. Those who decide to forgo insurance can ask for hardship exemptions from the financial penalty. But getting medical care is likely to become increasingly difficult for them because the federal government is cutting its payments to hospitals that provide charitable care to the poor. Other possible solutions to the affordability problem have also surfaced. Massachusetts, which enacted its own health care reforms in 2006, won federal permission to use Medicaid dollars to provide premium and cost-sharing assistance for those with incomes below 300 percent of the poverty level who purchased private insurance on the Massachusetts exchange. Other states could apply for permission to do the same, but it is a months-long process. States also might seek to raise eligibility for Medicaid above the 133 percent threshold. Some businesses and hospitals have talked about voluntarily undertaking sponsorships to help those unable to pay premiums or meet out-of-pocket obligations.