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## How Health Reform Will Impact Existing Plans

By Kate Pickert

"If you like your health care plan, you will be able to keep your health care plan."

Throughout the long health care reform debate, that promise from President Obama was one of the few constants made to reassure the bulk of Americans who already have insurance that the sweeping legislation would not have a downside. Just Tuesday, Obama tried to counter critics who say the new law contains a slew of unintended consequences. Announcing a fresh set of new insurance rules, he called the regulations "a true patients' bill of rights" and insisted that they are "not punitive." ([Watch TIME's video "Uninsured Again."](#))

But now that regulations about existing employer-sponsored plans have been issued, it's becoming clear that many of the 160 million Americans with job-based coverage will not, in fact, be able to keep what they currently have.

Republican critics of the Patient Protection and Affordable Care Act point to the Obama Administration's own estimates that by 2013, 39% to 69% of employer plans will be subject to new regulations and not grandfathered in or exempted from the new rules. House minority leader John Boehner issued a press release about the new regulations with the headline "New ObamaCare Tagline Should Be 'If You Like Your Health Care Plan, Too Bad.'"

That partisan rhetoric may be heated, but it's not entirely off base. The truth is that employer-based plans, which many assumed would easily be categorized as grandfathered, will be subject to the full regulatory thrust of the new law if they are altered in ways that are standard practice in the industry. Plans that increase the percentage of costs patients must pay out of pocket — known as co-insurance — lose their grandfathered status. The same is true for plans that significantly decrease the percentage that employers contribute to premiums or those that significantly increase deductibles or co-payments. An employer that switches health-insurance providers also loses its grandfathered status. These kinds of changes are common year to year in the current marketplace, since employers are constantly looking for ways to limit their expenses in the face of rising costs.

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Still, while many employer-based plans will be snared in the regulatory net of the Patient Protection and Affordable Care Act, many of those with this coverage could actually stand to benefit. ([See the top 10 health care reform ads.](#))

The new regulations, after all, are designed to protect consumers. If job-based plans have to change — and are not dropped by employers — they will do so in ways that limit what workers have to pay out of pocket and what insurers can refuse to cover. (Full coverage for preventive services is one new regulation that would kick in, for instance, along with a government-designated "essential benefits package" of procedures and treatments that must be covered.) Plus, it's not as though the employer-based insurance market is reliable and stable in its current form. Most employees don't have any control over the structure of their health insurance. As a result, coverage has been steadily eroding in the past decade, with premium costs for workers increasing 131% from 1999 to 2009, even as the actuarial value of those plans, on average, decreased.

Republican critics, including Boehner, have focused much of their ire toward the new grandfathering provisions on behalf of small businesses, insisting that these companies will be forced to drop coverage if they're required to meet new regulatory standards. But less than half of employees in firms with 200 or fewer workers currently get coverage through their jobs, according to the Kaiser Family Foundation.

What Boehner doesn't mention is that the Patient Protection and Affordable Care Act provides tax credits to the smallest of these businesses — those with 25 or fewer employees — and exempts those with fewer than 50 employees from providing health insurance at all. In the face of grandfathering provisions that make it all but impossible for many of these companies to maintain this protection, along with the lack of a mandate that they offer coverage, it's likely many of these small companies won't offer coverage by the time the act fully takes hold in 2014. Their workers would likely be funneled into the "exchanges," regulated marketplaces where individuals can buy insurance independently, albeit with after-tax income rather than pre-tax dollars, as job-based coverage is paid for. But this too has an upside; the more Americans who shop for coverage in the exchanges, the more insurers will compete to get their business and the more empowered consumers will be to choose their own plans.

It will be years before it's clear exactly how much the employer-based health-insurance system will be upended, and only then will consumers know precisely how costs will be affected. It's already apparent, however, that protecting the current system of private job-based insurance was not a mission of the Patient Protection and Affordable Care Act, promises about keeping your plan notwithstanding.

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