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## Health Care Changes Wouldn't Have Big Effect for Many

By [REED ABELSON](#)

Now that the Senate has caught up with the House by passing a sweeping health care bill, lawmakers are on the verge of extending coverage to the tens of millions of Americans who have no [health insurance](#).

But what about the roughly 160 million workers and their dependents who already have health insurance through an employer? For many people, the result of the long, angry health care debate in Washington may be little more than more of the same.

As [President Obama](#) once promised, "If you like your health plan, you can keep your health plan."

That may be true even if you don't like your health plan. And no one seems to agree on whether the legislation will do much to reduce workers' continually rising out-of-pocket costs.

True, there is an important advantage for the working insured: more peace of mind for people who are worried about being laid off or would like to change jobs.

There are still many gaps to bridge between the House and Senate bills. But even before the House-Senate negotiations begin in January, both bills offer this assurance: If you lose your job or move to one that does not provide benefits, there should be better alternatives when shopping for your own coverage.

And both the House and Senate bills share the same basic goal of placing new rules on insurers so that even someone with a pre-existing medical condition, or a few years to go before qualifying for [Medicare](#), should have a much easier time finding a relatively affordable policy.

The legislation should give most working people “the guarantee of security if their circumstances change,” said Karen Davis, the president of the Commonwealth Fund, an independent research group that has studied the House and Senate bills.

Of course, with more security will come more obligation. Congress seems likely to impose an individual mandate that will require people to be insured or face a financial penalty.

The other proposed changes for employer-provided coverage seem aimed mainly at workers whose benefits are either very generous or exceedingly skimpy.

On the generous end, about a fifth of employers now offer health plans that could be affected by a new 40 percent excise tax in the Senate bill on so-called Cadillac policies, according to an estimate by Mercer, a benefits consulting firm. That tax, to be imposed on annual premiums that exceeded \$23,000 for family coverage, would go into effect in 2013. For example, if an insurer, or a self-insured employer, offers a plan costing \$25,000, it must pay a 40 percent tax on the \$2,000 that is above the threshold, or \$800.

If the excise tax survives the House-Senate negotiations, it is hard to predict how employers will respond. But almost two-thirds of the employers Mercer recently surveyed said they were likely to reduce employee benefits rather than pay the tax.

“They’re going to work hard to find a way to keep the cost of their plans below the threshold,” said Beth Umland, Mercer’s director of health and benefits research.

She predicts that many of those companies will rely on what she described as “the tried-and-true method” — passing along more of the costs to employees, in the form of higher deductibles and co-payments, in order to reduce overall premiums.

The public policy goal of the tax, in theory, is to have everyone spend less on medical care, even if it means using

it less.

“We know people will use less care under such plans,” said Paul Ginsburg, president of the Center for Studying Health System Change, a nonpartisan group.

What is not so clear, Mr. Ginsburg said, is whether people will make — or be able to make — rational choices between treatments that are not particularly effective and treatments that may help them from becoming sicker later.

Congress also seems intent on establishing some minimum insurance standards so people with coverage could not end up with large piles of unpaid medical bills anyway. Both the House and Senate bills contain measures meant to eliminate lifetime maximum limits on coverage, for example.

But that might end up affecting relatively few people. Many plans limit how much they will pay out over a lifetime, but the ceilings are generally so high that the vast majority of people never hit them, according to a new study that used existing coverage for workers in California to compare the House and Senate proposals.

The “impact of this change will be minimal on most employers, but would be quite meaningful for the small number of employees who meet the limits,” according to [the study](#), conducted by policy analysts from the [University of California, Berkeley](#), the benefits consultant Watson Wyatt Worldwide and the National Opinion Research Center at the [University of Chicago](#).

Congress is also considering annual limits on out-of-pocket medical costs. The House seems to think \$5,000 is as much as somebody should pay in medical bills, while the Senate has picked a figure closer to \$6,000.

Under the Senate proposal, the new limits would not apply to self-insured employers — big companies that provide their own insurance and have enough employees to effectively spread the risk of paying any large claims.

Congress is also considering other minimum standards for insurance, like setting a baseline level of coverage for plans.

Still unclear is whether any of the new standards — the lifetime caps, the out-of-pocket maximums, the minimum coverage standards — would apply to employer-based policies.

Because most big companies already offer plans that would meet the minimum standards being set, their workers would probably be unaffected by the new rules in any case.

But it is a different story for small businesses. Much of the legislation is aimed at making it easier for them to provide affordable coverage by trying to make changes to the insurance market.


People working for small businesses — an estimated 40 percent of the private labor force — could see their coverage affected. And if their employer decided to use one of the new insurance exchanges, workers might have a much broader choice of plans than they do now.

The premiums a small-business employee are charged could also change, especially if that company's work force is particularly young and healthy. Those people could wind up paying more, Mr. Ginsburg said, because the legislation tries to spread the risk of covering employees with expensive medical conditions by setting new rules over how insurers can determine premiums.

The real unknown, of course, is whether any final legislation will accelerate the rise in premiums or slow it. At least one impartial analysis, [by the nonpartisan Congressional Budget Office](#), concluded that the legislation was not going to have much of an effect on the cost of premiums either way.

There are plenty of doomsayers who argue that the cost of expanding coverage to millions of people, many of whom will need help to pay their premiums, is going to be borne by everyone else. But there are others, including Mr. Obama, who argue that the legislation will make health insurance more affordable than it would be otherwise. "If we don't pass it," he recently said during a television interview, "here's the guarantee — your premiums will go up, your employers are going to load up more costs on you."

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