

Unraveling the Health Care Bill

By Jeffrey W. Larroca



The Patient Protection and Affordable Care Act, otherwise known as the health care bill, was signed by President Obama in March of this year, and it may well be one of the more sweeping and transformative pieces of legislation passed since The Great Society. The bill will cover 32 million uninsured Americans and when fully phased in, it promises to place 95% of Americans under some form of health coverage (as opposed to the 83% currently insured). As I write, the bill also has proven to be one of the nation's more controversial laws. Championed by a Democratic president with support of a Democratic Senate and House, the Republican Party has taken a position of "Repeal!" as we go into the mid-term elections. Some states are even considering initiatives allowing their citizens to refuse to be part of a health care system, which would precipitate a legal clash. As for the American people, they remain equivocal on the bill. A late September CNN poll showed that fewer than one in five Americans say the new health care reform law will help them personally, but a majority believes the measure will help families across the country. That same poll also indicated that the public remained split over whether the new law should be repealed.

Regardless, repeal of the bill is a tall order. As ABC News recently reported, "A full repeal would require a bill to pass in both the House and the Senate, and would need a majority in both Houses. Even if Democrats lost majority control, they still would be able to filibuster it. And even if the repeal bill were to pass both Houses, it could most likely be vetoed by President Obama. A presidential veto can only be overturned by a two-third majority in both the House and Senate . . . Republicans themselves admit that repealing the entire bill is virtually next to impossible."

Discussion of repeal aside, "the future is now" with regard to many aspects of the bill. A listing of all provisions of the health care law could fill an entire issue of *INSIGHT Into Diversity*. Indeed, in a recent issue, I wrote about some of the bill's impact on families, including a provision as tangential as requiring breastfeeding at the workplace. Nonetheless, there are some major provisions that merit special attention. For example, on September 23, 2010, several key components of the bill became operative, including limitations on the ability of health care insurers to cancel coverage and a prohibition of lifetime limits for coverage. Additionally, preventative care, like cancer screenings, immu-

nizations, colonoscopies, flu shots, health counseling and blood pressure checks, no longer require co-pays or pay deductibles, and penalties for out-of-network emergency room care are disallowed.

The bill also eliminates co-pays for regular well-baby visits and annual examinations of children until they turn 21. Moreover, co-pays are eliminated for certain pregnancy services, including screenings for iron deficiency, hepatitis B and some pregnancy-related conditions. Co-pays for breastfeeding and smoking or alcohol cessation counseling are also prohibited.

The reach of the bill also extended significantly on September 23, 2010, when insurers were required to offer coverage for adult children up to 26 years of age under an employee's standard family coverage if the child cannot get their own employer-provided coverage.

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The bill's phased-in approach leaves many of the most sweeping provisions implemented at a later date. In 2014, employers with more than 50 employees must provide health insurance to their employees or pay a fine of \$2,000 per worker each year if any worker receives federal subsidies to purchase health insurance. Additionally, if individuals remain uninsured, they will be fined a non-deductible penalty. Small businesses, the self-employed and the uninsured will be offered coverage through new state-based purchasing pools called exchanges, opening for business in 2014. Moreover, insurers will be prohibited from denying coverage to people with medical problems or charging them more for coverage due to those problems.

It is difficult to assess how such dramatic changes will change the landscape of current coverage in the workplace. For example, *The Wall Street Journal* recently reported that McDonald's Corporation could drop its health insurance plan for nearly 30,000 restaurant workers. McDonald's position stems from one of the lesser-known provisions of the bill. As explained by the *Journal*, "While many restaurants don't offer health coverage, McDonald's

provides mini-med plans for workers at 10,500 U.S. locations, most of them franchised. A single worker can pay \$14 a week for a plan that caps annual benefits at \$2,000, or about \$32 a week to get coverage up to \$10,000 a year. Last week, a senior McDonald's official informed the Department of Health and Human Services that the restaurant chain's insurer won't meet a 2011 requirement to spend at least 80% to 85% of its premium revenue on medical care."

The bill is also engendering other changes in the workplace that go beyond coverage and cost. As noted recently in *Kiplinger Magazine*, "the real emphasis will be on behavior, with businesses using more sticks and fewer carrots to pressure employees to adopt healthier lifestyles and participate in programs to manage their chronic illnesses. In a recent survey by Hewitt Associates, nearly half of employers say they

plan to use financial penalties for workers who don't participate in certain health improvement programs. "Employers have come to realize that they have to manage their risks, not just costs," says Rick McGill of Hewitt, a benefits consulting firm. Big bucks are at stake. About 70% of health care costs are driven by behaviors. The difference in cost between a diabetic who manages his or her disease compared with one who doesn't can be 10 times higher, says McGill.

With the control of Congress at stake in November, the presidential election a mere two years thereafter, and workers and businesses exploring various ways to deal with the ramifications of the new law, events are in a fluid state. Stay tuned. ●

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