

Analysis: Tens of millions could be forced out of health insurance they had

WASHINGTON — Even as President Barack Obama sold a new health care law in part by assuring Americans they would be able to keep their insurance plans, his administration knew that tens of millions of people actually could lose those their policies.

“If you like your private health insurance plan, you can keep your plan. Period,” Obama said as he pitched the plan, the unqualified promise he made repeatedly.

Yet advisers did say in 2010 that there were large caveats and that anyone whose insurance plan changed would lose the promised protection of being able to keep existing plans. And a report in 2010 said that as many as 69 percent of certain employer-based insurance plans would lose that protection, meaning as many as 41 million people could lose their plans even if they wanted to keep them and would be forced into other plans. Another 11 million who bought their own insurance also could lose their plans. Combined, as many as 52 million Americans could lose or have lost old insurance plans.

Some or much of that loss of favored insurance is driven by normal year-to-year changes such as employers changing plans to save money. And many people could end up with better plans. But it is not what the president pledged.

Caught in the firestorm of his broken promise, Obama on Thursday apologized.

“I am sorry that they are finding themselves in this situation based on assurances they got from me,” he told NBC News Thursday evening. “We’ve got to work hard to make sure that they know we hear them and we are going to do everything we can to deal with folks who find themselves in a tough position as a consequence of this.”

The shifting narrative started as Obama worked to sell the entire health care overhaul to a skeptical nation and Congress. To win support from those who already had insurance, he made the promise that no one who liked their plan would lose it. The key was that millions of plans would be “grandfathered” in the new law, thus protected from any new requirements.

Yet as insurance companies started notifying hundreds of thousands this fall that their current policies were being canceled in preparation for new ones, it became clear that many were not guaranteed to keep their plans.

The White House and Congress have focused on cancelations of plans in the individual market, where people buy their own policies.

Obama insisted anew Thursday that the problem is limited to people who buy their own insurance. “We’re talking about 5 percent of the population who are in what’s called the individual market. They’re out there buying health insurance on their own,” he told NBC.

But a closer examination finds that the number of people who have plans changing, or have already changed, could be between 34 million to 52 million. That’s because many employer-provided insurance plans also could change, not just individually purchased insurance plans

Administration officials decline to say how many employer-sponsored plans could change. But those numbers could be between 23 million to 41 million, based on a McClatchy analysis of estimates offered by the Department of Health and Human Services in June 2010.

Obama aides did acknowledge around the time the law was enacted in 2010 that some people could lose their coverage if their plans changed after the law was passed. Those people would in turn receive what the administration described as superior coverage. But in the years since the law’s passage, HHS officials have downplayed that consequence of the hard-fought law.

“If health plans significantly raise co-payments or deductibles or significantly reduce (them) . . . they’ll lose their grandfather status and their customers will get the same full set of consumer protections as new plans,” Health and Human Services Secretary Kathleen Sebelius said at a June 15, 2010, news conference.

Many changes in the old insurance plans could trigger the loss of the protected status. Regulations issued by HHS state that the grandfathered status would be lost if the policies eliminate coverage for a particular condition, reduce the annual dollar limit on benefits, increase co-payments by as little as \$5 or 15 percent, or increase out-of-pocket maximums by more than 15 percent or premiums by more than 5 percent.

Later in June 2010, Sebelius’ department published estimates in the Federal Register that 39 percent to 69 percent of employers’ fully insured plans would relinquish the coverage they had prior to the March 2010 passage of the ACA and thus would have to cancel or change policies.

About 60 million people are covered in fully insured plans, which make up about 40 percent of employer-provided health plans. Fully insured plans are usually offered by large employers. These plans have the insurance company rather than the employer assume the financial risk of annual health care expenses exceeding expectations. The rest of employers self-insure.

To escape having to provide the new law’s minimum required benefits, plans would have to largely maintain the co-pays, premiums and out-of-pocket limits that existed prior to March 2010.

Already this year, only 36 percent of employer plans were pre-2010 plans, compared with 56 percent in 2011, according to the Kaiser Family Foundation, a leading health care research organization. That means that millions of people’s plans already had changed or were canceled in the three and a half years since the law was enacted in March 2010.

That doesn’t automatically mean the plans were changed or canceled because of the new law.

“I think there needs to be great emphasis that plans are not being canceled because of ACA requirements,” said Jon Gabel, a senior fellow at the University of Chicago’s Health Care Research Department. “They’re being canceled because insurers do not want to ‘grandfather’ some plans.”

This week, after millions of Americans mostly in the market for individually purchased plans began receiving cancellation notices or price hikes from their insurance companies, Obama added the caveat that people could lose their plans if insurance companies changed the plans.

“Now, if you have or had one of these plans before the Affordable Care Act came into law and you really like that plan, what we said was you could keep it if it hasn’t changed since the law was passed,” he said, adding the qualifier Monday during a Washington event with supporters.

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