

Rocky road ahead for implementation of Obamacare

December 9 2012, by Mira Oberman

President Barack Obama may have defeated opponents of his landmark health care law in the courts and at the ballot box, but the sweeping reforms still face a rocky road ahead.

Advocates are concerned that the funding needed to help expand coverage to 30 million uninsured Americans could take a hit in budget negotiations as Obama battles his Republican rivals over the so-called fiscal cliff tax and austerity crisis.

The implementation process is also expected to get messy as responsibility passes to the governors and [health departments](#) of the nation's 50 states, many of which are led by Republicans who have stridently sought to repeal the measure widely dubbed "Obamacare."

Republicans say the reforms, signed into law in March 2010, will increase costs, cause insurance premiums to rise and hurt the quality of health care.

They have especially taken issue with a key underpinning of the overhaul, an "individual mandate" requiring almost every US citizen to take out health insurance or be subject to a fine beginning January 1, 2014.

States have until December 14 to decide whether they want to set up health care exchanges that form one of the backbones of the [Affordable Care Act](#)—or if they want the federal government to handle the matter.

These exchanges are meant to help those who will be required to purchase health insurance to choose between available plans and obtain information about subsidies.

If run properly, the exchanges can help lower costs for everyone by spreading the insurance risk and reducing the number of uninsured who end up racking up unpaid bills at [hospital emergency rooms](#).

They also help [insurance companies](#) recover the cost of new rules—also set to kick in on January 1, 2014—that will prevent them from denying coverage for pre-existing conditions, increasing rates due to gender or health status, or placing annual caps on coverage.

"A lot of the reason we succeeded in Massachusetts is because we ran ads during Red Sox games telling people you have to sign up for [health insurance](#)," said John Gruber, an economist at the Massachusetts Institute of Technology who helped design Obamacare and was a key architect of the northeastern state's 2006 reforms.

"The overall level of moral support of the enterprise—which is pushing people to sign up, not undercutting the vision of the law—that's something I'm worried about."

Another key aspect of the law that will be left up to states is whether to expand government-funded Medicaid programs that provide insurance to low-income children, adults, seniors and people with disabilities.

While federal funding will cover nearly all of the cost of expansion in the initial years, state budgets remain strained by the sluggish economy and some governors may reject the funding for political purposes.

"The politics are still percolating," said Andrew Hyman, of the Robert Wood Johnson Foundation, a health care advocacy group.

Efforts to repeal the law collapsed when Republicans failed to defeat Obama or take control of the US Senate in the November 6 election.

While some legal challenges remain, the law's core principles were upheld by the Supreme Court in June.

However, congressional Republicans can still use oversight powers to try to complicate implementation while governors will have even more stalling power.

"To do this right requires an all-out, full bore engagement on the part of the governor, and without that I do worry about what the states will be able to accomplish," Hyman told AFP.

"The road ahead is going to be difficult, but the great thing is we're making important strides and people who have been hurt in the past because of our broken system are going to be significantly better off when the law goes into full effect."

The Obama administration is quick to point out that millions of people have already been helped by aspects of the law that have already taken effect.

Children can no longer be denied coverage on their parent's plans due to pre-existing conditions.

Insurance companies can no longer place lifetime caps on coverage or withdraw coverage because of a simple mistake on their application form.

Some 3.1 million people got coverage after new rules required insurance companies to let them stay on their parent's plans until the age of 26, instead of losing coverage after they graduated from high school or

college.

Seniors are getting reimbursed for some of their drug costs while insurance companies can no longer charge cost-sharing 'co-pays' for many preventative [health care](#) services.

Meanwhile, insurance companies have to justify significant rate hikes and must send out rebate checks if they spend more than 20 percent of their funds on administrative costs.

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