

Health insurance may not be affordable for all

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AFFORDABLE CARE ACT

Study highlights gaps and unintended consequences of 'Obamacare.'

(HealthDay)—The Affordable Care Act is the law of the land, but it doesn't make health insurance affordable for everyone in the United States, a new study suggests.

Older adults who earn just a little bit too much to qualify for federal premium subsidies are particularly vulnerable, the research showed.

This group of adults faces "the biggest gap in affordability by far," said Ilana Graetz, assistant professor in the department of preventive medicine at the University of Tennessee Health Science Center in Memphis and the study's lead author.

Young adults face another quirk of the health-reform law, also known as Obamacare. Even after subsidies, young people often pay higher premiums than [older adults](#), the study found.

"The fact that they actually have to pay more with the subsidies is a little bit concerning and surprising," Graetz said.

The study, published in the Sept. 9 online edition of *Annals of Internal Medicine*, examines premium variations by age, [income](#) and region and the affordability of premiums after subsidies.

The law's affordability problems have been widely reported, said Jonathan Wu, CEO of ValuePenguin.com, a website where consumers can compare health plan premiums, subsidies and benefits.

But Wu agreed that the study does help to "quantify some of the gaps and point out where in the income spectrum these gaps exist."

Under the Affordable Care Act, most Americans must have health insurance or pay a penalty when they file their federal taxes. Penalties for 2014 begin at \$95 per person or 1 percent of household income, whichever is greater.

Those who cannot buy "affordable" coverage are exempt from the penalty. Affordable means the cost to consumers cannot exceed 8 percent of their total income.

People earning up to 400 percent of the [federal poverty level](#), or \$46,680 for an individual, may qualify for federal subsidies to help pay premiums.

But at 401 percent of that income threshold, there's no financial assistance, making health coverage unaffordable for many older adults.

A 50-year-old shopping for the cheapest plan on the federal or state marketplaces who is at 401 percent of the [income threshold](#) cannot buy affordable coverage in just over a third of U.S. counties, the study finds. A 64-year-old at the same [income level](#) cannot find an affordable plan in 97 percent of counties, the research shows.

People who can't find affordable coverage don't have to pay penalties, the study authors pointed out. On the other hand, consumers who remain uninsured don't get the financial protection and access to care that being insured can provide, the researchers added.

Despite some small gaps, younger people generally have access to affordable coverage, Graetz explained. "But relative to older people, they're paying a lot more," she said.

A 27-year-old making 200 percent of the poverty threshold, or \$23,340 in 2014, would pay a median after-subsidy premium of \$804, while a 64-year-old at the same income level would pay nothing because the subsidy covers the entire cost, the study shows. In each case, the penalty for not having coverage is about \$230, Graetz said.

If substantial numbers of [young adults](#) pay the penalty rather than buy a [health plan](#), [health insurance](#) experts believe it could drive up premiums for everyone.

"When you create a complex system of rules to govern things like subsidies and premiums, especially without any insight as to what insurers will charge for insurance after the law has been passed, you're going to run into these problems," Wu said.

More information: Learn more about the Affordable Care Act from [American Public Health Association](#).

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