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# Debunking Myths Regarding Provisions of the Affordable Care Act

Sheila A. Haas
*Loyola University Chicago*, shaas@luc.edu



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With President Obama's reelection, the Patient Protection and Affordable Care Act (PPACA) and health care reform are here to stay. However, the hard fought campaign, as well as the write-ups around the U.S. Supreme Court decision on the Individual Mandate this past summer, have generated quite a few myths and misunderstandings about the PPACA provisions and what they mean for many Americans. Patients, as well as providers, are struggling to figure out how to comply with provisions and tap into the benefits offered in the PPACA. To help senior citizens become more comfortable with provisions in the PPACA, a recent issue of AARP's *The Magazine* offered a succinct article (Howard, 2012) for readers where health care experts provided concise commentaries to assist in debunking the most common myths.



To debunk the myths, it is important to remember that the PPACA is first and foremost a bill designed to make much needed health insurance reform, so most Americans can have timely, affordable access to health care. Second, the PPACA is designed to enhance quality and decrease costs of health care. The provisions for insurance reform in the PPACA were modeled on the Massachusetts health care insurance plan and also the Bismarck Model (Public Broadcasting Service [PBS], 2008), which is used in industrialized European countries such as Germany, France, and Switzerland. This model allows private insurance companies to compete for sales of insurance in the market while at the same time limits profits and does not permit denial for preexisting conditions or denial for high expenditures due to catastrophic illnesses. Citizens in Germany and Switzerland do not go bankrupt due to medical expenses. With 50-60% of U.S. workers getting health insurance through employers and the uninsured able to purchase private insurance through state insurance exchanges, the U.S. will not have "Universal" government-run health care, but Americans will have universal access to health care insurance.

## Medicare and Continuation of Coverage

In the AARP article (Howard, 2012), the first myth focuses on the belief that PPACA cuts Medicare benefits, when in fact, it prohibits cuts to Medicare and provides incentives to cut soaring Medicare costs. These savings will come from decreasing unreasonable payments to providers, taxing high-premium plans (beginning in 2018) and decreasing fraud and waste (Howard, 2012). There are actually added benefits such as free annual wellness exams, screenings, vaccines, and care coordination for persons with complex chronic diseases. Another myth is that persons on Medicare will have to get more or different insurance. This idea stems from confusion about the rhetoric around the PPACA's individual mandate. In actuality, if a person is on Medicare or has employer-based insurance, he or she can stay on those plans and no additional insurance is mandated. A third myth involves the belief that Medicare Advantage will be taken away; again, this is not true. Privately administered Medicare Advantage actually costs taxpayers about 14% more per enrollee per year. The PPACA aims to bring these costs down and provide incentives for higher quality care in Medicare Advantage plans.

As we move toward 2014, when the PPACA provisions that insurance companies cannot deny coverage for preexisting conditions in adults and state insurance exchanges are open for business, providers and health systems are gearing up for the anticipated increase of insured patients and the requirements for wellness, prevention, and primary care through establishment of Patient-Centered Medical

Homes (PCMHs) and Accountable Care Organizations (ACOs). With PPACA pay-for-performance incentives, there should be enhanced access to quality care. However, patients have bought into the myth that they either won't be able to see "their doctors" or a doctor at all. There will be no change for persons who stay in their current plans and whether or not those plans allow them to choose their doctors. The PPACA actually has provisions to attract more physicians into primary care, as well as prepare more advanced practice nurses as primary care providers.

## Taxes and Fines

The U.S. Supreme Court's decision regarding the individual mandate has spawned several myths such as, "If I can't afford to buy health insurance, I'll be taxed or worse." Those who cannot afford the cheapest health insurance plan (where the cost exceeds 8% of income) will be exempt from penalty. If they do not meet the 8% test and have to pay a penalty, the penalty in the first year is $95 and will reach its maximum of $695 in 2017 (Howard, 2012). Even if the tax penalty is levied, there are no provisions for criminal prosecution or property liens on people who ignore the tax. The need for all to be insured is a means to have people seek care when they need it, rather than wait until their conditions are so extreme that they must use emergency care. The second myth about fines involves the PPACA provision that small businesses will be fined if they do not provide health insurance for employees. In reality, the PPACA penalties are only for companies with over 50 employees, and through 2013, eligible employers will receive a business credit for up to 35% of their contribution toward employee's premiums. For 2014 and beyond, the tax credit rises to as much as 50%. These credits apply to companies with fewer than 25 full-time employees whose average annual salaries are less than $50,000. Companies with more than 50 workers that don't provide coverage will be subject to a fine of $2,000-3,000 per employee per year (Howard, 2012).

## National Deficit

Another myth that was touted during the presidential campaign was the idea that the PPACA raids Medicare of $716 billion. This number came from the Congressional Budget Office (CBO) estimate of $716 billion in reduced spending between 2013 and 2022 that would accrue to Medicare due to provisions in the PPACA. The provisions that would create these savings come from changes to provider payments and correcting overpayments to insurance companies that offer Medicare plans (Howard, 2012). These savings will be used to close the donut hole in the Medicare prescription drug plan and pay for preventive care and increased coverage for the uninsured. In fact, all guaranteed Medicare payments were protected in the PPACA (Howard, 2012). A follow-up myth is the idea that the PPACA will

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## Health Care Reform

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bankrupt America. This again is simply not true; ignoring the need to reform health care would actually bankrupt America. According to the CBO and Joint Committee on Taxation, the PPACA will reduce the deficit by $210 billion between 2012 and 2021 by decreasing subsidies to private insurance companies and cracking down on fraud, abuse, and waste, as well as reining in profits (Howard, 2012). A final myth states that the PPACA will drive up premiums. This is not so because as the young adults who are mostly healthy come into plans, their premiums will help subsidize care for less healthy persons (Brownlee, 2012). This, along with the PPACA's "medical loss ratio requirement," which dictates that 80-85% of premiums be spent on medical costs, will keep premiums down (Howard, 2012). In 2011, there were $1.1 billion in rebates from insurance companies that did not meet this provision.

## Conclusion

Finally, as has been discussed in prior *ViewPoint* columns, some states have put off setting up insurance exchanges leading to the myth that, "If my state doesn't set up an insurance exchange, I can't get health coverage." Again, this is not true. If a state does not set up one or more exchanges, then the federal government, through the Department of Health and Human Services (DHHS), will set up an exchange in that state or partner with them.

Misinformation and myths will continue to confuse patients and providers. There is valuable information on government Web sites, but many do not know this or know how to access the sites. There are federal sites, such as HealthCare.gov (n.d.) and the Department of Labor (n.d.) site, which offer valuable information to consumers. There are also state sites that offer information on state insurance exchanges, such as the State of Illinois Web site (Illinois.gov, n.d.). It is essential that health care providers (especially those in ambulatory care) be knowledgeable about PPACA myths that exist and be able to respond to patient questions with simple answers and refer them to trustworthy resources to gain further information.

### References


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**Sheila A. Haas, PhD, RN, FAAN,** *is a Professor, Niehoff School of Nursing, Loyola University of Chicago, Chicago, IL. She can be contacted at shaas@luc.edu*


## Maximize Your Volunteering Potential

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Don't give up! We may have the perfect project, workgroup, or other opportunity for you just around the corner. There are new initiatives being presented to the Board of Directors all the time. Watch your email for one that may be just right for you.


**Linda Brixey, RN,** *is Program Manager of Clinical Education, Immunizations, and Travel Medicine, Kelsey-Seybold Clinic, Houston, TX, and Immediate Past President of AAACN. She can be contacted at linda.brixey@kelsey-seybold.com*