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# Pulse of America

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## HEALTH POLICY



**Cancer survivor VJ Sleight** was able to get a new, less expensive insurance policy through the Affordable Care Act, which bars insurers from refusing to sell policies to customers with pre-existing medical conditions.

DAN MACMEDAN

# DIAGNOSIS: UNDECIDED

## Five years into the Affordable Care Act, Obamacare yields blessings, bruises

By Matt Alderton

**T**HE LAW INFORMALLY KNOWN as “Obamacare” is like a bashful caterpillar clinging to the inside of its cocoon. What comes out could be a butterfly or a moth.

Five years after it went into effect, however, Americans still don’t know which to expect.

VJ Sleight thinks it’s a butterfly.

It’s been nearly 30 years since Sleight was first diagnosed with breast cancer. The memory of her treatment, however, feels fresher than the flowers in a hospital gift shop. It’s so vivid, in fact, that even a flicker of remembrance triggers tears. Just the word “chemo” makes her eyes well and her voice quake.

“My experience with chemotherapy was horrible,” recalled Sleight, who was just 32 years old when diagnosed. “I had such a

visceral reaction to it that I can’t talk about it without tearing up.”

Because the treatment was so toxic the first time, in 1987, it took all her courage for Sleight, now 60, to even consider chemo a second time, which she did when her cancer returned in 2010. When she ultimately decided to forgo chemotherapy and opted for surgery, however, it wasn’t because of fear. It was because of finances, and surgery was relatively less expensive.

“I had the audacity to survive cancer ... and have been unable to get (new) health insurance ever since,” said Sleight, a tobacco treatment specialist from La Quinta, Calif.

Her cancer was considered a pre-existing condition, making it impossible for her to qualify for a new policy. She was forced to keep her existing insurance for nearly three decades, a prisoner to its premiums.

“Over the years it grew more and more

expensive until, in 2010, my monthly premium was \$500 with a \$9,000 deductible. That is \$15,000 a year — before insurance kicks in ... Although I opted out of doing chemotherapy a second time, if cost hadn’t been a consideration, I might have tried it.” She’s now in remission after trying less-expensive treatments.

When the Supreme Court upheld the Patient Protection and Affordable Care Act (ACA) in June 2012, Sleight canceled her 25-year-old insurance policy, which she’s since replaced with a new low-deductible plan purchased on California’s state-run health exchange. Because she qualifies for federal cost-sharing subsidies, her premium is half the amount it used to be.

“In June 2013, I had an allergic reaction and spent two days in the hospital,” said

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## HEALTH POLICY



JOE RAEDLE/GETTY IMAGES

**Ariel Fernandez, left,** listens to insurance adviser Noel Nogues as he prepares to sign up for insurance coverage under the Affordable Care Act in Miami. More than 11 million people enrolled in coverage for 2015 through the ACA, according to the White House.

Sleight who, because of Obamacare, obtained a stopgap policy insuring her prior to the January 2014 launch of health exchanges. "The insurance bill was \$32,000, but since I had already paid my (\$1,500) deductible, my cost was \$0. So even before the ACA went into full effect, I benefited greatly."

Sleight isn't Obamacare's only success story. Since its five years ago, a total of approximately 16.4 million uninsured people have gained health insurance through the ACA, and another 11.2 million have been added to Medicaid and the Children's Health Insurance Program (CHIP), according to the Department of Health and Human Services (HHS).

"It's the largest reduction in the uninsured in four decades," said Dr. Meena Seshamani, director of HHS' Office of Health Reform, which oversees the Affordable Care Act.

**If the Supreme Court rules against Obamacare, there is no "plan B" to replace it.**

Even so, public opinion remains mixed, with 41 percent of Americans reporting a favorable opinion of the ACA and 43 percent reporting an unfavorable opinion, according to The Henry J. Kaiser Family Foundation's March 2015 Kaiser Health Tracking Poll.

The divide is understandable. For every story like Sleight's, there's one like that of Lou Altman,

a 50-year-old small-business owner from Portsmouth, N.H. When health exchanges began enrolling patients in late 2013, he was among the estimated 2.6 million people who received letters that their existing policies had been terminated due to ACA noncompliance. Specifically, Altman's group plan didn't cover pediatric services, which is one of 10 "essential health benefits" mandated by Obamacare.

"The ACA has been a true nightmare for me," said Altman, who had to seek new

coverage for himself and his employees. Although it costs him more, the plan he chose offers less coverage. "The president said, 'If you like your plan, you can keep it.' Well, that wasn't true ... I'm 50 years old. I have two grown kids, and surgically I'm not having any more. Why do I need pediatric coverage? This is the problem with Obamacare: When you cast a net wide enough to take care of everyone, you end up serving no one."

### WHAT THE HEALTH?

When Congress passed the ACA in 2010, what Obamacare would actually look like was anyone's guess. With health exchanges now in their second year, the picture is much clearer. As a result of the ACA:

- ▶ Children can stay on their parents' coverage until they're 26.
- ▶ It's illegal for health insurance companies to cancel patients' coverage when they're sick, or to deny them coverage because they have a pre-existing condition.
- ▶ Health insurance companies must spend at least 80 percent of their income on health care, allow patients to appeal when their



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MANDEL NGAN/AFP/GETTY IMAGES

**Demonstrators against the Affordable Care Act** protest outside the U.S. Supreme Court in March. A ruling on the latest challenge to the law is expected this summer.

**James Cook of Cleveland, 5,** shows support for the Affordable Care Act in front of the U.S. Supreme Court in March. The court is deciding the case of *King v. Burwell*, which could determine the fate of health care subsidies for as many as 8 million people.



ALEX WONG/GETTY IMAGES

claims are denied (and promise a more rapid response), have the claim reviewed by a third party and fork out for preventive care.

- ▶ More low-income people qualify for coverage under Medicaid.
- ▶ Some small employers are eligible for new tax credits that help them pay for employee health care.
- ▶ Incentives to attract physicians to practice in underserved areas have been improved.
- ▶ Medicare doctors are increasingly compensated for quality, not quantity, of care.
- ▶ Patients who can afford it must purchase health insurance, claim a health coverage exemption or pay a tax penalty.
- ▶ Consumers may shop for health insurance online via government-run health exchanges.
- ▶ Low- or moderate-income patients may receive tax credits or cost-sharing subsidies that reduce their out-of-pocket expenses.

Plans offered both on and off the health exchanges must cover ambulatory patient services such as a visit to a doctor when you're sick; emergency services; hospitalization; maternity and newborn care;

mental health services and substance abuse treatment; prescription drugs; rehabilitative services and devices; laboratory services; preventive and wellness services such as checkups as well as chronic disease management; and pediatric services.

So far, the ACA has yielded numerous benefits, according to Dr. Cary Presant, a hematologist and oncologist at City of Hope National Medical Center in Duarte, Calif., and author of *Surviving American Medicine: How to Get the Right Doctor, Right Hospital and Right Treatment with Today's Health Care*.

"What has helped individual patients a lot are payments for prevention and screening, which have increased; the fact that more kids are now insured through age 25 under their parents' plan, which is important because that's an age at which primary care physicians can intervene to influence lifelong healthy habits around things like diet, smoking, drinking, drug abuse and exercise; and the fact that there is no pre-existing condition exclusion, which has had a dramatic impact on patients who've had health problems in the past," Presant said.

"My general assessment is that the Affordable Care Act is rolling out as well as can be expected," echoed Megan McHugh, a research assistant professor at the Northwestern University Feinberg School of Medicine's Institute for Public Health and Medicine and Emergency Medicine. "It is achieving its major objective, which is expanding health insurance coverage to the uninsured."

In addition to the nation's uninsured rate, which has fallen by more than a third since the ACA came into effect, the act has reduced hospital costs, according to HHS. Because more patients had insurance, including those visiting emergency rooms, hospitals saved \$7.4 billion in 2014 on unpaid bills, it reported in March. Meanwhile, overall prices for health care goods and services have increased at a 1.6 percent annual rate since the ACA became law.

**"When you cast a net wide enough to take care of everyone, you end up serving no one."**

— Lou Altman, small-business owner

"Prices of health care goods and services are growing the slowest they have in about 50 years," said Seshamani, who also noted that the rate at which premiums are increasing has slowed for Americans with employer-provided coverage. "The average premium for employer-based family coverage (slightly less than \$17,000) rose just 3 percent in 2014, whereas a

decade ago there were frequently double-digit premium increases."

### HEALTH CARE HICCUPS

Along with bright spots there are blemishes. Despite its name — the Affordable Care Act — affordability is one such blemish.

"Although there were a lot of promises made about the cost of insurance going down, it hasn't. It's gone up, and it's gone

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ALTON STRUPP/THE (LOUISVILLE, KY.) COURIER-JOURNAL

**Pharmacy aide Linda Stratton**, left, fills longtime patient Viola Hall's prescriptions at the Eula Hall Health Center in Grethel, Ky. After spending most of her life without health insurance, Hall is now able to afford her medicines.

up substantially," said Gary Lauer, CEO of private health insurance marketplace eHealth. According to his company's research, premiums for individuals and families have increased 45 percent and 71 percent, respectively, since 2013.

"One reason is that the legislation requires a very broad and very deep set of benefits in all plans. It's like buying a new car; if you want the great-smelling leather and the upgraded sound system, you're going to pay more," Lauer said.

Another issue is young people. Presently, 13.2 percent of Americans are uninsured, according to HHS. Although that's down from 20.3 percent in 2012, the proportion remains higher — 26.7 percent — among young adults aged 19 to 25.

"There aren't nearly as many young people enrolled as there need to be," Lauer said. "Young people are typically healthier and don't utilize health care as much. When they pay into the system, it helps balance the cost of covering someone like me, who's a little bit older and uses insurance more."

Notwithstanding its moral benefits, covering patients with pre-existing conditions has had similar cost implications. "People who don't have health issues have to help subsidize those who do, so everybody pays an average amount," explained Presant, who gives Obamacare a "C" for price. "For people

with pre-existing conditions, that amount is lower than it was before, but for many people it's higher."

Even for the estimated 26 million Americans who are eligible for subsidies, affordability may be illusory. According to a February 2015 analysis by H&R Block, more than half (52 percent) of subsidy recipients were over-subsidized in 2014 and therefore had to repay a portion of their subsidy — \$530 on average — to the IRS. Price has had a negative impact not only on premiums, but also on choice. Although there are over 25 percent more issuers on the exchanges this year than last, according to Seshamani — companies including UnitedHealthcare, Cigna, Humana and Aetna have all expanded their health-exchange footprint — insurer participation remains relatively low, as some providers are loathe to insure exchange customers.

"The people using the exchanges typically are people who need health insurance. They're sick," Lauer said. "The carriers don't want that business, so many of

**"One real problem we continue to have is confidence in the system. Everybody is nervous about ... next year."**

**— Dr. Cary Presant,  
City of Hope National  
Medical Center**

them have elected not to participate in the government marketplace."

Those who are participating, in many cases, have gutted their networks.

"The networks that insurance companies have established for years have changed because they're very nervous about how much costs have gone up," Presant said. "Because they have to provide increased benefits, they've said, 'Let's narrow down our networks to the providers who have sent us the lowest cost per patient.'"

Despite promises from the president, many Americans have been unable to keep their doctor. And many, like Altman, have been unable to keep their plan. According to the Urban Institute's Health Policy Center, 18.6 percent of Americans with individual health insurance, about 2.6 million people, said their plan was terminated for 2014 because it did not comply with Obamacare. Another 2.2 percent, or 400,000 people, said their plan was terminated for 2015 because it did not meet new coverage requirements.



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"One real problem we continue to have is confidence in the system," Presant said. "Everybody is nervous about what's going to happen next year — whether they'll have to get a new doctor or a new health plan."

**'SUPREME' DOUBT**

In Obamacare's fifth year, both successes and shortcomings are evident. Whether the former can be preserved, and the latter corrected, ultimately is a question for the Supreme Court, which in June is expected to issue a ruling in the case of *King v. Burwell*.

The lead plaintiff, 64-year-old David King of Fredericksburg, Va., receives federal subsidies that make it possible for him to purchase health insurance he could not otherwise afford. Because he can pay his subsidized premiums, he must purchase health insurance under the ACA's "individual mandate," which requires everyone who can afford health insurance to have it. King filed a lawsuit against the federal government arguing that the wording ("established by the State") of the ACA means that subsidies should be offered only through state-run exchanges, as in individual states. Since Virginia has no state-run exchange, he argued, he should not be eligible to receive a subsidy, rendering him exempt from the individual mandate requiring him to have insurance in the first place.

If the Supreme Court rules in King's favor, as many as 9.6 million Americans who live in the 37 states, including Virginia, that chose not to operate their own ex-

changes and rely on the federally run health exchange would suddenly be exempt from purchasing health insurance and could opt out of it, according to a January 2015 report by the RAND Corporation. The resulting hit to insurance companies' portfolios could cause them to raise premiums and retreat altogether from government exchanges.

"This is a big deal," McHugh said. "The ACA has withstood so many political, legal and administrative challenges over the past five years, and it's still standing. But this could be the final blow."

If the Supreme Court rules against Obamacare, there is no "plan B" to replace it, according to Seshamani.

"There are no administrative actions that could undo the massive damage to our health care system that would be caused by an adverse decision," she said. "Therefore, we have no (alternative) plans."

Lauer is more optimistic. "If — and that's a big if — the Supreme Court rules in favor of the plaintiffs, I think that's going to give Congress and the administration an opportunity to make some improvements to the law, and I welcome that," he said. "I don't think the legislation is going to be repealed or thrown out, nor do I think it should be. ... But there's no doubt in my mind that over the next couple years there's going to have to be some legislative changes and fixes to Obamacare. I'm not smart enough to know politically how that will occur, but I'm dead certain that it has to, and will." ●



**President Obama promotes** the Affordable Care Act to young viewers on the webcast *Between Two Ferns with Zach Galifianakis* in March. The show, hosted by actor Galifianakis, right, airs on humor website *Funny or Die*.

WHITE HOUSE

**OBAMACARE 101****WHAT IS IT?**

Obamacare is the nickname given to the health care reform law that was passed in March 2010. Otherwise known as the Patient Protection and Affordable Care Act, or ACA for short, it was designed to reform the U.S. health care system by improving the quality and affordability of health insurance, lowering the population's uninsured rate by increasing access to health insurance via public and private health exchanges, and reducing the cost of health care for individuals and the government.

**WHAT ARE "HEALTH EXCHANGES"?**

Health exchanges are marketplaces where individuals who don't have employer-sponsored coverage can purchase health insurance. Obamacare establishes for the first time public health exchanges, which are sponsored by the government. There are currently 14 state-run and 37 federal-run exchanges. Health plans offered on all of them are regulated by the government and are eligible for government assistance in the form of tax credits or subsidies that can reduce premium costs for income-qualified buyers. Health plans offered on private exchanges must meet the same standards of care as those on public exchanges, but do not qualify for government assistance.

**WHO QUALIFIES FOR GOVERNMENT ASSISTANCE?**

Government assistance is based on income. In most states, anyone making less than 400 percent of the Federal Poverty Level (FPL) qualifies for a tax credit. Those making less than 250 percent of the FPL qualify for subsidies. Those making less than 138 percent of the FPL may be eligible for Medicaid.

**WHAT TYPES OF PLANS ARE AVAILABLE?**

Obamacare establishes five types of "metal plans": Bronze, Silver, Gold and Platinum, plus another tier called Catastrophic. Gold and Platinum plans offer more coverage than Bronze and Silver plans, but have a higher price. All plans cover at least 10 "essential health benefits" mandated by Obamacare: Ambulatory patient services; emergency services; hospitalization; maternity and newborn care; mental health services and substance abuse treatment; prescription drugs; rehabilitative services and devices; laboratory services; preventive and wellness services and chronic disease treatment; and pediatric services. The Catastrophic plan pays for less than 60 percent of care, and is available only to people younger than 30 or who have a hardship exemption (they're homeless, for example, or have experienced some other kind of personal or financial catastrophe).

**HOW DO I ENROLL?**

Those seeking health insurance must enroll during the annual "open enrollment" period, which for 2016 begins Nov. 1, 2015, and concludes Jan. 31, 2016. Enrollment in public plans can take place online at HealthCare.gov, by phone at 800-318-2596, in person or by mail. Individuals facing special circumstances, including life events such as marriage or the birth of a child, may qualify for a special enrollment period outside of open enrollment.



JOE RAEDLE/GETTY IMAGES

**Darko Tomelic, left, and Andrea Viteri,** speak with insurance agent Roberto Villacreses, right, in Miami about coverage available through the Affordable Care Act. The Obama administration hopes that young consumers will sign up in large numbers to keep plans affordable.