

## Prescriptions



### Making Sense of the Health Care Law

May 18, 2010, 9:00 AM

# How Will Insurance Be Made More Affordable?

By MICHELLE ANDREWS

**Q.** *I have concerns about the costs of obtaining health insurance under the new law if you are in a position where there is just plain no more money to purchase health insurance. — brichardson*

**A.** In 2014, the new health insurance exchanges will start up, and that's when individuals will be required to have health insurance. But the health care law contains a number of provisions that are intended to help make buying health insurance more affordable, according to Families USA, a consumer health care advocacy organization.

READERS' QUESTIONS

If your employer offers coverage but your share of the premium is more than 9.5 percent of your income, you will be able to go onto the health insurance exchange and buy subsidized coverage there. Likewise, if your employer's plan covers less than 60 percent of the medical costs of the average plan member, you will also be eligible for subsidized coverage on the exchange.

Once you're on the exchange, if your income is less than 400 percent of the federal poverty level (\$43,320 for an individual in 2010), you could receive a subsidy to help pay your health insurance premiums. If your income is less than 250 percent of the federal poverty level, your cost-sharing — co-payments, co-insurance and deductibles — will also be limited. The law also caps the amount you have to spend annually out of pocket to the limits for contributions to health savings accounts — \$5,950 for individuals and \$11,900 for families in 2010. The spending caps will be adjusted downward for people whose incomes are less than 400 percent of poverty.

Starting in 2014, there will be a phased-in penalty for people who don't have health insurance. By 2016, the penalty will be \$695 for an individual (or up to \$2,085 for a family) or 2.5 percent of household income, whichever is greater. After 2016, those amounts will be adjusted every year based on the cost of living.

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The law contains subsidies and a variety of other mechanisms intended to help make health insurance more affordable.

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You can be excused from the requirement to have insurance based on financial hardship, among other things. In addition, if the lowest cost plan available in the exchange exceeds 8 percent of your income, or if your income is below the tax filing threshold, you won't have to buy health insurance.

Have a question about the new health care law? Send it to [health\\_feedback@nytimes.com](mailto:health_feedback@nytimes.com).

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1. Peter in NYC  
New York, NY  
May 18th, 2010  
10:51 am  
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What a mess -- and this not until 2014! A lost opportunity to create a streamlined single-payer system. I weep.

2. Canary in coalmine  
NY  
May 18th, 2010  
10:51 am  
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OK...60% of what? The negotiated heavily discounted rates for services insurers current contract with in-network providers OR 60% of a "retail" hospital bill, which is typically 3 times what the insurer pays. The difference between what a hospital will accept from an insurer vs. the bill they send the patient (my example is a \$1100 ER bill, of which the case was closed when insurance paid about \$350). This isn't clear, since there's multiple billing standards throughout the medical business.

Someone tell us the REAL cost?  
[Recommend](#) Recommended by 11 Readers

3. Rdquinn111  
Benefits  
May 18th, 2010  
10:51 am  
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But all this is not making health care affordable it is simply subsidizing an unaffordable service. As costs continue to rise the subsidy will have to rise as well and that is unaffordable. What about the millions of Americans who will not get a subsidy, many parts of PPACA will increase their premiums and out of pocket costs.

In the final analysis this is a massive new entitlement with no way to control escalating costs and must ultimately result in higher taxes, higher deficits, cost shifting to the private sector with higher out of pocket costs for individuals.

Some people are gaining, but most are not. And we have not

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The Times: The Health Care Debate

**In Health Law, a Clearer View of Coverage**

BY RONI CARYN RABIN

Starting in 2014, insurers will be required to offer a clearly defined package of essential health benefits comparable to the comprehensive coverage ordinarily provided by employer plans.

**Health Insurance Companies Try to Shape Rules**

BY ROBERT PEAR

Companies are lobbying to ward off strict regulation of premiums and profits under the new health care law.

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BY REED ABELSON

WellPoint has bet heavily on selling health insurance to individuals and small businesses, but it must now deal with the limits of the new health care law.

**Business Group Joins Suit on Health Law**

BY KEVIN SACK

Lawyers said the move, by the leading lobbying group for small businesses, intended to depoliticize a challenge brought by mostly Republican state officials.

**Rules Let Youths Stay on Parents' Insurance**

BY ROBERT PEAR

Married and unmarried young adults can retain coverage on family health policies up to age 26.

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solved Medicare problems.

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4. alibeamish  
phoenix  
May 18th, 2010  
10:51 am

8% of 43320 is 3465 for insurance or 66/wk  
43320/yr is 833/wk  
out of pocket could be 114/wk  
so they could pay 180/wk

is this income of 43320 before or after tax?  
what happens if you exceed the out of pocket amount? Who  
pays it? Gov't or insurance company?

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5. ray bellamy, MD  
Tallahassee,  
Fla  
May 18th, 2010  
4:17 pm

I read the explanation above and it sickens me. Costs will not be controlled but administrative complexity and expense is greatly added. We had 31% overhead in the system before reform, and soon it looks like we will approach 35% overhead. Insurers intent on gaming the system, all with a business model which is anti-health and anti-consumer. We have to ration, just like the rest of the world, and we should do so fairly, with emphasis on what is effective and cost-effective, not rationing on ability to pay. What a horrible "reform" we ended up with. Subsidies are inadequate, little to control costs, the mandate will be hated. Families, USA, quoted in the article, is a tool of AARP and other special interests. AARP gets a major share of their revenue from selling insurance policies through United Healthcare, and stands to gain millions more customers. We will have to have greater central control to reduce administrative waste and ration appropriately. When all else fails, we will eventually get to what we need: Single Payer.

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6. Madeleine  
Philadelphia  
May 18th, 2010  
4:17 pm

The current legislation is health insurance focused. It is far from healthcare reform. The only way to get costs under control is to control the demand side of the equation by reducing the costs due to health problems created by lifestyle choices, reducing unnecessary tests, treatments, and prescriptions, and by realizing that since no one has survived life yet, we need to control the societal spend on treatments that merely extend the point at which someone is declared 'dead'. Note that I did not say extend life, as many of the expenses racked up in the last 6 months of a typical life simply extend the point at which the family says goodbye. The quality of life ranges from unaware to filled with extreme pain. As a country, we can not afford to cover these costs. If you, individually, can pay out of pocket, great, spend the inheritance you had intended to leave. But don't expect the rest of us to cover it.

[Recommend](#) Recommended by 3 Readers

7. Will  
Newland  
May 18th, 2010  
4:17 pm

This all sounds well and good until you start realizing that the funds which will fund the payments to insurers to limit the poor's out of pocket costs is supposed to come out of the same pool of funding as the subsidies for them, and that the allocated funds for the entire bill work out to under \$300/year per American.

Not only will a vast majority of us in the middle, and those with chronic illness still not be able to afford the cost, we will waste four years waiting in hope for a solution that won't begin to adequately address the problem.

I think that was the main point of this bill, putting the problem off into a future.

We need single payer and we need it now. Two thirds of all

### Taiwan

Taiwan implemented a Canadian-style single-payer system in less than a year.

- Germany
- Switzerland
- France
- Japan
- Canada

### Insured, but Bankrupted Anyway

Medical bills are a major cause of personal bankruptcies in the United States, and proposed legislation isn't likely to change that.

- For Many Consumers, Few Insurance Choices
- Pre-existing Conditions and Risk Pools
- How Much Should Older Americans Pay?

### TIMES TOPICS

#### Tracking the Overhaul

The latest news, developments, resources and multimedia on efforts to revamp the health care system.

### GLOSSARY

#### Yes, I Speak Health Care

Capitation? Mandate? Here's a handy guide to the terms popping up in the debate.

### On the Blogs

[CAUCUS](#) [DEBATE](#) [ECONOMIX](#) [BOSS](#) [NEW OLD AGE](#)

[White House Chooses Cutter to Pitch Health Care](#)  
Stephanie Cutter, a longtime Democratic consultant, joins the White House to help with communications on the new law.

[Who Lost Bart Stupak?](#)  
The left and the right are both claiming credit for the decision of Representative Bart Stupak of Michigan not to seek re-election.

[BlogTalk: Dr. No, Nancy Pelosi and Fox News](#)  
Senator Tom Coburn, the physician and Republican from Oklahoma, took on Fox News this week.

[Arrest Follows Threat to Kill Senator](#)  
Senator Patty Murray, Democrat of Washington, is the target of a death threat after her vote in favor of the health care bill.

[G.O.P. Ad Aims at 'Flip-Flops' in Florida](#)  
Republicans take on Democrats who changed votes on health care

## Americans support Medicare for All.

A lot can happen economically in four years. In four years, barring an end to the looting of this nation by the rich, the US may not be in a position to fund anything.

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8. Chicklet  
Douglaston, NY  
May 18th, 2010  
4:17 pm

Affordable? Please- there is nothing in this law that makes insurance affordable, not to individuals, and not to citizens who will see their taxes go up and their wages and benefits go down to pay for this heavily subsidized special-interest and big-pharma profit bonanza.

Start with the premium- if it's more than 9.5% of your income, you can go to the 'exchange' where taxpayers will subsidize the high cost. If your employer gives you a good policy at a cost of less than 9.5% of your income, he'll be taxed, and maybe given 'cadillac tax' penalties as well. Suppose you make \$60,000- your premium could be \$5,600 (less than 9.5% of your income) and your deductibles and co-pay will be \$5,950, so you've just spent \$11,650 on insurance!

If any of this was out of network, the reimbursement might be the way it is now, 60% of 'usual and customary' charges. Your non-participating surgeon might charge \$20,000 for an operation that has an average or customary charge of \$5,000- you'll get 60% of that figure if you follow today's rules. The secretary has a couple of years to figure this part out, but doctors will likely choose not to participate for the same reasons they don't participate now- medicare and Medicaid reimbursements are paid at huge discounted rates, and they can't make a living wage on the Medicaid fee schedule. This leads to cost-shifting to the people who are 'rich' enough to pay, essentially the commercially insured population subsidizes the medicare and Medicaid members, now and in the future.

Of course, once this is figured out by the secretary, they'll ask for more taxpayer money to subsidize this, and probably go ahead and cut physicians medicare fees further, as this is currently scheduled by congress for after the elections. If Obama or Reid or Pelosi had listened to economists and some republicans, and allowed interstate purchase of (less regulated, more mandate-free) insurance from other states, you could buy a Minnesota individual policy for \$4,000 with caps on out-of-pocket expenses.

Prices may still rise beyond these levels, and shortfalls will be passed on to us as taxes, fines, and fees. As employers see their tax bills rise, they'll likely cut wages and/or benefits, or outsource our jobs to foreign countries. They may drop insurance altogether, and our \$60,000 per year individual will have to find his own insurance, and according to the article won't be eligible for a subsidy, being 'rich' as he is. Of course, the easy fixes like drug reimportation, interstate insurance purchases and malpractice reform were too simple for the democrat team that wishes to play doctor and control doctors, hospitals and patients from Washington.

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9. DayOwl  
greensboro, nc  
May 18th, 2010  
4:17 pm

My employer has already issued a letter to employees encouraging them to sign up for public insurance programs if they qualify. Since it is a contract service company, that means that a large number of employees will qualify once certain rules come into effect.

It seems very likely that the company will drop coverage altogether as it will cost less to pay the penalty than it will to provide coverage. That means that a lot of people with limited educations will be expected to find their own

legislation.

## Multimedia

### Comparing the House and the Senate Health Care Proposals



A look at how the proposals compare on some key issues.

### Impact of Health Care Measures



New new health care measures will affect certain types of households.

### A History of Health Care Reform



For almost a century, presidents and members of Congress have tried and failed to provide universal health benefits to Americans.

### Uncovered: Coping With, and Without, Insurance



Covered by an inadequate plan, denied insurance or voluntarily without insurance – six men and women share their experiences.

## Health Care Navigator

A list of topical resources selected by researchers and editors of The New York Times.

### DRAFT LEGISLATION

- [Senate Bill: Affordable Health Choices Act](#) – Committee on Health, Education, Labor, and Pensions
- [Senate HELP Committee Press Release on the Affordable Health Choices Act](#) – Senate HELP Committee
- [Preliminary Analysis of the Provisions of Title I of the Bill](#) – Congressional Budget Office (CBO) and the staff of the Joint Committee on Taxation (JCT)
- [House Bill: America's Affordable Health Choices Act](#) – Committee on Education and Labor
- [Summary of House Bill](#) – Committee on Education and Labor

### GENERAL INFORMATION

- [Health Funds Allocated by the American Recovery and Reinvestment Act](#) – U.S. Dept of Health and Human Services
- [Budget \(FY 2010\) of the Dept of Health and Human Services](#) – Office of Management and Budget
- [Fact Sheet: U.S. Health Care Spending](#) – Centers for Medicare & Medicaid Services
- [U.S. Health Care Spending Highlights](#) – Centers for Medicare & Medicaid Services
- [National Health Expenditures, 1960-2007](#) – Centers for Medicare & Medicaid Services

### ADVOCACY GROUPS

- [The Stimulus Bill: What Does It Do for Health Care?](#) – FamiliesUSA
- [Health Care Quality](#) – National Coalition on Health Care
- [The Pillars of Health Care Reform](#) – Conservatives for Patients' Rights
- [Four Common Sense Reform Principles](#) – Better Health Care Together
- [Health Care Reform Proposals](#) – America's Health Insurance Plans
- [The Fallacy of Health Care Reform as Economic Stimulus](#) – The Heritage Foundation, Jan 16, 2009
- [Wrong on Health Care](#) – Cato Institute (Michael Tanner), Feb 26, 2009
- [Three Roadblocks on the Road to Health Reform](#) – American Enterprise Institute, Jan 8, 2009

### BLOGS

- [The Health Care Blog](#)

insurance on the exchanges. End result: Fewer people will have coverage because they don't have the resources to find it or afford it.

What are people who are shut out of coverage supposed to do for health care after 2014? If the government declares them unable/unexpected to purchase insurance, what are they supposed to do?

The real answer is: More people will be paying even more money for health care than they are now. Costs will rise and continue to be opaque. This legislation looks more and more like it's designed to fail.

[Recommend](#) Recommended by 7 Readers

10. telestrike  
PA  
May 18th, 2010  
4:17 pm

I'm beginiung to think this is just another Government srewed up racket.....  
I would like to know very simply, in clear and conceise words:  
**HOW DOES ONE AFFOIRD THIS?**

Why is this so hard to answer?

[Recommend](#) Recommended by 6 Readers

11. formal  
NYC  
May 18th, 2010  
4:17 pm

What an unmitigated disaster.  
COBRA subsidies are expiring, people who can no longer afford Cobra, will return to the ranks of the uninsured. Imagine being in cancer treatment and losing your COBRA coverage.

The High Risk pool is woefully underfunded and will not be able to take everyone desperate to get in. Who will live and who will die?

I thought this legislation was called THE PATIENT PROTECTION AND AFFORDABLE HEALTHCARE ACT?

Where's the protection?  
Where's the affordable?

Dems will pay big time for this disaster. We need single payer now, today!

[Recommend](#) Recommended by 10 Readers

12. GDC  
eureka,ca  
May 18th, 2010  
4:17 pm

As Anthony Weiner said: " We are tying ourselves in knots trying to protect the health insurance companies." And handing Americans an abject mess as the commenter said in #1.

Can't this country do ANYTHING right anymore?

[Recommend](#) Recommended by 15 Readers

13. bob  
arizona  
May 18th, 2010  
4:17 pm

I have a question for all the people touting the benefits of a single payer system. Who's going to subsidize and pay for it? ??? Our government,who can't manage to run a bath or postoffice effectively much less a complex healthcare system in the world of rapid technological advances? Not to mention the attitude of most Americans (myself included) that I want the "best, latest" care possible regardless of the expense and I want it immediately when I need it. The government insurance is already bankrupt (i.e., Medicare, Medicaid) so how are they going to efficiently take even more people under their collective umbrella??? For the record, I pray we never had a single payer since the middle class will likely be screwed. Taxes will be outrageous for all of us not just the wealthy. Is that really what you want??? Based on what I know about healthcare and market forces, insurance premiums will likely go up and benefits will be decreased (i.e., they will cover less or require higher

- Health Affairs
- Health Care Policy and Marketplace Review
- Health Beat

VIDEO

- Health Care Reform at Core of New Budget Plan – The NewsHour with Jim Lehrer, Feb 26, 2009
- National Health Policy Conference – Academy Health, Feb 2, 2009
- A Discussion about Healthcare with Ezekiel, Ari, and Rahm Emanuel – Charlie Rose, June 16, 2008

OTHER COVERAGE

- The Market Can Fix the Healthcare Problem – U.S. News & World Report (Newt Gingrich), Jan 27, 2009
- How Should Obama Reform Health Care? – The New Yorker, Jan 26, 2009

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deductibles). Insurance companies are in the business of making a profit otherwise they wouldn't exist. The only good thing about this new law is some of their abuses will be limited but at the cost of you and me (i.e., higher taxes, higher premiums and God knows what else). This ain't Canada or France for a reason, the people (e.g., Americans) and culture is different here. Having a hammer doesn't make everything a nail.

[Recommend](#) Recommended by 5 Readers

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14. Hen3ry  
New York  
May 18th, 2010  
4:17 pm

The more I read of how the insurance companies are jacking up their rates, refusing to cover medically necessary services, dropping people for "lying", the more I want to see a single payer system. It doesn't matter what our insurance policy says it covers before we are ill or need to use it. All the counts is what the company decides to cover once we're ill. I think that's called bait and switch. A single payer system would have the advantage of including every doctor in the country. We would have the freedom to select our doctors and they could refer us to experts if they felt we needed them. Right now if an expert is not on the panel we pay for those costs and, as many of learn, those costs are not covered.

In other words, our current system is a complete waste of money.

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15. maya  
michigan  
May 18th, 2010  
4:17 pm

This whole plan is such an ungepatchke system. Maybe when it proves unworkable, we'll get the single payer system that can deliver health care for the most people.

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16. Umaguma  
Philly  
May 18th, 2010  
4:17 pm

Peter you can thank Joe Lieberman .

[Recommend](#) Recommended by 5 Readers

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17. Nancy  
Corinth, KY  
May 18th, 2010  
4:17 pm

Pay the penalty and get a medical savings account. It has always looked to me like you could go to the Dr for what a lot of people (and employers) are spending just on insurance - not on CARE.

Making people buy insurance will lead to increased demand for services, which is what has made health care unaffordable now.

[Recommend](#) Recommended by 2 Readers

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18. ca  
NY  
May 18th, 2010  
4:17 pm

The old system is wretched. With the new revisions it will only be terrible. The plan does not address the problem of improving the health of Americans, only who's pocket the insurance industry will be allowed to pick. The system stinks. Our healthcare system is STILL ranked 37th among developed countries. If you think the exchanges will save the day you might as well be playing the lottery. Get well. Stay well. It's the only real insurance.

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19. sara  
oakland, ca  
May 18th, 2010  
4:17 pm

the complexity of this issue makes many comments appear insufficient or ignorant.  
there is no way to control costs of any insurance if everyone at risk is not paying in. currently, Medicaid/MediCare is provided to those unable to pay so there is no new entitlement. the cost saving of everyone paying something (mandated buy in) is that the cost shifting of illness untreated and acute - often presenting to an emergency room- will be reduced. currently the insured subsidize the uninsured and premiums have sky rocketed under market-style managed care strategies to control benefit payments.

of course MediCare-for-all will help control cost, utilization and cost shifting. the only hope now is that this can be achieved incrementally.  
perhaps MediCare can be introduced to the exchanges. until everyone is 'in'--there is no hope. unlike commodities, healthcare and illness prevention cannot be approached thru an efficient market hypothesis. we mandate free care to the seriously ill as a civilized society. we provide a safety net to the disabled, elderly, poor children.  
few working Americans could afford to pay for a catastrophic illness. every other modern nation has solved this problem already. it is not insurmountable !

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20. Catherine  
New York, NY  
May 18th, 2010  
4:17 pm

I love the underlying assumption of steady, fulltime employment as a condition for obtaining health insurance. Guess what is about the first thing that happens when a major medical illness or injury strikes: YOU LOSE YOUR JOB! All irony aside, I can't wait to see how this new law handles un- or underemployment.

This of course is our wonderful 3 tier health system: 1st tier is private insurance, with people who are almost by definition not seriously sick, 2nd tier is Medicare, 3rd tier is Medicaid with its stringently limited access to care. The law did nothing to change this basic structure, in which there is a nearly complete disconnect between available dollars and the need for health care.

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