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At Stake: What's on the Line for Health Care Consumers in the Pending Supreme Court Case

The outcome of the U.S. Supreme Court's ruling on the Affordable Care Act (ACA) will have far reaching impacts on consumers. The law is already working to improve the quality of care and reduce costs, with millions of Americans experiencing concrete improvements in their coverage. Further improvements are slated to go into effect in 2014 – including a long-awaited ban on insurance companies denying coverage to people with pre-existing conditions, and the opening of competitive state health insurance marketplaces called “exchanges” aimed at giving consumers better choices for coverage.

In this issue brief, we highlight the number of people the law has helped so far and the costs already saved to illustrate what's at stake for Illinois consumers in the pending Supreme Court case.

New Coverage Options for Young Adults

The ACA allows young people to stay on their parents' coverage until they turn 26; previously, many insurers would drop young people when they reached a birthday or graduated, even if their families had paid into the system month after month.

- According to 2011 estimates, **2.5 million young adults, including 102,600 in Illinois gained health insurance through their parents' plan that year.** Without this provision, they would either go uninsured or have to seek more expensive coverage on their own.¹

A more recent survey released by the Commonwealth Fund in June found the numbers even higher, finding **6.6 million young people across the country joined or stayed on their parents' plan** who likely would not have been able to do so prior to passage of the law.²

Guarantees that Premiums go to Care

¹ “2.5 Million Young Adults Gain Health Insurance Due to the Affordable Care Act,” Office of the Assistant Secretary for Planning and Evaluation, December 2011, at <http://aspe.hhs.gov/health/reports/2011/YoungAdultsACA/ib.shtml>.

² “Young, Uninsured, and in Debt,” The Commonwealth Fund, June 2012 at <http://www.commonwealthfund.org/Publications/Issue-Briefs/2012/Jun/Young-Adults-2012.aspx>

Health insurers must spend at least 80% of the premiums they collect on providing health care services, rather than on administrative costs and profits.

- Between 2009 and 2011, 3,349,000 **people benefitted from this guarantee of higher-value coverage in Illinois.**³

Further, if insurers fail to meet the 80% target, they must rebate that money to their customers.

- An analysis by the National Association of Insurance Commissioners shows that had the ACA been in effect in **2010, consumers would have received over \$1.9 billion in rebates.**

If the ACA is repealed, insurers will not have to meet these minimum standards and instead of issuing rebates to consumers, the insurance companies will keep those billions.⁴

Preventive Care

Preventable causes of death, including tobacco smoking, diseases against which vaccines exist, cancers which are treatable if caught early, are responsible for 900,000 deaths annually — nearly 40% of total yearly mortality in the U.S. Preventive measures such as counseling adults to quit smoking, screening for colorectal cancer, and providing influenza vaccination reduce mortality either at low cost or at a cost savings. Without the ACA, many consumers could forgo such treatments due to their cost.⁵

- Thanks to health care reform, last year private insurers covering over **2,390,000 people in Illinois added coverage of high-value preventive services without deductibles or copays.**

Ending Lifetime Limits on Benefits

In the past, insurers put lifetime limits on the coverage they provided, meaning that consumers who got very sick could find themselves on the hook for unlimited financial liability, despite having faithfully paid their premiums every month.

- Because the Affordable Care Act ends this practice, **4,670,000 people in Illinois whose pre-ACA health insurance had lifetime limits no longer have to worry** that if they have extraordinarily high medical expenses, their insurance company will refuse to pay for their care.⁶

³ "Health Reform: Results in Your State," March 5, 2012, at

http://www.whitehouse.gov/sites/default/files/methodology_for_sbs_spreadsheet_3-4-12_clean.pdf.

⁴ "Consumer Health Insurance Savings under the Medical Loss Ratio Law," U.S. Senate Committee on Commerce, Science, and Transportation, May 24, 2011, at

http://commerce.senate.gov/public/?a=Files.Serve&File_id=98f51e42-e9ef-441a-a5e3-6bdac44d6a27.

⁵ "Fifty-Four Million Additional Americans Are Receiving Preventive Services Coverage Without Cost-Sharing Under the Affordable Care Act," U.S. Department of Health and Human Services, February 2012, at

<http://aspe.hhs.gov/health/reports/2012/PreventiveServices/ib.shtml>; Cohen, J., Neumann, P., Weinstein, M., "Does Preventive Care Save Money?" NEngJMed 2008: 358:661-663; Feb. 14, 2008.

⁶ "ASPE Issue Brief," U.S. Department of Health and Human Services, March 5, 2012, at

<http://aspe.hhs.gov/health/reports/2012/LifetimeLimits/ib.pdf>.

Eliminating Retroactive Cancellation of Coverage

The ACA prohibits a health insurance company from retroactively cancelling a sick person's coverage due to an unintentional mistake in their paperwork.

- If the ACA were repealed, **604,800 people in Illinois with individual coverage would be vulnerable to having their insurance cancelled** if they made a minor error in their insurance forms.⁷

Reducing the Deficit

The Affordable Care Act contains numerous provisions that will help to bend the rising health care cost curve and root out waste and inefficiency. Repealing the ACA would allow healthcare costs to escalate at rates we cannot afford.⁸

- The ACA is projected to **reduce the federal deficit by \$128 billion over the next ten years and by 0.5% of GDP in the decade after that.**

Assistance for Small Businesses

Small businesses currently face an inhospitable health care marketplace, where they pay 18% more than large businesses for the same coverage because they lack negotiating power and economies of scale.⁹ After 2014, the ACA will allow small businesses to pool their bargaining power in new health care marketplaces called exchanges, lowering their rates. In the short term, to help small businesses afford coverage, the ACA creates health care tax credits for businesses with fewer than 25 workers.

- A study performed by Families USA and Small Business Majority found that **over 159,900 small businesses in Illinois were eligible to receive a tax credit to provide health insurance for their employees in 2010 which accounts for over 78.5% of all small businesses in Illinois.**

Repealing the ACA would do away with this tax credit and the exchanges, making it more difficult if not impossible for those small businesses to provide health insurance to their employees.¹⁰

Health care consumers have already seen real, quantifiable improvements in their coverage since the ACA was enacted into law in 2010. It is in consumers' interests for these advancements to hold, and for the law's next improvements – such as the competitive health insurance marketplaces, and the ban on pre-existing condition denials – to take effect.

⁷ "One Year Later: What Would Have Happened if Congress Repealed the Affordable Care Act?", at http://www.whitehouse.gov/sites/default/files/repeal_anniversary_fact_sheet.pdf.

⁸ Testimony of Congressional Budget Office Director Douglas Elmendorf before the U.S. House of Representatives Subcommittee on Health, Committee on Energy and Commerce, March 20, 2011; letter from Elmendorf to Sen. John Thune October 31, 2011.

⁹ "The Economic Impact of Healthcare Reform on Small Business," Small Business Majority, June 11, 2009, at http://www.smallbusinessmajority.org/pdf/SBMeconomic_impact_061009.pdf.

¹⁰ "A Helping Hand for Small Businesses," Families USA, July 2010, at http://www.smallbusinessmajority.org/pdf/tax_credit/Helping_Small_Businesses.pdf.