

Can't Afford Health Insurance? Healthcare Reform May Not Help You At All

October 26, 2009 - Since uncovered medical bills are one of the two primary reasons for people to declare bankruptcy, we've been following the debate over healthcare reform closely. Since the beginning of this Great Recession, millions of people have lost their jobs and their health insurance coverage. Millions more are not covered by insurance because they can't afford it or because they don't qualify for most insurance programs due to a preexisting condition. If you fall into one of these categories, you may be eagerly awaiting action from Congress on one of the several healthcare reform bills they are considering. What you may not know is that if you have no insurance now, there is a very real possibility that you won't have insurance after Congress passes a bill even though your taxes are likely to go up.

There are certain things about the healthcare reform debate that are good. And there are others that will drive you crazy. Here is a brief breakdown of what Congress is considering and how it will impact you.

The Good

Preexisting conditions will no longer be a reason for insurance companies to deny coverage to you. Even if you have cancer, insurers will have to offer to insure you.

Individuals, couples and families making less than four times the poverty level will qualify for subsidies to purchase healthcare. This means that individuals making less than \$44,000 annually will get assistance. Depending upon which bill eventually becomes law, the CBO expects that anywhere from 94% to 97% of Americans will have coverage by the time that the law is in full effect. While this may be an improvement, it still means that anywhere from 10 to 20 million people will have no insurance under the plan. Unfortunately, this group of people is likely to include those with the most expensive diseases to treat (more about this later)

Insurers will no longer be able to cancel your coverage after you get sick.

The Bad

The versions of the bill that are considered to have the best chance of passing have been heavily influenced by the lobbying efforts of insurers. As a result, there are no caps on what insurers can charge. They can take preexisting conditions into account for policy pricing purposes, along with your history of tobacco use and your age.

These issues could and should have been addressed by simply recognizing that insurance is supposed to be a shared risk pool. The cost for coverage should be based on the kind of coverage offered. At some point in our lives we are all likely to become seriously ill, have an injury, perhaps get some form of a chronic condition. Nothing in the bill addresses this issue.

This means that consumers will be left with a choice. You can purchase insurance or face a tax penalty - that is how the bill forces you to purchase health insurance. And if you make too much money to get a government subsidy for the purchase of your insurance, but you still can't afford a policy because of a preexisting condition, you are out of luck. That's because instead of coming up with a way to cover people in this category, the law would allow them to petition out of coverage due to financial hardship. That's ironic because as previously stated, not having insurance can easily lead to bankruptcy.

The Ugly

What nobody seems to want to talk about is the cost of these so-called healthcare reform bills. There is growing evidence that the way that these bills have been designed, they defer costs beyond the ten year mark. That's why some analysis that looks out for ten years state that the cost of healthcare reform will be in the area of \$800 Billion. As big a number as that is, independent reports that look out beyond that time frame seem to indicate that the actual cost could be as much as \$1 Trillion higher.

Another issue that is not really getting talked about too much is that if one of these bills does become law, it will be a boon for the insurance industry. That's because for the first time in US history, the Congress will mandate that each and every American - with of course the exception of those who are the sickest and need the coverage the most - purchase the service of a single industry. There is no other industry - including the banking industry - that has that kind of a government mandate.

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