Seeing Through the Smoke & Mirrors of "Obamacare"… *Best Cost Reduction Option for 2020 & Beyond!*

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Objectively speaking, by most all credible measures, the Affordable Care Act ("ACA")/"Obamacare" has proven a colossal failure, having done nothing to stem the ever rising costs of healthcare.

Instead, the persistent reality is that of ever increasing Exchanges costs, Healthcare costs, rising Insurance Health plan premiums, and a steady reduction of Health plan benefits in a failed attempt to help offset (put over and onto consumers) these costs.

Fleshing Out these Ever Increasing Costs…

I use the terminology of "smoke & mirrors" to best describe Obamacare, because this legislation is anything but transparent, depending instead on its use of arguably deceptive terminology like "affordable care," when it has proven to be anything but "affordable."

The legislation called for the establishment of a highly expensive bureaucratic infrastructure that birthed Federal, and State Healthcare Exchanges/Marketplaces, and also the Standardized Health Plans offered thereon: Bronze 60, Silver 70, Gold 80, and Platinum 90 Metallic TIER plan designs. These plans require certain costly benefits that many do not need or want (like maternity coverage, preventative care, etc.), resulting in more, not less, overall costs for everyone.

Even projected costs for such things as computer software to run Exchanges, and their calculating of tax subsidies, and Health plan benefits designs, etc., were grossly underestimated. The result…added costs to the government, and consumers, to the tune of multi-billions of dollars.

All of this was done for the supposed reason of bringing about a "competitive marketplace" of (benefit-standardized) Health plans, from multiple Insurer's; however, overlooking and grossly underestimating the exuberant costs of, in essence was, a *reinventing the proverbial wheel*.

Well…it would have been far more efficient, and long term cost effective, to simply have Insurance Companies handle all of this, right down to calculating any subsidies, while using the same government Federal Poverty Level ("FPL") figures as Exchanges now do, and on the same Standardized plans.

Returning to our "smoke & mirrors" analogy…the application of such things as tax subsidies have, quite naturally, been interpreted by consumers as some kind of a new government entitlement program, where the connection to costs is completely lost in the smoke, with consumers seeing this as a freebie…which it is not.

Like all components of the ACA the questions remain…where does the money actually come from to pay for any of the herein ever escalating "infrastructure" costs? Not out of thin air! Rather they come from multiple consumer-foggy sources like admin fees, penalties, and a multitude of *taxes.*

Remember, it was the Supreme Court that many years back ruled the ACA tax legislation; hence its passage was determined to be another, legal way, to impose more, not fewer, taxes on the American public.

What's the Best Way to Counter the Tax Increases & Costs of Obamacare?

Since Plan Benefits were standardized via the passage of the ACA, the only recourse for Insurance Companies to address their rising claims and systems costs, is to raise Health plan premiums. And, for the government, to reduce benefits by increasing policyholder **Maximum Out-of-Pocket ("MOOP")** liabilities by shifting the costs and risks onto the backs of consumers, thereby leaving Licensed Insurance professionals, along with their client consumers, with few practical or effective cost controlling options.

The Art of Risk Shifting by Buyers!

What's Health Insurance really all about? Is it about paying for every nickel and dime healthcare expense? Or, is it really more about capping ones risk exposure to manageable levels?

Health Insurance is best structured, designed, and purchased to limit a person's overall financial liability exposure to a level one persons can reasonably afford.

What Are Our Most Cost Effective Liability Capping Options for 2020?

Let's first understand what are the limits to our **Maximum Out-of-Pocket** liabilities ("**MOOP**") going into 2020 using one of the Standardized Health plans of Obamacare, while noting that few persons ever hit yearly MOOP liability caps. Typically, incurred medical claims are minor, and well within one's own resources to cover.

The **4 Standardized Metallic TIER Health Plan Types** are: Bronze 60; Silver 70; Gold 80; and Platinum 90 (not taking into account the "Minimum Coverage" option for certain young persons, or the 3 Enhanced Silver TIER versions for lower income earners).

The Bronze 60 TIER alone offers the lowest premium, along with the exact same MOOP of TIERS Silver & Gold; *namely: $7,800 Individual/$15,600 Family.* Only the highest priced plan, Platinum 90, offers a lower MOOP of $4,500/$9,000; however, one pays for that lower MOOP exposure via substantially higher Health plan premiums—not a win-win outcome.

Since all 3 of these (Bronze/Silver/Gold) have the exact same MOOP, why would anyone ever want to pay the higher premiums for a richer benefits TIER?

Well, if you know you will be facing very high healthcare expenses (claims) in the year to come…then, and only then, might you want to purchase a richer benefits, lower MOOP, Platinum 90 Plan.

Further complicating matters here in the State of California (and also in Vermont), is that the legislature has re-imposed the individual tax mandate penalty for not having Health Insurance in effect from 1/1/2020 onwards:

> The mandate, which takes effect on Jan. 1, 2020, requires Californians to have qualifying health insurance coverage throughout the year. Many people already have qualifying health insurance coverage, including employer-sponsored plans, coverage purchased through Covered California or directly from insurers, Medicare, and most Medicaid plans. Under the new mandate, those who fail to maintain qualifying health insurance coverage could face a financial penalty unless they qualify for an exemption. Generally speaking, a taxpayer who fails to secure coverage will be subject to a penalty of $695 when they file their 2020 state income tax return in 2021. The penalty for a dependent child is half of what it would be for an adult. The penalty is based on your income and the number of people in your household. To avoid a penalty, California residents need to have qualifying health insurance for themselves, their spouse or domestic partner, and their dependents for each month beginning on Jan. 1, 2020: https://www.ftb.ca.gov/about-ftb/newsroom/news-articles/health-care-mandate.html?WT.ac=Healthcare

Let's Look at the Numbers!

Example: Single, Age 40, in Zip Code 90210 (So. CA), and using Anthem Blue Cross HMO, with Household Income as noted below. Annualized savings, plus minimum savings after 6 years of Obamacare, assuming no health plan premium increases, no changes in income, no MOOP increases for 6 years:

W/O Subsidy (at 50k):

Bronze 60	$336.00 X 12 Months =	$4,032 X 6 years = $24,192
Platinum 90	$634.00 X 12 Months =	$7,608 X 6 years = $45,648
	Yearly SAVINGS:	***$3,576 X 6 years = $21,456 (minimum SAVINGS after 6yrs.)***

WITH Subsidy (at 45k):

Bronze 60	$324.00 X 12 Months =	$3,888 X 6 years = $23,328
Platinum 90	$623.00 X 12 Months =	$7,476 X 6 years = $44,856
	Yearly SAVINGS:	***$3,588 X 6 years = $21,528 (minimum SAVINGS after 6yrs.)***

Ask yourself…why exchange dollars with an Insurance Company on any other basis than one that can benefit you the most?

If we can now agree that Insurance is best used to limit MOOP liabilities…then why purchase any other TIER than the one that can best help in cost-effectively accomplishing that? No more over paying, and no more over or under insuring!

Of course, you could opt to have no health insurance at all and simply pay any Individual State Mandated Tax Penalty, which is something few would advise. Or, you could do so on the basis that you are so wealthy that you can afford to pay all liabilities from your own resources;

however, most understand that it's simply a "cheaper" proposition to push off and onto an Insurance Company such liabilities for what amounts, to them, as pennies on the dollar.

Wouldn't you prefer not to have to give up those lesser paid, and potentially "saved," premium dollars, as noted in our example, verses paying more for a richer first-dollar benefits Silver, Gold, or Platinum TIER Plan?

In some ways of thinking, this is akin to self-funding (specific self-insurance), with an overall (MOOP) insurance (aggregate insurance) of an *insured-cap* on your outside liabilities, *and at the lowest premium costs.*

Also, if you never incur a MOOP, and this goes on for several years (hopefully forever)…you will in essence be self-funding your own personal financial "savings" account, on which you can also earn interest, to cover part or all of any later MOOP event. You can also tap into those funds for other expenses, and/or create an HSA (a pre-tax Health Savings Account) from which you can reimburse yourself, tax free, on any eligible Health Care expenses for the rest of your life. Or, you can use those *HSA accumulated assets* to pay for your own private LTCi (Long Term Nursing/Homecare Insurance) on a tax-favorable basis.

Some will want to go onto a PPO to keep a doctor that is just not available via any cheaper HMO Plan TYPE, or perhaps not even via an available PPO health plan…and so, being stuck, can only access that "indispensable" doctor as a PPO covered Out-of-Network doctor. Proceed with caution here…since PPO Insurers will only pay such a Non-Network doctor at 50% of what they would pay one of their fee-discounted In-Network doctors. Not too many doctors or consumers are "happy campers" when those realities hit home…*not under any circumstances*.

The Bottom Line…

Transition over and onto a Bronze 60 HMO Health Plan during the next Annual Open Enrollment…a move many are making to *efficiently and effectively save thousands annually!*