



Insight

The Presidential “Fix” is a Logistical Nightmare for Consumers and Insurers

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Yesterday President Obama announced that he intends to honor his promise that “if you like your plan, you can keep your plan.” But you didn’t get the full story – yesterday’s decision will not benefit the American public; rather, it will create more harm than good by injecting further uncertainty for both insurers and consumers. The President’s announcement yesterday represents a calculated political decision which forces insurance companies to reevaluate plan cancellations they thought were required due to the Affordable Care Act’s mandates. The administration’s announcement raises a number of concerns and is likely to exacerbate the chaos surrounding the failed implementation of the ACA.

Consumers, state insurance commissioners, and insurance companies face a logistical nightmare as a result of the administration’s decision. Should insurance companies reverse their cancellations, it will take significant time to adjust premium rates and actuarial designs, as well as negotiate with providers. After all of this, insurers would submit these reinstated plans to the applicable state’s insurance commissioner, who will then decide whether to approve the plan for sale in the state. Should the commissioner allow the sale of the insurance product, the insurance company must then contact those with previously cancelled policies to let them know that they have the option reenroll in their old plan.

Consumers will have to wait for notifications about their previously-held plan before making decisions. However, the deadline to sign up for exchange coverage beginning January 1, 2014 is December 15, 2013. This delay means that consumers will need to make very complicated choices in the 31 days between now and December 15.

A number of [questions](#) concerning the impact of this decision on consumers remain unanswered – most importantly, will individuals on a reinstated plan need to pay the individual mandate penalty in 2014? For consumers, this “fix” only confounds an already confusing and complex process. In many ways, the administration’s decision only delays the inevitable. Reinstatement of past health care plans, if it occurs at all, will be temporary and consumers will be in the same position a year from now. Moreover, this delay only serves to further damage the American insurance market. America’s Health Insurance Plans (AHIP) released a [statement](#) in reaction to the so-called fix, asserting that “changing the rules...could destabilize the market and result in higher premiums for consumers.” The delay does not represent a thoughtful “fix” to the problems plaguing the ACA. In fact, implementing this delay may ultimately create more problems than the cancellations themselves.