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Hospitals, Insurers Say Subsidies Rulings Further Confuse the Issue

Consumers Returning to Marketplaces Face Greater Doubt

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Consumers get counseling about signing up for health-care insurance at Parkland Hospital in Dallas earlier this year. Associated Press

Health-industry officials said Tuesday's dueling court rulings over federal health-law subsidies set the stage for another bout of confusion as consumers return to marketplaces this fall to shop for next year's coverage.

"People are going to be coming in with more questions about these court cases," said Jason Stevenson, a spokesman for the Utah Health Policy Project, a nonprofit organization that has navigators that aid residents in enrolling on the federal exchange. "People are already asking about the long-term stability of the ACA."



Insurers including [Aetna Inc.](#), [AET -3.40%](#) [Molina Healthcare Inc.](#) [MOH -1.56%](#) and others said they would nonetheless move forward with plans to sell coverage in the marketplaces—including in states that use the federal exchange where subsidies are in question. And many said they would seek to reassure consumers that, at least for now, nothing has changed.

Michigan's Priority Health, a nonprofit, will likely put information on its website and send emails to insurance agents, and possibly also to health-care providers, telling them that "everything is continuing as it is," said Joan Budden, the insurer's chief marketing officer. Priority Health expects "a little spike" in calls from consumers worried about the issue, she said.

But down the road, "if the subsidy were to go away, it would change everything," Ms. Budden said. She said some enrollees would likely lose coverage, while others might switch to lower-cost plans.

On Tuesday, the U.S. Court of Appeals for the District of Columbia Circuit struck down a regulation that provided subsidies for people seeking coverage through the federally run exchange that serves 36 states. Shortly thereafter another appeals court in Virginia issued a ruling upholding the subsidies. The

issue isn't likely to be resolved in the near future, and health-care executives said they would be closely watching the appeals process.

Maumee, Ohio-based insurer Paramount's chief executive, Jack Randolph, said the ruling against federal-marketplace subsidies caught most of the industry by surprise. As enrollment begins this year, he said, "You'll have a variety of confusion and misinformation, much of it politically geared."

Insurers will have to focus on correcting any misunderstandings, he said, but that won't be "terribly different than what we encountered in the last open-enrollment process," he said. Last year, polls found many Americans believed the law had been repealed and didn't understand industry terms like "deductible"; many struggled to use troubled websites to sign up.

Mr. Randolph said more than 70% of Paramount's enrollees receive subsidies. "On a long-term basis, if exchange subsidies were not allowable, we think that has tremendous impact on the uptake of members purchasing insurance" in states like Ohio that use the federal marketplace, he said. Paramount is affiliated with a local health system, nonprofit ProMedica.

In Moab, Utah, for example, Lisa Paterson gets a subsidy on the federal exchange that has brought her insurance down from \$340 a month to \$17 a month.

"Now I can protect myself from major financial disasters due to health issues," said Ms. Paterson, a 59-year-old life coach and tutor. "The subsidy has meant I can get the health care I need."

Ms. Paterson said she would sign up even if subsidies went away.

The ruling "reminds us that the process of reform will continue to undergo change," said Nick Turkal, chief executive of Aurora Health Care, a Milwaukee-based nonprofit health system that runs 15 hospitals and employs 1,500 doctors. Dr. Turkal said he would ask the health system's doctors "to play a key role in educating and reassuring patients to alleviate pervasive confusion around the [Affordable Care Act](#)."

Hospitals in many states were already under pressure after a 2012 Supreme Court ruling allowed state officials to opt out of the law's Medicaid expansion.

If courts ultimately strip subsidies from the federally run exchanges, hospitals in states where officials oppose the health law could end up missing out on most of the law's benefit for the industry.

The ruling "creates an enormous amount of uncertainty in the amount of insurance our patients will have in the coming year," said Will Ferniany, chief executive of University of Alabama at Birmingham Health System.

"We can't, as of today, determine what to put into our October budget," which is due to UAB's board on Aug. 21, Dr. Ferniany said. "Do we take a conservative approach and assume these people aren't going to be insured, or do we can take an optimistic approach and assume it will be appealed [successfully]?"

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