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Utah families say Supreme Court decision against Obamacare would cut off their insurance

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Sonja and Brian Blackham would drop their health insurance if a U.S. Supreme Court ruling were to strip away the subsidies they and 86,000 other Utahns enjoy.

Instead, the Salt Lake City couple would put their money into plan B: life insurance for Brian, 48 years old and the main breadwinner for his young family, which includes Hazel, 5, and Ezra, 3.

"We are so grateful for the subsidy," Sonja Blackham says. "It's the only reason we have health insurance."



The couple pay \$100 a month for health insurance, less than a quarter of what they would pay without a subsidy. (The children are on Medicaid.)

"There is absolutely no way we could afford \$450 a month," says Blackham, 34, who lost her job in retail clothing — and the insurance that came with it — at the height of the Great Recession.

She now runs a small business selling vintage clothing and is a personal stylist, helping people with their wardrobes. The couple also are about to launch a toy Brian Blackham — an artist and sculptor — has designed and patented.

A ruling in the highly anticipated King vs. Burwell case, expected by the end of the month, could imperil the Blackhams' insurance and that of millions of other Americans who depend on federal subsidies and live in the 34 states that do not have their own Affordable Care Act (ACA) exchanges.

But it also would destabilize the insurance markets, result in much higher premiums for everyone who buys individual plans and cripple Obamacare.

"It will cause all sorts of confusion and challenges in our market that we frankly don't want to deal with," says Shaun Greene, chief operating officer for Arches Health Plan, which insures about a quarter of the Utahns who buy insurance on the federal exchange.

That's because the ACA — Obamacare — rests on a three-legged stool: No one can be denied coverage. Everyone is required to buy insurance. And those with low incomes get subsidies.

Knock out one leg — the subsidies — and the stool gets "tippy," says Jason Stevenson, communications director for the Utah Health Policy Project (UHPP).

"Only those who are extremely sick and needing insurance will go in," Stevenson says, "and that will upset the risk pools."

Insurance companies may argue that they can't accept those with pre-existing conditions — an ACA requirement— if they aren't going to get millions of healthy people such as the Blackhams to balance out the risks.

Arches and other insurers already are proposing hefty price hikes for 2016.

A ruling for King in the case would prompt the companies to resubmit their requests and seek even higher rates, Greene says.

"Risk costs money," he notes.



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'A mini-war' » The lead plaintiff in the case is David King, a Vietnam veteran from Virginia who argues that four words in the bill that created the ACA — "established by the State" — preclude subsidies for those purchasing health insurance on the federal exchange instead of state ones.

Thirty-four states, including Utah, declined to establish their own exchanges, requiring residents to buy their insurance on the federal exchange, healthcare.gov.

The Obama administration and some members of Congress argue that the intent of bill was that the subsidies were for all low-income Americans, not just those in state-run exchange states.

In Utah, 86,330 of the 128,220 buying insurance this year on healthcare.gov got government subsidies, although Stevenson suspects Health and Human Services may have made a mistake in its 2015 numbers.

The published numbers indicate two-thirds of Utahns got subsidies, but the year before, 88 percent got subsidies.

The two ZIP codes with the highest number of Obamacare purchasers are in the South Jordan-Riverton and Lehi-Eagle Mountain-Saratoga Springs areas.

A UHPP analysis found the two counties with the biggest increases in Obamacare purchases from 2014 to 2015 were Utah and Washington counties.

"The ACA is being used by a lot more than a handful of Salt Lake County progressives," Stevenson says. "The epicenter has been large families in Utah County and Washington County."

Families USA last week published its own analysis breaking down Obamacare purchases by congressional district.

It found 23,000 of those getting subsidies are in Jason Chaffetz's 3rd Congressional District, 22,000 in Mia Love's 4th Congressional District, 21,000 in Chris Stewart's 2nd Congressional District, and 18,000 in Rob Bishop's 1st Congressional District.

Blackham worries that a decision for King would send Obamacare back into the maelstrom of politics, with Republicans and Democrats entrenched in their own ideologies.

"It just feels like they're doing everything they can to have a mini-war with each other," she says. "I don't think they're thinking about the actual effect on the people in the country."

"We live very frugally," Blackham says, "and if the government is willing to take away health insurance for people who are working really hard, it just doesn't feel like America to me."

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'Political nightmare' » Projections of what would happen if the court rules for King are not rosy.

The Urban Institute and Robert Wood Johnson Foundation predict that the number of people buying insurance on the federal exchange would fall 69 percent to 4.5 million in 2016. The number of uninsured people in the 34 states would rise by 8.2 million. They predict premiums would jump by 35 percent.

A RAND Corp. study projected enrollment in Obamacare plans would plunge by 9.6 million, and insurance premiums would leap by 47 percent.

Joel White, president of the Council for Affordable Health Coverage in Washington, predicts a "political nightmare" if the court sides with King.

Either way the court decides, he says, it will unleash a legislative flurry as lawmakers seek to change the ACA.