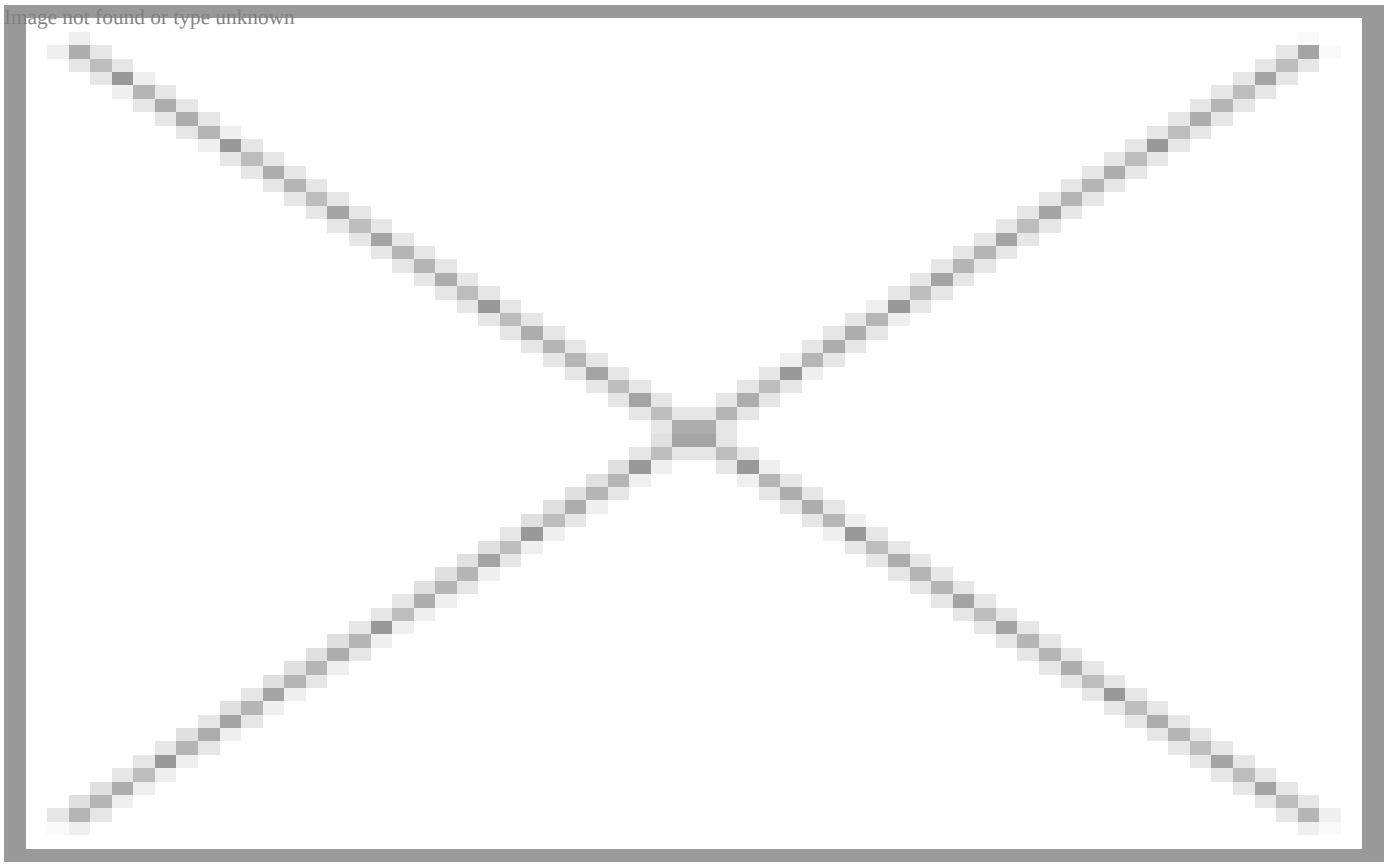
Weekly Checkup

HHS Premium Cost Study Built on Faulty, Misleading Data

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A report published by HHS this week alleges 56 percent of the uninsured population could pay $100 or less for monthly insurance premiums beginning in 2014 under the Affordable Care Act (ACA). The issue brief asserts that the combination of taxpayer financed premium subsidies and the Medicaid expansion will result in approximately 23.2 million people being able to purchase coverage at a monthly rate of $100 or less. While on its face the report's data appears promising, the reality is that its conclusions are generalized, misleading and possibly erroneous.

First, the report includes newly eligible Medicaid and CHIP beneficiaries in the total number of uninsured who might obtain coverage for $100 or less per person. In reality, of the 56 percent of uninsured that the administration claims will be able to purchase insurance for under $100, nearly 54 percent (12.4 million people) are actually newly eligible Medicaid enrollees, and will not receive coverage through the new exchanges. Condemning an additional 12.4 million Americans to a second rate health care system – already notorious for poor health outcomes and provider access issues – is hardly something to celebrate.



The report also uses premium rates that are too generalized. Dismissive of using the actual prices for silver plans, the authors chose instead to calculate rates using a ratio of the federal poverty level (FPL) to the ACA-imposed premium cap percentage. To add in individuals for whom a silver plan would exceed $100 per month, they took an average of the currently available rates, providing results that are merely hypothetical, as they assume a nonspecific nationwide premium rate. The authors are, admittedly so, not concerned with the rates for particular states or for the federal exchange. As such, the data they use is little more than a set of averages, unlikely to be relevant as the insurance markets will be so varied.

The authors further acknowledge that the number of people who could pay $100 or less for bronze coverage may be overstated. As these people (totaling 4,343,000) make up around 40 percent of the study's tally of individuals able to purchase a plan through the marketplace for $100 or less, a significant portion of the data could be incorrect.

Moreover, some may find the headline and the report's results misleading. The report discusses insurability on an individual basis – that is, it looks at the uninsured population regardless of family affiliation. The "$100 or less" figure applies to both single purchasers and to each person within a family. The language, however, can be unclear at times and the $100 per family member figure goes largely unnoticed as it is buried in the lengthy methodology section. This, paired with a vague title, may give some the impression that a family unit could receive coverage for $100, a rate only available to families living at the poverty line. Considering all its shortcomings, this report provides more skewed data than it does meaningful information.