

Speaker 1: 00:12 [Introduction Music]

Mike: 00:12 Hello everyone. This is Mike Bertaut. I'm the healthcare economist for Blue Cross and Blue Shield of Louisiana with me is my producer Lindsey Burton. I'm so glad to have you here with me today, Lindsey.

Lindsey: 00:23 Thank you. I'm glad to be here.

Mike: 00:25 Yep, we're gonna bring you on the inside on some conversations we have around our office on different healthcare topics. Um, they get pretty interesting. Uh, I think so. Um, Lindsey thought it would be fun if we recorded one and let you guys hear how we talk. Um, a little more organically, a little more naturally about, uh, different health care issues.

Lindsey: 00:48 Yup. I work very closely with Mike on the straight talk blog, [www.straighttalkla.com](http://www.straighttalkla.com). Uh, and we talk about this stuff a lot. So what we've been at, what I've been asking Mike about lately is what is going on with the ACA. All of these court battles, I don't quite fully get the full picture.

Mike: 01:09 It's true. I get asked about this all the time and if we have a minute, I think it would be beneficial for our listeners to get just a short history lesson about why the ACA, the affordable care act seems to always be under attack from someone. Um, if you go all the way back to 2010 when the affordable care act was passed, it was a very big deal. You know, you're talking about taking 20%, 18% of the country's wealth every year and redirecting where it goes. So if you think about it, it makes sense that there would be winners and there would be losers in an in a bill that big. And indeed the people who feel like they were losers in that transaction have never really completely let that go. In 2012 the Supreme court got a shot at the ACA because it's the first law we've ever passed that required people to actually have health insurance or pay money to the government for the privilege of not,

Lindsey: 02:12 And they called that a tax, right?

Mike: 02:13 Yeah. In fact, the whole case was about what to call it because the Supreme court said if you call it a fine or a fee or you try to use some authority of Congress to say this is okay other than Congress's actual taxing authority than it's, it's unconstitutional, we can't do it. So by the time that justice has got done, they saved the ACA. This is summer of 2012 by calling the individual mandate attacks. So now if we fast forward to December of

2017, the Trump administration signed off on something called the tax cuts and jobs act. That act did a lot to change the tax tables. Did you have less refund than you thought you would have at the end of the year?

- Lindsey: 03:03 I'm still not entirely sure what happened there.
- Lindsey: 03:05 Yeah, us too because they changed the withholding tables and if you didn't manually go in and fix it, you actually got paid more money during the year. But at the end of the year your taxes didn't keep up. Buried deep inside of that bill, they actually took that individual mandate tax and reduced it to zero. So they essentially made it so that whether you had health insurance or not, you wouldn't be subject to paying the federal government money.
- Lindsey: 03:32 So since you can't pay a \$0 dollar tax, there are people who are saying it's not a tax at all. No tax.
- Mike: 03:39 It's true. There is a, there's an argument to be made that um, the definition of a tax at the federal level is an instrument that raises revenue for the federal treasury. Um, but when you reduce it to zero, it's no longer raising revenues. So is it attacks anymore? 12 attorney generals, including Louisiana's A.G., Who thought that this was an opening, took the sub, the ACA back to court and said if the individual mandate is zero, it's no longer attacks. And according to the ruling back in 2012, that makes it unconstitutional. And so they made that argument to a district court judge in Dallas. And uh, at the end of the day, he agreed with him and he said, you know what? I agree it's no longer attacks. It's unconstitutional. The individual mandate. Then he said something controversial. He said, basically the individual mandate is so essential to the whole act that if you don't have that, you can't have any of it.
- Mike: 04:37 And so he declared the entire thing unconstitutional, but he knew his decision would be controversial. So he basically told the court, you know, in his decision, he said, um, I'm going to stay that decision until the all the appeals go through. So the Democrats in Congress who control the house of representatives and 16 other state attorneys generals took that decision and they appealed it to the fifth circuit court of appeals in new Orleans back in December. The fifth circuit spoke and it said, okay, here's the deal. We agree that the individual mandate is unconstitutional and can be tossed out. But we completely disagree with this notion that the rest of the act has to fall just because the mandate isn't there. And if you think

about it, there are parts of the act that don't seem connected at all to the mandate.

- Lindsey: 05:34 Right, that's stuff like coverage until age 26, no cap on annual and lifetime benefits, Medicaid expansion, right?
- Mike: 05:44 Critical things that Louisianans are taking advantage of right now.
- Lindsey: 05:48 So what happened in the fifth circuit? What did they say?
- Mike: 05:55 Well, the judge basically said, the justices said we were okay with the mandate being an unconstitutional exercise of Congress's power, but the district court really didn't fulfill their obligation. They should have gone line by line through the ACA and said the mandate affects item a but doesn't affect the item B or C or D and left those parts of the act alone. And so they sent the whole thing back to the district court of Dallas judge Reed O'Connor's court and said, you need to do a better job. You need a parse the act section by section. And decide, does the mandate mean we can't have a Medicaid expansion, for example. And he sent it back. And so, um, I would venture to say that if they're going to do a good job of that, it'll take years.
- Lindsey: 06:44 That's not a job I would like.
- Mike: 06:45 No, it doesn't sound like fun at all. Um, when, when the decision came down to the, uh, the, um, the attorney generals who are fighting the lawsuit and the House of Representatives of Democrats in the House said, you know what? We've got an opening here. Let's toss this thing to the Supreme court in Washington and see if they'll go ahead and take it now before all this. So we don't have to wait years to find out what's to happen. And they tried to paint this as some kind of emergency house-is-on-fire, Supreme court needs to act immediately.
- Lindsey: 07:18 All right. But fast forward to really recently the Supreme court made a move, sort of. Well, what did they do?
- Mike: 07:26 Well, they didn't buy it. They said, you know what, we don't see any emergency here. We don't see any, you know, need to toss aside the four million other cases they get every year and they pick out, you know, 50 that they actually here because the ACA is working and most States are happy with it and it's doing what it was meant to do. Even though the mandate has been reduced to zero. It didn't result in this big deal where everybody quit buying insurance. And so the Supreme said, no, we won't take it

now. Um, that's good news in a way because it means that we'll have a more stable marketplace for an extended period of time.

Lindsey: 08:04 So that's good for everybody who's in the marketplace right now and wants to get into the marketplace. So let's say that fast forward several years from now, the Supreme court has come in and says, "Hey, the ACA is unconstitutional. It's going to go away." But some of those other things we just talked about, the coverage until age 26, no cap, uh, Medicaid expansion. Is there anything that could save that?

Mike: 09:51 Well, um, a lot of the things that the ACA does that are very popular involve a state law can recreate what the feds were doing. So the state can pass a law that says if you have health insurance here, kids to age 26 have to be covered. Um, they can talk about preexisting conditions and the fact that we have to offer individual health insurance to everyone regardless of their health conditions, they can mandate things about what, um, what rates we charge at different ages. A lot of the things the ACA did where it gets sticky or the things that the ACA financed with federal money. So the healthcare.gov website, about 90% of the people who buy insurance on healthcare.gov get federal money to help them pay their premiums. Well, last year in Louisiana, that was a almost half a billion dollars of federal advanced tax credits that came from Washington down to us. Um, it's difficult to imagine the state, uh, in our current budget situation just ponying up \$500 million so that individuals could buy health insurance and, and the subsidies, the tax credits were pretty generous. You know, you could be a single person and make 40 or \$45,000 a year and still be eligible for some significant assistance depending on your age.

Lindsey: 11:16 And then of course, there's Medicaid expansion. The feds kick in a quite a bit for that.

Mike: 11:22 Uh, um, our regular Medicaid program, before we took up the expansion, the state was paying between 35 and 40% of the total cost out of state revenue. But this new population, the ACA directs the federal government to fund 90% of the cost. So we've got right now almost half a million people who are on a new Medicaid expansion program that is being funded 90% by Washington and only 10% by the state and worth around \$3 billion a year to Louisiana. You might remember just a few years ago, a legislature was having knocked down, drag out arguments about a fiscal cliff. That was only one fifth that size. Right. So it seems very unlikely to me that if the ACA went away, the state would be able to raise taxes enough to regenerate

that three and a half billion dollars of total impact that the ACA has had here for us.

Lindsey: 12:22 Well, are there, is there anything else we can do to beef up the ACA, the exchange? Are there lessons we can learn from other States?

Mike: 12:31 Well, um, there are five or six other States right now that are building on the ACA and they're doing some pretty cool things. Uh, I just wrote a straight talk piece about California, which should be up at [straighttalkla.com](http://straighttalkla.com) by now. But essentially what California did was they said maybe the feds don't have the courage, for lack of a better word, of keeping that individual mandate in place, but we're going to do it. So the state of California has its own individual mandate for health insurance and it has exactly the same fines that the federal one did. So if you're a California resident, you don't buy health insurance, it's \$695 or 2.5% of your income that you get taxed if you don't have coverage. Um, they also took the [healthcare.gov](http://healthcare.gov) exchange and they said, you know, covering people up to 400% of the poverty line is a good thing, but we're going to put some extra state money into it and we're going to make a softer landing for people who make more money than that because the insurance is expensive. And so they took the assessments all the way to 600% of the poverty line, which means that even a single person making 75,000 a year or a family of four making 150,000 a year is going to get some discounts, some tax credits and discounts on the health insurance they buy for their family. And so by those two things, reinstating the mandate and adding a little money to the pot, they've actually brought in 300,000 new people onto private insurance that would have been either uninsured or would have been nipping at the heels of Medicaid in their program. And all they did to put that, they put in about \$300 million of state money, which represents in Louisiana, that would be about 1% of our annual budget.

Lindsey: 14:20 But we have a smaller population, so it could be even less,

Mike: 14:22 Even less. We wouldn't certainly have 300,000 people between four and 600% of poverty, but maybe another a hundred thousand which could double the size of the exchange,

Lindsey: 14:32 Which could end up pushing down premiums for every single person.

Mike: 14:35 Absolutely. The real problem with premiums on the individual market right now are the fact that the people who are enrolled are the least healthy and the average age in the pool is creeping

up really fast. Louisiana's average age is around 37, 36 years old. The exchange is significantly older than that, maybe 10 or 12 years older.

- Lindsey: 14:56 Wow.
- Mike: 14:57 We just have a lot of people in the state today. Uh, the people that are uninsured, it's not the traditional vision of the uninsured as being a big mass of poor people anymore. Um, at least half of the uninsured in Louisiana are people of means. People who don't get insurance from work but are probably in that age group between 25 and 40 and have good incomes, but they don't see the value in health insurance cause they're just healthy and better. They're not going to the doctor. They feel pretty good. Um, and because they are staying away, the risk pool itself is degrading, you know, so rates keep creeping up.
- Lindsey: 15:33 Yeah. But it's important for them to have coverage. You never know when you could get hit by a car.
- Mike: 15:38 I'm living proof of that. Right. I mean, I was, I never got to be an invincible, you know. Well, they talk about being an invincible because when I was 22, I was diagnosed with bone cancer and thankfully my parents had good insurance. My dad did through his job. And so, um, giant health insurance bills got covered and I got well, so, uh, you just don't know.
- Lindsey: 15:59 Yeah. And of course we think too that it might just be an education piece. Does that group even know that they are eligible for potentially subsidies on the exchange or,
- Mike: 16:12 Yeah, it's very exciting. I saw some research just a couple months ago and we discussed it and Kaiser had, Kaiser family foundation had projected that there were tens of thousands of people in Louisiana who didn't buy insurance during the open enrollment who would have been eligible for free or near free, 20 bucks a month or less health insurance.
- Lindsey: 16:34 This is money they're leaving,
- Mike: 16:35 They're leaving it on the table. It's protection from a devastating event. And they could have enrolled with almost no cost to them and they just didn't know about it.
- Lindsey: 16:45 All right. Well we've talked about a lot of facts, but here's, how about an opinion now. Do you think if Louisiana adopted some of these things that California is doing, you know, they're

implementing the fines, they're expanding the open enrollment season, they're expanding that money pool. Do you think we could improve the, the risk pool here in Louisiana?

- Mike: 17:07 I haven't seen anything that leads me to believe that the people in Louisiana would readily embrace putting the mandate back on. But if you, you know, people are pretty logical, if you could show them a trade off and say, if we put the mandate back on, you're all buying 90% of your buying health insurance anyway. If we put the mandate back on, then your rates would go down or moderate or the risk pool would get healthier. And over the long run we'd see rates come down. I've got to believe people would get behind in that.
- Lindsey: 17:38 Okay. Well, speaking of those young people who are maybe aging off of their parents' insurance and just don't know what their options are, can you recap it for us?
- Mike: 17:47 Oh, absolutely. Um, one of the things the ACA did that has been roundly applauded by the population and you still get business folks who think, you know, maybe this isn't the best way, but, um, when a business offers insurance now to its employees and they cover their dependence, they have to continue to offer dependent coverage until that employee, that dependent turns 26 years.
- Lindsey: 18:09 Oh, I know. I wish they had had that whenever I was that very young age. It would have made transition into adulthood easier. But now it kind of creates a new age of transition.
- Mike: 18:21 It does. And you know, my, um, I speak from experience, I have three children and two of them are still in their twenties, hadn't quite got to 26 yet. And it's actually create them some big opportunities for them because they're kind of pursuing a dream a little longer than they would have been able to otherwise. And I'm hoping in the long run that works well for them. But if you have a child that's turning 26 typically what will happen? Most employers will terminate the coverage on the last day of the month in which they turn 26. So my birthday is April 15th. On may one I'm likely to be out of coverage. It's not smart to wait until that happens. Before you start exploring your options,
- Lindsey: 19:03 You can explore your options while you plan your birthday party, Right?

Mike: 19:06 I exactly. I'm going to go with about a three month window. So let's say about three months before your dependents going to turn 26, start exploring your options. If the dependent is going to come out of your son or daughter is going to come out and they're not employed or they just make a little money if they make say 10 bucks an hour or less gig economy. Yeah, they're probably Medicaid eligible in Louisiana on the, um, the single threshold for a single person is equivalent to about \$9.50 an hour working 35 hours a week. So the odds are pretty good if they haven't got their big career opportunity yet that they can enroll in Medicaid and Medicaid's free and there are no premiums, no copays, no deductibles. Um, you know, primary care docs predominantly take it, you can go to any hospital, you may run into some snags when you try to get specialty care. So if you need a neurologist or an orthopedist, you gotta be patient because there aren't that many of them that accept the reimbursements Medicaid pays.

Lindsey: 20:06 But most of these kids who are 26 to 30 don't need those kinds of specialists

Mike: 20:11 Exactly, they're healthy. And that's the beauty of it. Um, you can go to [healthcare.gov](https://www.healthcare.gov) the website any day of the week. You don't have to wait until your turn 26 and you can put in some sample income numbers and it will tell you this person's Medicaid eligible and it'll redirect you to the state's Medicaid department to enroll. Or it'll say you're eligible for advanced tax credits and they'll price the insurance for you. And you can run samples, you can run simulations and see which one you like.

Lindsey: 20:39 I make \$12 an hour, what am I eligible for?

Mike: 20:41 Exactly. And the last time I checked, I think it asks for an annual projection of income. So if you told it, and this would be before taxes, so your gross income. And so if you told that, well I'm going to make \$20,000 in the next year, then it would offer you health insurance out of a very big discount. Especially insurance isn't as expensive when you're 30 or 26 26 year old policy is typically between two 50 and about 400 a month depending on how generous they are. The Tax credits can bring that down to 20 or 30 or \$40 a month. So you know, mom or dad might want to invest in that. Just if for nothing else, protect your retirement. I know what I'm talking about. You know, because if the kid has health insurance and something happens, you're certainly gonna want to do whatever you have to do to make them well. If you have that backstop of a third party payer, it can mean the difference between retiring on time or not retiring. So it's a really big deal.



Lindsey: 21:40 Yeah, that does sound good. Um, so that's, they're maybe eligible for Medicaid or Medicaid expansion. They may be able to get tax credits. What if they're just over that limit? You know, they're 25, they've gotten their first promotion, they're just past that real line. That \$45,000 line.

Mike: 22:02 Well, um, your employer's health insurance, if I have a job and they offer insurance there, that's gonna be probably the best deal you can get. Employers are going to fund somewhere between 50 and 80 or 90% of the total premiums and the part they take out of your paycheck is taken out of pretax dollars. So the money they take out never gets taxed. It's a huge benefit. Um, employer coverage is always the best deal. If it's offered to you, even if you don't feel like you know, you're getting a good contribution because what we're talking about is someone turning 26 and I'm assuming they're single, so they're not trying to cover a family, just cover themselves. So that's my priority. I think I would see if my, if I was Medicaid eligible first, and then if my employer offered coverage and then I would do healthcare.gov if neither of those options were available.

Lindsey: 22:59 Okay. That's great. That breaks it down really simply. Thank you. Uh, so what else is happening in healthcare now? Um, we were talking about the other day about changes at, uh, the Department of Health.

Mike: 23:11 Oh, yeah. Locally, you know, um, Dr. Rebekah Gee, I've had the pleasure of working with her on several projects over the years and watching her run that department and, and it really kicked that Medicaid expansion off the ground and she has done some marvelous work. I've been very impressed with her across the board. Even met her dad. I was at, uh, at army war college, uh, back in the summer and he lectured there and he's run like Ohio state university. He was a chancellor in West Virginia. He's about 90 years old and about four foot has got all the energy on the planet. You could see where she gets it from. Right. But I think Louisiana is going to be worse off without her. Honestly. She did a really good job and uh, the department of health now has got their it systems up and running really well. So they're screening people for income in the new Medicaid population. We don't have to worry as much about, you know, is it an accurate rendition of who's there and who isn't? Medicaid is such a critical component of the third-party payer market right now in Louisiana, about 35% of the state is Medicaid enrolled. And so if you take a look at the Medicaid population and then you put Medicare on top of that seniors and permanently disabled folks, now you're talking about over 50% of the state, 51 52% is in a, in a health care funding program with a

government backer, either of state or federal. And that is unique by the way, in the United States, the rest of the country, no more than 40% of the population of any other state is on a government, third party payer. So Louisiana is kind of, we're an experiment, sort of a beta test on what happens to the healthcare marketplace when half of it or more is funded by a government agency. So we'll be watching that very carefully.

Lindsey: 25:05 That's great. All right, well thank you for chatting with us. Thank you for listening today. Um, you know, we're also always looking for questions for our podcast. Uh, we want to answer your questions. You can give them to us, uh, [straighttalkla@bcbsla.com](mailto:straighttalkla@bcbsla.com) is the email address for those questions. You can also leave comments on the blog, [www.straighttalkla.com](http://www.straighttalkla.com) Mike truly does write all of those pieces. Uh, we just have a small team that edits them, make sure his grammar is good,

Mike: 25:41 Right? To make sure... She's selling herself short. They take this stuff I'd dump out of my brain and they turn it into something cohesive and understandable. And so we're a team and we enjoy what we do and we hope that when you're reading straight talk, la.com things that never made sense before will come. The light will go on and the bulb, a light over your head and you'll say, you know what? For the first time in my life I really understand what's going on. And you may hate it. You may say, Oh, this is the worst thing ever. But that's okay because my job at straight talk is to make sure that these ridiculously complex healthcare issues make sense to you in a way so you can make good decisions for your family. And that's really what it's all about.

Lindsey: 26:26 Well, light bulbs over my head, if I had one for everything you enlightened me on in the past five years, I would shine brighter than Vegas. So anyway, thank you. Read the blog, sign up for the newsletter at the bottom of the homepage. We send one out almost every Friday. Thanks guys.