

“Covid Relief Plan”: Biden Lifts Health Care Plan from Insurance Lobbyists

The incoming president’s plan mimics an insurance industry letter, instead of pushing a promised public option or Democratic legislation to expand Medicare.

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President-elect Joe Biden’s new COVID relief plan does not adopt existing Democratic legislation to expand government sponsored medical coverage nor does it propose a promised public health insurance option. Instead, it adopts proposals from health insurance lobbying groups’ recent letter to lawmakers demanding lucrative new subsidies for insurance companies, at a moment when those corporations have recorded record profits as millions lose coverage and many [face](#) claims denials.

Biden’s [plan](#) would shovel billions of dollars to private health insurers by [providing subsidies](#) for Americans to buy coverage through the Affordable Care Act (ACA) marketplaces, which are far more expensive than government health care programs and have at times been plagued by [high rates of claim denials](#). The plan would also subsidize COBRA continuation coverage through September, allowing workers to keep their employer health insurance plans when they’re laid off.

Those initiatives — which could further boost insurers’ [skyrocketing profits](#) — were recently [recommended](#) in a [letter](#) to lawmakers from America’s Health Insurance Plans (AHIP) and the Blue Cross Blue Shield Association, two insurance lobby groups in Washington that have opposed the expansion of government-sponsored health care programs.

A few days after the letter was sent, AHIP [said](#) that “health insurance providers are eager to assist the Biden health team.”

Biden’s inaugural committee has [received donations](#) from at least two major health insurers, Anthem and Centene, which [both offer](#) plans on state marketplace exchanges. Centene’s CEO [bundled donations](#) for Biden’s presidential campaign, and Biden’s first major campaign fundraiser was [headlined](#) by Independence Blue Cross’s CEO.

During the 2020 primary campaign, Biden repeatedly [demonized](#) Medicare for All legislation offered by Rep. Pramila Jayapal and Sen. Bernie Sanders, questioning how the country would pay for it and proposing a public health insurance option people can buy into instead. Democrats previously considered creating a public option during ACA negotiations a decade ago — AHIP [secretly bankrolled](#) a successful \$100 million advocacy campaign to kill it.

While Medicare for All [could actually save](#) the country up to \$650 billion annually, according to the nonpartisan Congressional Budget Office, Biden is now proposing some of the most

costly and inefficient ways to expand health insurance coverage. The moves could still leave people exposed to substantial out-of-pocket costs — from deductibles, copays, and coinsurance — that act as barriers to care.

Nightmare Deductibles And Widespread Claim Denials

Pushing people onto ACA plans and subsidizing COBRA coverage would be expensive — but not necessarily popular.

Health care coverage purchased through the ACA marketplace costs 83 percent more than Medicaid coverage, and ACA plans leave patients with ten times the amount of out-of-pocket costs, according to [a recent study](#) published in the Journal of the American Medical Association.

The researchers concluded that marketplace plans cost so much more than Medicaid because private insurers pay “higher prices for the same services.” Hospitals often bill people with employer health insurance plans, which are maintained under COBRA, [more than twice as much](#) as those with Medicare or Medicaid.

The Biden proposal does include a measure to slightly lower the percentage of Americans’ annual incomes that insurers can collect through premiums — from a maximum of 9.86 percent to 8.5 percent. Altogether, the Biden transition says its plan “would reduce premiums for more than ten million people and reduce the ranks of the uninsured by millions more.”

The ACA marketplace was a centerpiece of Democrats’ 2010 health care reform law, but only [a small slice](#) of Americans are actually buying insurance plans this way now — often people who are self-employed, independent contractors, or gig workers. The ACA exchanges are only currently “a miniscule part of the health insurance system,” the [People’s Policy Project](#) wrote last month.

While the marketplace was billed as allowing people to shop for health insurances, in reality the state exchanges [offer few choices](#), and most are expensive. The average lowest-cost premium for bronze-level plans is [\\$321 this year](#), though the numbers vary widely by state.

The premiums are pricy, but an even bigger issue is the nightmarish deductibles people with ACA plans are expected to pay before their insurance company actually starts footing their medical bills. The average bronze plan deductible on the individual market was [nearly \\$5,900](#) in 2019.

Deductibles are lower on silver and gold-tier plans, but the [average](#) lowest-cost monthly premiums this year are \$436 for silver plans and \$482 for gold.

Poorer enrollees may qualify for subsidized premiums or [cost-sharing reductions](#) limiting their maximum out-of-pocket expenses — but those reduced out-of-pocket maximums are still [substantial](#).

Making matters worse, health insurers deny nearly one in five claims for in-network care by patients with ACA plans, according to data from the [Kaiser Family Foundation](#) for 2017. For some insurers, about 40 percent of claims are rejected.

Moving the uninsured into these plans would be a massively expensive way to expand

coverage — and if insurers are still allowed to impose huge out-of-pocket costs and deny claims with regularity, it may not help people much at all.

Backing Away From A Public Option

During the 2020 campaign, a health care industry front group called the Partnership for America's Health Care Future (PAHCF), [spent \\$4.5 million](#) on advertisements attacking Medicare for All. The group launched [a late wave](#) of ads in South Carolina — where Biden's strong performance helped propel him to victories around the country.

PAHCF's [tax return shows](#) it is steered by executives from AHIP and lobbying groups for pharmaceutical companies and investor-owned hospitals. The industry group raised more than \$55 million in 2019, and it has made clear that it [would fight](#) against a federal public option plan, just as AHIP did in 2009 and 2010. It also [spent millions](#) of dollars in 2020 to block a state level public option in Colorado.

Biden consistently campaigned in support of a public health insurance option, and after the primary, a joint task force made up of Biden and Sanders allies negotiated a fairly robust public option plan.

"The public option will provide at least one plan choice without deductibles, will be administered by the traditional Medicare program, not private companies, and will cover all primary care without any copayments and control costs for other treatments by negotiating prices with doctors and hospitals, just like Medicare does on behalf of older people," the task force [wrote](#).

The Democratic National Committee's 2020 [platform](#) included a similar pledge: "Democrats will also make available on the marketplace a public option administered through the Centers for Medicare and Medicaid Services (CMS) which includes a platinum-level choice, with low fees and no deductibles. Low-income Americans will be automatically enrolled in the public option at zero cost to them, though they may choose to opt out at any time."

Now, on the eve of his presidency, Biden is proposing a much more conservative health insurance expansion plan proposed by the health insurance industry. If enacted, the plan could head off any talk in Washington of a public option plan down the road.

There are many other options available. Democratic lawmakers could choose to rally around [existing legislation](#) to enact an emergency Medicare for All program, or they could press for a public option, as the party and its incoming president promised.

Biden [could use his executive authority](#) to expand Medicare during the pandemic, using emergency provisions in the Affordable Care Act. Democrats could also seek to expand Medicaid to cover more people.

Instead, Biden is pushing a health insurance expansion that would further enrich insurers and put people on insurance plans that will be too expensive for many of them to use. Democrats should reject this insurance industry cash grab.

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