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CONTACT:

Americans Face Fiscal Cliffs in Health Insurance Exchanges

New Insurance Premium Calculator Highlights Obamacare Inequities and Unaffordable Premiums

Key Facts:
• Dramatic premium disparities exist in Obamacare state healthcare exchanges, making coverage unaffordable for many Americans.
• Example: A 48 year old couple making $32,000 will have their entire premium subsidized by taxpayers, but if their income increases by $1,000 to $33,000, they pay $1,128 in annual premiums.
• Example: A 63 year old couple making $62,000 will pay $5,892 per year in premiums. If their income increases $1,000 to $63,000, they will pay $20,412 per year or a 346 percent increase. MNSURE online calculator.
• State exchange premium inequities could cause Americans to stay in lower paying jobs to keep from paying higher premiums.

ST. PAUL, Minn.—Patient advocate Twila Brase, co-founder of Citizens’ Council for Health Freedom, has found unsettling and confusing problems in the health insurance exchange programs. The problems are quickly exposed by using the Minnesota state exchange premium calculator as an example.

The calculator makes a confusing problem much clearer. The inequality built into health exchange premiums could spike the costs for some Americans, forcing them to pay 18 to 20 percent or even nearly a third of their income for federal health insurance coverage.

To illustrate, in Brase’s home state of Minnesota, the state health exchange program, MNSURE, recently offered residents an MNSURE online calculator to estimate the cost of state exchange coverage. The calculator shows that middle income families and those who choose government exchange coverage will pay a significant price for bettering themselves and making more money. As people approach the 400% federal poverty line, a small increase in wages will result in a large increase in premiums, which may exceed the wage increase. As a result employees may feel trapped in lower-paying positions. Ultimately, employees could lose ambition to advance their careers, or employers will be required to make up the difference to employees between the health coverage premiums that would be incurred with the raise in salary. Twila Brase sees it as a lose-lose proposition.
"President Obama said that the health care law is ‘a new set of rules that treats everybody honestly and treats everybody fairly,’” Brase said. “But does it? Taxpayer-subsidized health coverage cuts off very sharply if individuals earn just $1,000 more annually than the federal limit, making the cost of the coverage much higher than the extra $1,000 of income.”

**Brase** points to three examples that will reflect the situation with families in Minnesota. But other states won’t be exempt from these inequalities. **Brase** says all states will be subject to the same federal rules and regulations that will ultimately affect insurance premium costs, making it a perilous and expensive choice for Americans in every state.

**Example 1:** Currently, A family of two 48-year-old adults that earns $32,000 annually will have their entire premium subsidized by taxpayers. If their annual income increases to $33,000, they will pay $1,128 -- more than the amount of their pay increase.
Example 2: When a 63 year old couple makes $62,000 annually, their monthly premium is $1,701. Taxpayers will kick in $1,210 monthly, making their monthly cost $491, or $5,892 per year and 9.5 percent of their income.

But if this couple makes just $1,000 more—or $63,000—they get no taxpayer subsidy, and their monthly premium stays at the full $1,701, making their annual cost $20,412—or an unmanageable 32.4 percent of their income and a 346 percent increase in their premium.

“Based on the calculator’s estimates,” Brase said, “we can clearly see the fiscal cliffs that families may face if they decide to buy government exchange coverage. Individuals will need to think twice before accepting a salary increase or choosing to work. The costs at every level are troubling.”

Third, Brase adds that the state exchanges reek of inequality. “All things are not equal at the same poverty level for non-subsidized coverage. For example, a 48-year-old couple will pay 17.9 percent of their income for exchange coverage, but that same couple 15 years later will pay almost double that percentage.”

Brase says it’s also important to note that when Americans are awarded raises for good work, it backfires.

“For many Americans, it will be better to say no to a raise, rather than face the increase in insurance premiums. What kind of message is our government sending when they force us to stay in lower-paying jobs because it’s no longer worth it to make more money?”

For more information about Citizens’ Council for Health Freedom or to sign up for the weekly CCHF Health eNews, visit www.cchfreedom.org.

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For more information or to interview Twila Brase, president and co-founder of Citizens’ Council for Health Freedom, contact Debbie Hamilton, Hamilton Strategies, 215.815.7716, 610.584.1096, dhamilton@hamiltonstrategies.com.

Twila Brase is president and co-founder of the Citizens’ Council for Health Freedom. She has been called one of the “100 Most Powerful People in Health Care” and one of “Minnesota’s 10 Most Influential Health Care Leaders.” The Council’s efforts have stopped government-issued treatment directives, added informed consent requirements for access to patient data and defeated a proposed Health Insurance Exchange. Brase’s daily radio commentary, Health Freedom Minute, is a 60-second radio address on pressing health care issues. She has been interviewed by CNN, Fox News, Minnesota Public Radio, NBC Nightly News, NBC’s Today Show, NPR, New York Public Radio, the Associated Press, Modern Healthcare, TIME, The Wall Street Journal, The Washington Post and The Washington Times, among others.