

## ICYMI: How the Administration Knew Americans Would Lose Their Current Health Plans

Written by Corrine Williams

Wednesday, 30 October 2013 13:31

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Today, Health and Human Services Secretary Kathleen Sebelius testifies in from of the United States House of Representative's Energy and Commerce Committee regarding the botched rollout of Obamacare. Below is a recent [blog piece](#) by [Chris Jacobs](#) on the Obama Administration's knowledge that millions who would lose insurance under Obamacare; despite promises to the contrary.

Several experts are available to comment on this topic:

[Nina Owcharenko](#)

[Bob Moffit](#)

[Ed Haislmaier](#)

[Chris Jacobs](#)

[Alyene Senger](#)

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Chris Jacobs

October 29, 2013

There has been much chatter about an NBC News report last night highlighting one clear fact: The Obama Administration knew millions of Americans would lose their current health plans due to Obamacare. That the Administration knew about the impact of Obamacare on Americans' health plans is clear, not least because internal Administration documents suggest an effort to downplay the law's impact to the public.

At issue are regulations issued in June 2010 implementing the "grandfathering" provisions of Obamacare. In theory, this section of the law was intended to allow individuals to keep their existing health plans if they liked them. However, as a leaked draft of the "grandfathering" regulations reveals, the Administration knew that would not be the case. This paragraph, on page 56 of the leaked draft, admits that "most plans will relinquish their grandfathered status" over time—in other words, many Americans will lose their existing health coverage (emphasis added):

*After careful consideration, the Departments opted against rules that would require a plan or sponsor to relinquish its grandfathered status if only relatively small changes are made to the plan. The importance of gradual change outweighs the risk of market segmentation. Similarly, the Departments concluded that sponsors and issuers of grandfathered plans should be permitted to take steps within the boundaries of the grandfather definition to control costs, including limited increases in cost-sharing and other plan changes not prohibited by these interim final regulations. As noted earlier, deciding to relinquish grandfather status is a one-way sorting process: after some period of time, most plans will relinquish their grandfathered status since plans rarely stay exactly the same. These interim final regulation will likely influence the time frame over which plan sponsors decide to relinquish grandfathered status.*

Compare that paragraph to a very similar paragraph on page 11 of the official, publicly released regulation. The final version struck a sentence emphasizing "the importance of

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gradual change” in transitioning health coverage to the new, post-Obamacare regime—and said that “more plans,” not “most plans,” will relinquish their grandfathered status over time. In other words, the Obama Administration tried to massage and downplay the regulation’s impact on Americans’ ability to keep their health coverage, even though the substantive contents of the rule changed very little from the leaked draft to the official document.

For millions of Americans—as many as 16 million who buy their own health insurance, according to one estimate—Obamacare will prove anything but a “gradual change.” They are losing their existing health plans and have no good options. Some will migrate to Obamacare’s new (non-functioning) exchanges, where the law’s new requirements mean their premiums could increase substantially. This is change—a change that Heritage predicted—but it’s not the change President Obama sold to the American people.