

Obamacare's Perilous Protection Plan for Debtors

"Uh-oh." That's the sound being uttered in doctors' offices and hospitals across the country as medical providers realize they're getting stuck with another bottomless Obamacare bill. While the White House desperately tries to pivot from the havoc wrought by the "Affordable Care Act," its hidden regulatory bombs keep exploding.

I heard about the latest problem this week from an eye doctor friend who received a letter from a Colorado-based insurer informing her that she's essentially on the hook for Obamacare's payment grace period for debtors. The optometrist is bracing for a flood of similar letters from other insurers. Like countless other independent providers, she's extremely concerned about the potential liability, uncertainty and fraud the rule imposes on her business.

Here's the raw deal: The Affordable Care Act created a 90-day grace period before insurers can drop patients who fall behind on premiums. So, delinquents who obtain tax-subsidized health insurance through an Obamacare health insurance exchange have three months to settle up their bills prior to their policy being canceled. As written, the law puts insurers on the hook for the grace period.

But the bureaucrats at the Centers for Medicare and Medicaid Services decided to issue a rule in March making insurers responsible only for paying claims during the first 30 days of the debtors' grace period. Who's on the hook for the other two months? Well, customers are entrusted to foot the bills for additional services. But if they blow off the payments, it's up to physicians and hospitals to collect.

In real-world practice, this means providers will be eating

untold costs. Several large hospital associations raised red flags over the issue this summer. In August, the Missouri Hospital Association noted that the regulatory shift "unduly burdens physicians, hospitals and other health care providers" by making them directly collect payments from patients, which "puts them at an unfair and significant risk for providing uncompensated care to patients."

Emillie J DiChristina of Practicefirst Medical Management Solutions spelled out the financial risks for clients on the company's blog: "This leaves providers in a potentially bad place as they have a high potential for accruing bad debt on services provided between 31 and 90 days of the allowed grace period." Can you spell f-r-a-u-d? People could "go on and off" insurance plans, Tampa Bay health care lawyer Bruce Lamb told me, and game the system by bailing on payments and exploiting Obamacare protections against denial of coverage.

Or as MHA officials put it: "We also are very concerned that some disreputable individuals will learn they can manipulate the system and win a full year's insurance coverage on only nine months of premiums. Knowing they are entitled to three months of grace period coverage, dishonest persons could stop paying premiums on the ninth month, enjoy free coverage during the 90-day grace period, have their coverage terminated, and then re-enter the exchange market where the Affordable Care Act's guaranteed issue mandate would prohibit another plan from denying them coverage."

Think such nefarious behavior won't occur? Then you haven't been paying attention to the data manipulators and con artists in the Obamacare navigator program. As I reported earlier this year, the seedy nonprofit Seedco secured multimillion-dollar navigator contracts in Georgia, Maryland, Tennessee and New York to recruit Obamacare recipients into the government-run exchanges – despite settling a civil fraud lawsuit for faking at least 1,400 of 6,500 job placements under a \$22.2 million federally funded contract with New York City a year ago.

Additionally, investigative journalist James O'Keefe and his Project Veritas team have caught Obamacare navigators on tape advising health insurance exchange customers to under-report their income and lie about their health status in order to cheat the system.

CMS has made no effort to repeal its cost-shifting rule or to do anything to address the concerns of providers who will be left holding the bag. As one hospital rep told me: "It's potentially catastrophic." Private practices are already being hit hard with slashed reimbursements, the electronic medical records mandate, ICD-10 medical diagnostic code changes, and increasing federal intrusions on how they provide care. In yet another entry on the laundry list of Obamacare's unintended consequences, this regulation will hurt patients by dissuading doctors from participating in exchange plans.

In short: less choice, higher prices, increased potential for fraud, more bureaucratic headaches and more disincentives to enter or stay in the medical profession. When the government grants "grace," everyone must watch their wallets. It's always easy to afford compassion when someone else is paying for it.

Michelle Malkin is the author of "Culture of Corruption: Obama and his Team of Tax Cheats, Crooks and Cronies" (Regnery 2010). Her e-mail address is malkinblog@gmail.com.

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