ACA: Government Says 'Show Us The Money'

News
2.05.13

Sheldon Blumling, a partner in the Irvine office and a member of the firm's Employee Benefits Practice Group, was quoted in two separate articles about the Affordable Care Act (ACA) on *HR.BLR.com*. The February 5 article "ACA: Government Says 'Show Us The Money'" reported on where the funding for universal healthcare coverage under the ACA will come from. Sheldon said: "Now we're starting to get a clearer picture of where the money is going to come from to pay for healthcare coverage. For the first time, the Medicare tax will also be applied to investment income of $200,000 and over per year, at the rate of 3.8 percent, which is the same total tax for Medicare as employers and employees together pay. And notice the reason for capping FSA contributions: Such savings are not taxable, and the government wants to recoup some of that tax revenue." He also noted: "The real ACA issue isn't healthcare reform; instead, it's healthcare financing reform. Reforming healthcare itself will have to wait until the Stage II version of the current law, at some point in the future. There's much more to be done."

In the article "Proposed Regs Detail 2014 Healthcare Reform Fees" Sheldon commented on proposed changes in regulations coming in 2014. He said: "The government is basically trying to raise the costs for younger [and presumably healthier] people to help support the older ones." Another funding target is so-called high-risk plan participants, since plans can no longer refuse to include people with pre-existing conditions. Some say the fees are designed to help stabilize premiums in the individual insurance market.

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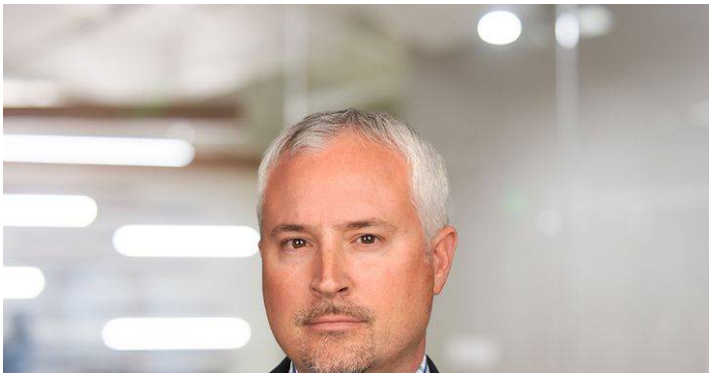

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