OK, so in this video, I am going to talk about the Affordable Care Act, a.k.a. the ACA, a.k.a. Obamacare. It is one and the same, and this is health care reform. This is what President Obama and Congress-- albeit the Democrats in Congress-- came up in answer to a lot of the problems that existed in health care. The high cost-- if you watched my video on the private insurance and how insurance works-- the issue of having to go through underwriting, and people being sick and not being able to get insurance. The issue of it being cost-prohibitive, and so forth, people who didn't have employment, couldn't get any care, whether it's Medicaid, which is for the poor-- it wasn't for all the poor-- so we had a problem in health care. We had 50 million people who were uninsured, and costs kept going up, and people who were uninsured were going to the emergency room, and guess who was paying for it? Those of us with insurance.

So the Affordable Care Act was passed in March 2010. What does the ACA do? It requires employers with over 200 employees to offer health insurance. It turns out, by the way, almost 85% of employers with employees numbering over 200 already did offer. So, in that way, it levels the playing field, so that there's equal competition across. So it requires employer-based coverage. It expands Medicaid, which is the government insurance for the poor, which used to be only for poor women and children. And now, under the ACA, it is for poor people, male, female, with children, without children. Although, it does depend on what state you're in. And the other thing that the health care reform did, the one that will probably touch most of you the most, if you don't get insurance through your employer, is it made changes to the individual marketplace.

If you remember my discussion in the video on how insurance works, and the issue of buying insurance on your own, when you're not in a risk pool based on your employment, is you have to go through underwriting. And you get a risk assessment, and insurers then decide if they're going to insure you or not. Well, health care reform basically says, insurance companies, you have to cover everybody. You can't do underwriting and say yes or no. You must cover everybody. Well, what does that mean for insurance companies? Now, what I think of here is a three-legged stool. And I'm going to say the individual marketplace for health insurance is a three-legged stool, and it's a stool that keeps it together, for an insurance company and for everybody.

So the insurance company does underwriting. They can get healthy people. They can afford it. But if they can't do underwriting, who's going to buy insurance? Everybody who was sick, who couldn't buy insurance before, are going to run to buy insurance. And what's going to happen to the costs? The costs are going to go up. And so, you need to give them a risk pool. So let me explain this in a different way. I said in a earlier video that 26-year-old men paid much less than 26-year-old woman have to pay in health care coverage. Why? Because women get pregnant. Never mind that the men are the ones that got them pregnant, but we won't even talk about that. California, four years ago, maybe five years ago now, passed a law that says, health insurance companies, you can't treat men and women differently. So what happened? So here's how much 26-year-old men cost. I don't know, $100 a month. Here's how much 26-year-old women cost. $300 a month? Remember, they get pregnant. We have to pay more, in case they get pregnant. So the California state says, you can't charge them different amounts. What should I do with my hands? Do the women pay less? No, because insurance companies have to cover their costs. So the men will pay more. Yeah, the women might come down a little bit. But, basically, what happens under that law is the men have to pay more to subsidize the women and bring them down. That's what risk pools do. The healthy subsidize the sick, because the sick don't pay with their full costs. They pay a little less than their full costs, and the healthy pay for it. But you know what? One day, the healthy might be sick. So the idea is, we have to create a risk pool.

So if we tell insurance companies, you have to cover everybody, then the insurance companies are going to say, well, if we can't do underwriting, you need to make sure that we get healthy people as well as the sick people. We know the sick will come, but you need to give us the healthy. You need to give us men and women, you can't just give us one. You need to give us young. You need to give us old. You need to make everybody buy insurance. If you don't make people buy insurance, who's going to buy insurance? The sick people. So what you have to do, if you're going to require no underwriting, is you're going to have to give the health plan a good risk pool, or health plans will go out of business. If they don't give them the healthy, and you only give them the sick, they charge more. So the somewhat sick people, they're sick, they're not healthy, but they're not as sick as the real sick. They leave, and then the price goes up more. And then, those who are actually sicker can't afford it, they leave, and it keeps spiraling out of control, and the whole insurance market fails. So in order to make a no-underwriting world, where everybody can get insurance, you need to have everybody in the plan so insurance companies can survive.

Well, if you're going to make everybody buy insurance, you better help people buy insurance. And when I say help, it's not just financially help, which you do need to do-- you can't tell someone who barely has enough food to eat they have to buy insurance, without giving them some help to buy the insurance-- but you also have to give them technical help. You have to explain to them what a PPO, is what a HMO is, what an indemnity plan, if it were to exist, is, what a health savings account is, what Medicare is, what Medicaid is. You have to explain that.

So when I say there's a three legged stool, the first leg is getting rid of underwriting. Therefore, you need the other two legs, or the stool collapses. And the other leg is requiring everybody in. Mandating the purchase of insurance. And the third leg goes hand in hand with the second. You can't mandate insurance unless you help people get insurance. Leg number three are these health insurance exchanges. We call them Covered California here in California. It's called healthcare.gov in many states across the country, depending on whether or not the federal government built it or the state built it. And these exchanges are where you go to get information on how to get health care-- because you are mandated to get health care-- and, if you qualify, if you earn less than 400,000-- 400%, I'm sorry-- if you earn less than 400% of the federal poverty level, which is about $40,000 for an individual, then the government will help you pay for the insurance. So what does this mean to you? This means that you have to buy insurance. Where do you get insurance? Well, if you work for an employer that has a lot of employees, then you may get it through work. And the work, they have to give it to you. If your employer has more than 200 employees, they must give you health insurance. If they have more than 50 employees and less than 200, they're encouraged to give it, and, in fact, if they don't give you insurance, they have to pay a penalty. But they may or may not. That's up to them, if it's better for them to pay the penalty. But if you don't get it from work, you then have other ways of getting it.

One other way that's through the employer is, if you don't work, but you're under 26, your parents can keep you on their insurance if their insurance has dependent care. So you can get it through your parents if you're under 26. You can get it through your employer, if your employer offers it and they have the choice, until they have 200 employees. After 200 they must. You can get it on Medicaid if you earn less than $11,700 an individual, $40,000 for a family. It depends on what state your in and what your income level is. And the Health Exchange, Covered California or healthcare.gov, will help you figure that out. So what do you do? You go to coveredcalifornia.gov, or you go to healthcare.gov. coveredcalifornia.gov, by the way, is only for California residents. Different states have different. But you go to healthcare.gov, and it will tell you where to go. And you put in your zip code. You put in how much you earn, how much you earned last year. You anticipate how much you're going to earn. They do a calculation of what plans are in your area and whether or not you qualify for Medicaid, meaning you don't earn enough to buy your own plan. Or if you earn enough to buy your own plan, but you also still qualify for a subsidy, they will figure out how much a plan costs you with the subsidy. Then, you get a choice of what kind of plan.

Well, I've talked in the other videos about managed care plans, about PPO plans, about health savings accounts with high-deductible health plans. These are all options that you would get. They call it different things. In California we have-- in fact, I think in most of the country-- they call them by different metals. You can get the platinum plan, or the gold plan, or the silver plan, or the bronze plan. And all these are is looking at the same old question I've mentioned in every video. How much do you want to spend up front to protect yourself and have good insurance, versus how much do you want to save and only use if you need it.

So if you're really, really sick, you probably want to pay up front and go to the doctor and never think about it. Don't worry about deductibles, don't worry about co-insurance. But, if you're really healthy, why do you want to pay a premium to a health plan where they can save your money and you never go to the doctor? In that case, you may want to pay less in a premium, but have a higher deductible and have more co-payments. This is a calculation that you have to make. I know that kaiserfamilyfoundation.org has a calculator that helps you put in some information to figure out what might be best for you. This is not an easy process, to think about where it's best to pay for costs. I personally prefer having more insurance and not worrying about it, but I can't afford it if something happens. I'm not going to go bankrupt. I'm not going to lose my house. I'm not going to get hit by a $10,000 deductible and be surprised. So it depends on your situation.

I know that I helped my sister, when she just got newly employed, to pick between a plan, and she had a choice of a 0 premium, nothing came out of her paycheck, but she had a $500 deductible. Now, $500 for her was a lot of money, but she didn't have to pay anything out of the premium. And so, we decided that, if she didn't go to any doctor and didn't touch her deductible for five months, four months, even-- I think it was actually four months-- she would have made more than the deductible, so it was better to have a zero premium. You need to think about your cash flow issues. You need to think about whether or not you're put off going to the doctor and you need to go to the doctor. You need to think about what risks you take. Do you heli-ski? Do you go jumping off of rocks? Do you surf? Or are you very cautious, do you exercise? It depends on where you want to spend this money. Upfront in a premium, higher premium, low everyday costs, or lower premium, higher everyday costs. So the big question is, should you get insurance, or should you pay the penalty? Now, me, with my political beliefs and where I come from, I think we should all be in this together, and we should all have insurance, and you need to be insured. You don't know what's going to hit you, and one day, you're the one that's going to be sick and need the insurance. However, the penalty, which only hits once a year at tax paying season, is 2% of your salary or $625, whichever is more.

As I said, I think there's a moral question about this. Are you part of this society? There's a question of risk, but there is also the question of your bank account. If you are very young and healthy, then it may be best to not pay for insurance, to be hit by the penalty-- because you should have insurance-- but, financially, that may not equal out. But you don't know. And, again, it is all about taking risk. And if you are young and healthy, then my guess is, you are doing fun things. You're going river rafting, or whatever, and if you don't have insurance, then you know what? You might lose your savings. You might lose your car. You might lose your stereo. Whatever you have. So, again, it's part of making a calculation that works for you. My advice to you is, get covered. Go to healthcare.gov. Think about whether you want a managed care plan, a PPO, or a health savings account. Make a decision as to whether or not you would rather pay monthly out of your check pretax dollars-- you'll get a subsidy, if you can afford it-- or if you would rather pay a little bit, and hope that you stay healthy and don't need to use your insurance. Thank you.