Beware of “Health Benefit Plans”

A new law in Iowa allows “health benefit plans” that don’t meet federal insurance requirements.

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Attention anyone with a preexisting condition: Keep an eye on Iowa. Republicans there have just passed a health care law that dodges the requirements of the federal Affordable Care Act (ACA, or Obamacare).

The law allows the Iowa Farm Bureau to sell health care coverage that is not called “insurance”—instead, it is labeled as “health benefit plans.” As such, these plans don’t have to comply with state and federal regulations, such as those affecting people who have preexisting medical conditions.

In fact, the Iowa law states that benefit plans sponsored by a nonprofit agricultural organization will not be considered insurance.

Needless to say, these plans will not be sold on the Iowa ACA marketplace, which now includes only one insurance option—and that insurer says it will sue over the new law.

Remember that the big tax bill passed by Congress and the Trump administration did away with the penalty for not having health insurance. (Obamacare included the individual mandate that everyone must have health insurance or pay a fine. This meant that, theoretically, all Americans, regardless of health status, would share health care costs.)

Advocates worry that the Iowa law and the end of the individual mandate are taking us back to the pre-ACA days, when healthy people had substandard coverage and insurance companies discriminated against those who actually needed health insurance.

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