

Testimony of Jason Falls
For the Committee on Oversight and Government Reform
Hearings on the Affordable Care Act
Gastonia, NC 22 November 2013

Good morning Mr. Chairman and members of the Committee. My name is Jason Falls and I am a licensed insurance professional in North Carolina. My purpose for testifying before you today is to share my understanding of how the Affordable Care Act is impacting individuals in our communities. In my role as an insurance professional I discuss this impact almost daily.

Residents of North Carolina are currently seeing commercials for Healthcare.gov. They have heard our President state that this website and the Affordable Care Act will reduce their premiums and improve their coverage. They have also seen a failed rollout of the website and the Administration making changes to the law on a regular basis. These actions have caused confusion and concern by many, especially those with serious medical issues or higher premiums. I have met with some that have opted to wait out 2014 and elect to pay the penalties, leaving them uninsured and vulnerable to financial ruin if they have medical needs.

While the President's words on November 14, 2013 gave a glimmer of hope to some, those individuals covered under the State and Federal High Risk Pools (known as Inclusive Health) received notification that their coverage would cease on December 31 as planned. Under her current coverage with Inclusive Health, Tina from Shelby pays a co-pay of \$250/month for a medication. Without the medication her quality of life would be deeply diminished and could be life threatening. Under the new plans offered under ACA guidelines she would pay 25% of the retail cost of that medication which is currently \$28,000/year, leaving her with a bill for one prescription of nearly \$600/month. That is in addition to her increased premiums.

In NC, people making less than the poverty level or more than four times the poverty level do not qualify for the subsidies that are supposed to make

premiums for the new plans under ObamaCare affordable. Lisa and Wayne have seen firsthand how ObamaCare will impact them when they ran the numbers. Wayne is covered under Medicare because of serious medical issues, including organ transplants and was being checked for cancer at Duke Medical this past Wednesday. His condition requires them to be at Duke often, so it's hard for Lisa to have a full time job. They make things work on just \$9,000/year, with the help of family, friends and prayer. But that income is lower than the minimum of \$15,510 required for a family of two to be eligible for subsidies. Without those subsidies, she can't afford coverage and is not eligible for Medicaid or any other coverage. She can't afford to cover herself under the new ACA compliant plans, which are much higher than the plans offered in 2013. The answer from Healthcare.gov when I called them about her situation...she will not have to pay the penalty.

Others that see the true cost of the insurance plans question the stability of the program and if the subsidies will continue in the future. It is an understandable question when you see potential subsidies of \$1,000/month or more. They realize that when they are faced with decreased or eliminated subsidies, they will be responsible for 100% of the cost of plans that in some cases provide coverage to them that may be unnecessary. Maternity coverage for all may sound good on the surface, but try explaining it to someone that has tried for years to have children, then to be told by doctors that they have a 0% chance of getting pregnant. Forced maternity coverage is a painful reminder and insult to their emotions and their pocketbook.

Individuals that historically have had catastrophic coverage for themselves as a way to reduce premiums and "pay as you go" for routine medical bills are some of the hardest hit. They may not qualify for the subsidies and see significant increases in their premiums. Because of required coverage changes they could be faced with premiums that have doubled and really not want the forced coverage of the new plans.

In meeting with small businesses in our area to discuss how they are coping with the Affordable Care Act I have found that many have developed strategies that contradict what the Administration has advertised. Several restaurants I have met with have cancelled their employer sponsored health insurance and will reduce the number of hours of their workers to avoid mandates. The employees are finding that coverage, even with the subsidies, are higher than the employer plan they were covered on.

Several small proprietors have looked at the subsidy income requirements and will plan their business around those levels. One small business in Shelby, NC had a Modified Adjusted Gross Income last year of \$64,000 and were hoping to expand business next year. The owners, husband and wife, now will limit their production and sales to under \$62,000 in order to try to qualify for subsidies (which in their case are larger than the proposed planned loss of business).

As an insurance professional, I am concerned when someone chooses to “ride it out” without coverage. Some will because of the higher premiums or confusion of the implementation of the ACA. Others may opt out of disdain of a government that forces individuals to purchase a product that the government designs, under threat of a financial penalty. For those that choose to “ride it out”, the real risk is the fact that the ACA forces you to make a choice by a deadline...this year, March 31. If you “opt out” you cannot buy coverage later in the year without a qualifying event. So, if I choose no coverage now and develop a medical condition during the year from an accident or disease... I run the risk of financial ruin for my family. The potential is far worse than the option the President touts... just pay the penalty if you don't want the coverage.

As an agent and resource for my clients and community, I will continue to help them understand how these changes impact their families. Just as I have for the past 14 years, I will explain coverage and work to find the best price I can for them.

As someone with intimate knowledge of my industry, and as an American, I have serious concerns about “ObamaCare”. Many of those making less than the poverty level already receive some level of government assistance. Now, those making up to four times the Federal Poverty Level will be receiving government assistance in the form of subsidies. The average incomes of many counties surrounding this hearing today are well within those income levels, meaning that they potentially will receive those government subsidies. What happens when Congress decides to work on our National debt, and the target is put on those subsidies?

My purpose here today was to tell the story of my friends and neighbors. They are confused, concerned, mad and fed up. We can’t see the relationship between the value of the new plans and the dollars it takes from our families’ budget. For those Committee Members that understand these challenges, I thank you. For those that don’t, I invite you to spend a day with me as I visit with individuals and small businesses to see for yourself their concerns.

I want to thank you for coming to our Great State... this is where the rubber meets the road, at our dinner tables and water coolers... our churches and our schools. I especially want to thank Chairman Issa for his leadership on the committee and our North Carolina Representatives that serve on this important Committee, Congressman Patrick McHenry and Congressman Mark Meadows, both men are strong advocates for the residents of the State of North Carolina.

Mr. Chairman and Committee Members, thank you for your time today.



Jason Falls

Jason Falls is a licensed insurance professional, licensed auctioneer and currently serves as the Vice-Chairman of the Board of Commissioners for Cleveland County, NC. He is seen as a resource for information on the insurance industry for many individuals, businesses, non-profits and governmental agencies.

Mr. Falls has been an insurance professional for over 14 years, during which he has received many industry and company awards. He also served as President of the local Chapter of the Association of Insurance and Professional Advisors. He has served in the capacity of agent, agency manager and agency owner.

Jason Falls is active in his community, serving on many boards and committees, including:

- Vice-Chairman, Board of Commissioners
- Cleveland County Board of Social Services
- Cleveland County Veterans` Council
- Juvenile Crime Prevention Council
- Cleveland County Commission for Women
- Employee Productivity Committee
- Nursing Home Advisory Committee
- NACo Community and Economic Development Steering Committee
- Cleveland County Library Board
- Past Chair, Pathways (Mental Health, Substance Abuse and Developmentally Disabled Area Authority for a 3 County Region)
- Sherriff's School Safety Committee
- Cleveland County School's Adequate Facilities Committee
- And various other positions for non-profit organizations

Jason Falls is married to his wife, Nancy, for over 23 years and they have two children. He received an Honorable Discharge from the United States Air Force and a Business Degree from Cleveland Community College. He is active in his church and is an ordained deacon.

In his capacity as County Commissioner, he has not voted to increase taxes or fees on County residents and has found cost savings in programs that resulted in improved services and lower government spending. Mr. Falls has focused on building the tax base by increasing opportunities for retail sales and supporting the manufacturing and service industries.

Committee on Oversight and Government Reform
Witness Disclosure Requirement – "Truth in Testimony"
Required by House Rule XI, Clause 2(g)(5)

Name: _____

1. Please list any federal grants or contracts (including subgrants or subcontracts) you have received since October 1, 2011. Include the source and amount of each grant or contract.

- NONE -

2. Please list any entity you are testifying on behalf of and briefly describe your relationship with these entities.

I will be testifying based on my personal experiences as an independent insurance agent.

3. Please list any federal grants or contracts (including subgrants or subcontracts) received since October 1, 2010, by the entity(ies) you listed above. Include the source and amount of each grant or contract.

- NONE -

I certify that the above information is true and correct.

Signature: _____

Jason Falls

Date: _____

11/20/2013