

Debunking Myths on Funding Firewalls and Healthcare Reform

Question: Does Healthcare Reform Actually Provide Federal Funding for Abortion?

Answer: No.

During final debate on the floor of the U.S. House of Representatives, Rep. Joseph Pitts (R-PA), called the healthcare reform bill “pro-abortion” and claimed it would actually provide federal funds to pay for abortions. Statements by other members of Congress and anti-choice groups such as the National Right to Life Committee, Americans United for Life, and the Susan B. Anthony group continue to mislead the public by claiming that the Act requires federal agencies to subsidize abortion services.

Nothing could be further from the truth. Restrictions on abortion services coverage in the Patient Protection and Affordable Care Act of 2010 (the healthcare reform bill) employ commonly accepted accounting practices to establish firewalls that **keep federal funds separate from money used to pay for abortion services.**

Anti-choice legislators and commentators argue that the provisions do not represent a true firewall; instead, their argue that the bill’s provisions are merely accounting gimmicks that mask a policy of providing federal funds for abortion.

This isn’t just wrong on the facts, it’s backwards.

By inserting stigmatizing payment and onerous accounting procedures into the private insurance market, the provisions in the Act actually threaten to turn back the clock on access to abortion care for millions of women and families, because market incentives will likely make it more cost-effective for insurance companies to stop offering abortion coverage altogether, rather than comply with the requirements.

Below are the reasons why healthcare reform does not include federal funding for abortion:

1. The Patient Protection and Affordable Care Act creates accounting firewalls that segregate federal dollars from private money used for abortion coverage.

- a. *The Act prohibits insurance companies from using federal health care subsidies to pay for abortion services restricted by Hyde.*

If an insurance company operating in the exchanges offers a health plan that provides abortion coverage, the provider cannot use “any amount attributable” to the federal subsidies created by the bill to pay for abortion services.

- b. *The Act requires insurers to set up distinct accounts to maintain a firewall between federal funds and private dollars designated for abortion coverage.*

If a plan covers abortion services, the insurer must collect the actuarial value of the abortion coverage from enrollees, and these funds must be deposited into a separate account that insurers must use when paying out for covered abortion services. Subsidy dollars received from the federal government and the remaining premium payments from policyholders must be maintained separately and cannot be accessed to pay for abortion services covered by a plan.

- c. *Going even further, the Act requires separate premium payments so that private payments for abortion coverage are kept separate from private payments that have been reduced by federal subsidies.*

The Act requires all enrollees in an insurance plan that covers abortion to make two separate payments – an initial payment that covers the bulk of the policy, and a completely separate payment to purchase coverage for abortion care beyond cases of rape, incest or a threat to the life of the pregnant women. Because these payments do not actually involve federal dollars, and providers can segregate funds once they receive them, this additional requirement is actually a stigmatizing procedural gimmick, rather than a true funding firewall.

2. Accounting firewalls are part of basic federal policy and are commonly used throughout the public and private spheres to segregate funds. For example:

- a. *Maintaining the separation of church and state* – Religious organizations receive federal funding to run numerous social programs such as food banks, substance abuse counseling, after-school programs for troubled youth, and veterans services. These groups, including the Catholic Church, are required to place federal funds in a separate account from non-federal funds so that none of the federal money is used to subsidize religious activities like worship, religious instruction, and proselytizing.
- b. *Separating state Medicaid funding for abortion services from federal Medicaid funding* – 17 states currently use state dollars to pay for all or most medically necessary abortions while accepting federal Medicaid funds for other purposes. Because no federal Medicaid funds can be used to pay for abortion services beyond the narrow circumstances allowed by federal law, states must keep federal Medicaid funds and state Medicaid funds separate by employing accounting firewalls.
- c. *Health insurance companies routinely separate policies and funding* – While the pro-life organization Focus on the Family does not provide its employees with abortion coverage, the health

insurance company it uses, Principal, covers abortion in healthcare plans offered to its other clients. The Republican National Committee similarly reportedly paid for a health plan that offers abortion coverage to other plan enrollees.

- d. *Non-profit organizations must separate lobbying and electioneering funds* – Non-profit organizations often contain both 501(c)(3) and (c)(4) arms, which have different restrictions on lobbying and electioneering activities. The 501(c)(3) entities are forbidden from using tax-exempt donations to influence elections, unlike 501(c)(4)s, which can do a limited amount of electioneering under certain circumstances.

These common examples in which organizations and government entities use segregated funds demonstrate that the firewalls established by healthcare reform bill follow long-standing practices that keep federal subsidies separate from private dollars used to pay for abortion coverage.

But Why Is Abortion Funding Singled Out?

Federal funding restrictions for abortion services remain the product of stigma and discrimination. Women have a constitutional right to abortion, but in this area of federal policy, Members of Congress have managed to impose their personal beliefs in a manner that denies women the ability to access this right.

Our tax dollars fund innumerable policies and programs that are objectionable to taxpayers – such as torture, extraordinary rendition, and the detention facility at Guantanamo, to name a few – but in no other context are personal objections allowed to veto federal spending. (For more on the hypocrisy of the Hyde Amendment, see <http://reproductiverights.org/en/feature/no-abortion-ban>).

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