



Federal Health Care Reform 2009

What's At Stake for Working People?

Overview of Process in Congress So Far:

- Three House Committees have acted: Education and Workforce, Ways and Means, Energy and Commerce.
- One Senate Committee has acted: Health, Education, Labor and Pensions—that product is the most ambitious and far reaching bill among the drafts.
- The Senate Finance Committee recently passed legislation out of committee. At that moment, it was the first time in decades all Congressional authorizing committees had acted, paving the way for comprehensive health care reform.

What Comes Next:

- Product of the three House Committees will be combined into one bill that must be voted upon by the House of Representatives.
- On the Senate side, one bill will be put together for the Senate to vote on. Currently the Senate Finance Committee is marking up their bill.
- GOAL: A bill must pass both the House and the Senate so we can get to Conference Committee. Conference committee negotiations will be a critical time to impact final legislation.

There is much confusion about what is in proposed legislation. Unfortunately, there is also much misinformation being spread through email, on the internet, through talk radio and other media. Missouri Jobs with Justice provides this information to equip our leaders and member organizations in answering questions and leading our organizations and congregations during this historic time of social change. Jobs with Justice staff and leaders are available to make presentations, facilitate discussions and support our leaders and member organizations in working for a just health care system.

Understanding the Proposals in Congress

Proposed legislation includes security for working people. Health insurance will become more affordable, more portable and coverage will be guaranteed. (Proposals are changing rapidly, almost daily right now. For updated information go to www.stl-jwj.org/getmohealthfacts.) Current proposals reflect a commitment to make significant changes in health policy, including:

1. **Health Insurance Reforms** that will change how private insurance companies offer their plans. These changes are designed to guarantee access to health insurance and control our health care costs.
 - Prohibiting private insurance companies from turning down individuals because of pre-existing medical conditions
 - Stopping insurance companies from charging higher premiums because of pre-existing conditions or gender. Proposals also limit whether insurance companies can charge higher premiums because of our age or because of where we live.
 - Requiring insurance companies to spend a minimum amount of the money they receive from the payment of premiums on actual health care.
 - Requiring health insurance plans to have annual out of pocket spending caps for consumers.

2. **The creation of a “Health Insurance Exchange”** where we can purchase health insurance. The new insurance company rules would be required of companies offering plans in the exchange.
- The exchange will be for individuals and small businesses who are not covered by their employers, and will not replace our negotiated benefits.

3. **Providing Affordable Health Insurance Coverage to More People**

- Providing **coverage to more low income working families and individuals**. Proposals seek to expanding state health insurance (Medicaid) programs to individuals with incomes up to as much as 133 percent of Federal Poverty Level. This **will cover an estimated 11 million** uninsured individuals from working families.

	133%
1	\$1,200
2	\$1,615
3	\$2,029
4	\$2,444
5	\$2,858
Monthly income	

- Implementing a **sliding scale with premium subsidies for people purchasing insurance through the exchange**. This would help make insurance affordable for lower and middle income families. This will also help part time workers.
 - Premium subsidies could be available to families up to 400% of poverty level if their health care premiums costs exceed 12% of their income.
 - Lower income working families would get help if their premium costs are more than 1-3% of their income.

1	\$43,320
2	\$58,280
3	\$73,240
4	\$88,200
Yearly income	

4. **Providing assistance to small business to purchase insurance**, mostly in the form of tax credits. In addition, small businesses will also benefit from the more affordable coverage available in the exchange, regardless of health status of employees.
- One-third of the uninsured, 13 million people, work for businesses with fewer than 100 workers.

5. **Strengthening Medicare for seniors and people with disabilities**

- Making prescription drug coverage more affordable – House proposals would eliminate or significantly reduce the Part D “doughnut hole”.
- Preventive services would be easier to obtain and afford under Medicare because they would not be subject to co-pays or deductibles.
- Phasing in a change in payments to Medicare Advantage plans. Currently, MA plans are paid 14-20% more than regular Medicare reimbursement rates. The proposal is to gradually reduce their payments until they equal the cost of “Original Medicare” benefit rates.
- Improving Medicare payments to doctors, especially primary care doctors and those in communities with few providers.

6. **Creating a public insurance plan with standard benefits and costs to compete with private insurance companies.**

- This is in the House bills and one Senate bill, but not likely to be in the Senate Finance Committee bill.
- We currently have several good public insurance programs—Medicare, the Veterans Health System and Medicaid.
- The proposal is to create a non-profit, public health insurance plan that will be one choice in the insurance Exchange—a publicly administered health insurance plan that anyone shopping in the Exchange can purchase. The goal is to create a plan with good benefits and fair policies that can be built and improved upon like Medicare has provided health care coverage to people over 65 since it was created in 1965.

Public insurance plan, continued . . .

- The proposed public health insurance plans are paid for by charging competitive premiums. The Congressional Budget Office (CBO) **found that the public plans, if included, would save taxpayers between \$25 billion and \$110 billion over ten years.** The public plan proposals do not add to the cost of the bills.

Current Areas of Concern:

Financing: Labor organizations strongly oppose one of the funding mechanisms included in the Senate Finance Committee bill. Other progressive organizations also prefer a progressive tax, which is in the House proposal.

The Senate Finance Committee Proposal includes imposing an excise tax in 2013 on insurers of employer-sponsored health plans with aggregate values that exceed \$8,000 for individual coverage and \$21,000 for family coverage

- These threshold values will be indexed to the consumer price index for urban consumers, and the threshold amounts will be increased for retired individuals age 55 and up and for employees in high-risk professions.
- In the 17 states with the highest health care costs, the threshold amount is increased by 20% initially and subsequently reduced by half each year until it is phased out in 2015.
- The tax is equal to 40% of the value of the plan that exceeds the threshold amounts and is imposed on the issuer of the health insurance policy, which in the case of a self-insured plan is the plan administrator or, in some cases, the employer.
- The aggregate value of the plan includes reimbursements under health FSA accounts, HRA's, employer contributions to HSA's, and dental, vision, and other supplementary coverage.

Public Option: Including a non-profit publicly administered health insurance plan as one choice in the health insurance "Exchange". Community, faith and labor groups have called for choices between public health insurance plans and private plans. However, the insurance industry and other political foes are spending millions of dollars to oppose the creation of any public plan, and no meaningful public option is in the Senate Finance Committee proposal.

- The Senate Finance Committee bill may include an amendment offered by Sen. Maria Cantwell (D-WA) to create a state health program for people between 133% and 200% of FPL. (More than 2/3 of the uninsured are in families with incomes below 200% of FPL).
- On the House side, the CBO's preliminary estimates establish that a public plan option would save taxpayers between \$25 billion and \$110 billion over 10 years.
- One of the largest barriers to the public option is that many people don't understand it.

Affordability--Congressional proposals vary considerably in whether they assure working people *affordable* health coverage and whether they protect us from significant out of pocket costs. It's important to influence legislation to ensure:

- Premium costs are controlled, including limiting how much an insurer can charge in premiums based on our age, where we live and other factors.
- There are firm caps on annual out of pocket expenses. All families should be protected from "underinsurance" which occurs when we must pay more than 5 to 10% of our incomes on health care costs.
- Premium subsidies and out of pocket spending caps are essential.
- The benefits package must be comprehensive so that we have adequate coverage of medical expenses when we get sick.