



# Help Is ON THE Way

## 12 REASONS TO EMBRACE HEALTH REFORM

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As discussion of health reform continues on Capitol Hill, the fate of reform lies in the hands of Congress. Moving health reform forward is vital to the health and economic well-being of American families, businesses, and the economy. Through health reform, coverage will be made more affordable for businesses and families, millions of the uninsured will gain coverage, and rapidly rising health care costs will be brought under control. These measures will improve the lives of millions of Americans and give us all the peace of mind that comes with knowing that we have health coverage no matter what.

The consequences of inaction are simply too great. Congress must act swiftly to pass legislation and move the United States down the path toward achieving high-quality, affordable health coverage for all Americans.

Health reform will:

1. Guarantee that every American has access to high-quality health coverage, regardless of age, gender, or health status.
2. Create a new, regulated marketplace where people can shop for the health insurance plan that best meets their needs.
3. Ensure that all Americans have access to stable, high-quality health coverage, no matter where they work.
4. Place limits on out-of-pocket costs so that Americans have real health security and peace of mind.
5. Hold insurance companies accountable for how premium dollars are spent, requiring that a majority of the money they collect is spent on patient care.
6. Clamp down on insurance company abuses, protecting consumers against losing their coverage when they need it most.
7. Provide sliding-scale subsidies to make health insurance premiums affordable for hard-working, middle-class families.
8. Extend much-needed relief to small businesses, easing the burden of high health care costs.
9. Protect access to health coverage for young adults by requiring that insurers allow all dependents to remain on their parents' plan through age 26.
10. Expand Medicaid to millions of low-income working families who currently fall through the cracks.
11. Improve Medicare by helping seniors and people with disabilities afford their drugs and preventive care, and by making Medicare fiscally secure.
12. Implement long overdue steps to invest in preventive care, improve the quality of health care overall, and curb unnecessary health care spending.

## **1** Guarantee that every American has access to high-quality health coverage, regardless of age, gender, or health status.

### **What health reform will do:**

- No American will be turned down for coverage by an insurance company because of pre-existing conditions, health status, gender, or age.
- In addition, insurers will not be allowed to charge higher premiums because of pre-existing conditions, health status, or gender. New limits will be set on how much premiums can vary by age group.

### **Why this change is needed:**

- In all but five states, most insurance companies in the individual market are free to deny coverage to applicants because of health problems, health risks, or age. And even when an individual can get coverage, the premiums are often exorbitant.

## **2** Create a new, regulated marketplace where people can shop for the health insurance plan that best meets their needs.

### **What health reform will do:**

- New regulated marketplaces called “exchanges” will provide consumers with a broad range of comprehensive insurance plans to choose from and a place to shop for the health insurance plan that best meets their needs.
- All insurers will be required to present health plan information in a clear, user-friendly format that allows consumers to understand plan terms and compare benefits and services across plans.

### **Why this change is needed:**

- Insurance markets are currently regulated by a hodgepodge of state and federal rules. In addition, there is little standardization across plans of the information that insurers must provide. This makes it difficult for consumers to understand exactly what is and is not covered and to compare other aspects of insurance plans.

## **3** Ensure that all Americans have access to stable, high-quality health coverage, no matter where they work.

### **What health reform will do:**

- Americans will no longer have to worry about whether losing a job or starting their own small business will leave them without health coverage. Those who do not have access to coverage through the workplace will be able to purchase coverage through the exchanges.
- Assistance will be available to help moderate-income families with the cost of premiums. This will be especially helpful for many who lose their jobs.

**Why this change is needed:**

- Many Americans make employment decisions based on health benefits. They may decide to stay in a job just to keep their health coverage, or they may decide not to start their own small business for fear that they won't be able to purchase coverage on their own. As a result, our labor market functions inefficiently.
- In our current system, where nearly two-thirds (61.9 percent) of non-elderly Americans receive their health coverage through the workplace, the loss of a job often results in the loss of health coverage.

## 4 Place limits on out-of-pocket costs so that Americans have real health security and peace of mind.

**What health reform will do:**

- The amount that anyone will have to pay out of pocket for health expenses each year will be capped.
- Lower- and moderate-income people will receive extra assistance with out-of-pocket costs.

**Why this change is needed:**

- Even when people have coverage, the high cost of health care can—and does—send millions of people into debt each year. In 2009, an estimated 14.3 million Americans *with insurance* were in families that spent more than 25 percent of their pre-tax income on health expenses.
- Nearly two-thirds (62.1 percent) of bankruptcies in 2007 were due, at least in part, to medical causes.

## 5 Hold insurance companies accountable for how premium dollars are spent, requiring that a majority of the money they collect is spent on patient care

**What health reform will do:**

- Health reform will require insurance companies to spend at least a certain share (80 or 85 percent, depending on the market) of their premium dollars on medical care. If insurers fail to do this, they will be required to provide refunds to consumers.

**Why this change is needed:**

- In the majority of states, there are no protections to ensure that consumers' premiums will be used for medical services rather than being pocketed by insurance companies for overhead costs such as administration, advertising, and profits.
- Without adequate consumer protections, insurance companies sometimes spend only 60 cents of every dollar on actual health care. As a result, hundreds of billions of dollars are spent each year on insurance company overhead.

## 6 Clamp down on insurance company abuses, protecting consumers against losing their coverage when they need it most.

### What health reform will do:

- Insurance companies will be prohibited from unfairly revoking or rescinding insurance coverage. Rescissions will be permitted *only* when there is clear and convincing evidence that an enrollee committed fraud, not when insurers simply want to avoid paying claims for enrollees who get sick.

### Why this change is needed:

- Our current system lacks adequate protections against insurers revoking an individual's health insurance policy or suddenly eliminating coverage for crucial health services long after the person has enrolled.

## 7 Provide sliding-scale subsidies to make health insurance premiums affordable for hard-working, middle-class families.

### What health reform will do:

- Sliding-scale subsidies will help hard-working, middle-class families afford health insurance premiums.

### Why this change is needed:

- Insurance premiums are rising quickly, making health coverage unaffordable for many families. For example, between 1999 and 2009, the average annual premium for job-based family coverage more than doubled, rising from \$5,791 to \$13,375.
- Today, middle-class, working families who are not eligible for Medicaid or Medicare do not receive any federal assistance to help them purchase insurance. As a result, millions go without the coverage and care that they need.

## 8 Extend much-needed relief to small businesses, easing the burden of high health care costs.

### What health reform will do:

- Tax credits will help small businesses with the high cost of premiums by covering up to 50 percent of the cost of health coverage for their employees.
- Small businesses will no longer have to seek coverage on their own. Instead, they will be able to purchase coverage through the exchanges and will benefit from the economies of scale that are created by purchasing in groups.

### Why this change is needed:

- Small businesses pay higher premiums than their larger counterparts: On average, small businesses pay 18 percent more for the same policy. As a result, many cannot afford to offer coverage. For example, among firms with fewer than 10 workers, less than half are able to offer health coverage.

- Due in large part to the high cost of health coverage, more than half of the uninsured—26 million Americans—are small business owners, employees, or their dependents.

## 9 Protect access to health coverage for young adults by requiring that insurers allow all dependents to remain on their parents' plan through age 26.

### What health reform will do:

- All young adults will be able to remain on their parents' or guardians' health insurance plan through age 26.

### Why this change is needed:

- Young adults face life transitions that often leave them without health coverage. For example, many job-based insurance policies require that young adults be in school full-time to remain on their parents' coverage. In addition, many policies limit eligibility for coverage to age 21 or 23.
- Young adults make up one of the largest segments of the uninsured. In fact, 45 percent of young adults between the ages of 19 and 29 went without health insurance at some point during 2009.

## 10 Expand Medicaid to millions of low-income working families who currently fall through the cracks.

### What health reform will do:

- The national floor for Medicaid eligibility will be set at 133 percent of the federal poverty level (\$24,352 for a family of three in 2009), expanding coverage to millions of Americans.

### Why this change is needed:

- Contrary to popular perception, the Medicaid program does not provide coverage for all low-income people. In fact, in 43 states, adults without dependent children cannot enroll in Medicaid, even if they are penniless.
- Only 16 states and the District of Columbia cover parents with incomes up to the poverty level. Nationally, the median eligibility level for parents is a mere 67 percent of poverty (\$12,268 for a family of three in 2009).
- Medicaid is designed to meet the health care needs of people with very low incomes. It has a comprehensive benefits package, strict limits on out-of-pocket costs, and strong consumer protections to make sure that people who can't otherwise afford health care get the care that they need.

## **11** Improve Medicare by helping seniors and people with disabilities afford their drugs and preventive care, and by making Medicare fiscally secure.

### **What health reform will do:**

- Starting in 2010, the so-called “doughnut hole” in the Medicare Part D prescription drug benefit will shrink until it disappears completely by 2020. In the meantime, anyone who falls into the doughnut hole will receive a 50 percent discount on brand-name drugs.
- Cost-sharing for preventive care in Medicare will be eliminated completely.
- Health reform will extend the Medicare trust fund by nearly a decade without any reductions in guaranteed benefits.

### **Why this change is needed:**

- The gap in Medicare Part D prescription drug coverage, the so-called “doughnut hole,” is currently \$3,610 and is projected to grow to almost \$6,000 by 2016. As a result, seniors and people with disabilities with significant drug costs cannot afford the medications that they need.
- Many preventive services in Medicare are subject to copayments of as much as 20 percent. Substantial cost-sharing discourages people from obtaining needed preventive care.
- Medicare’s trust fund is projected to have insufficient funds to pay full benefits by as early as 2017. By making needed changes now, health reform will prevent the need to make drastic benefit cuts in the future.

## **12** Implement long overdue steps to invest in preventive care, improve the quality of health care overall, and curb unnecessary health care spending.

### **What health reform will do:**

- A wide array of approaches will be tested that are designed to bring down costs, prevent errors, and improve the way that care is delivered.
- Doctors and patients will have better access to the information that they need to work together and decide on the most appropriate course of care.
- To improve the quality of care, doctors and hospitals that provide better-quality care and demonstrate improved health outcomes will be rewarded.

### **Why this change is needed:**

- Approximately 100,000 Americans die each year from medical errors that could have been prevented.
- An estimated \$700 billion dollars is spent annually on care that does not improve health.