

Overview of the Affordable Health Care for America Act

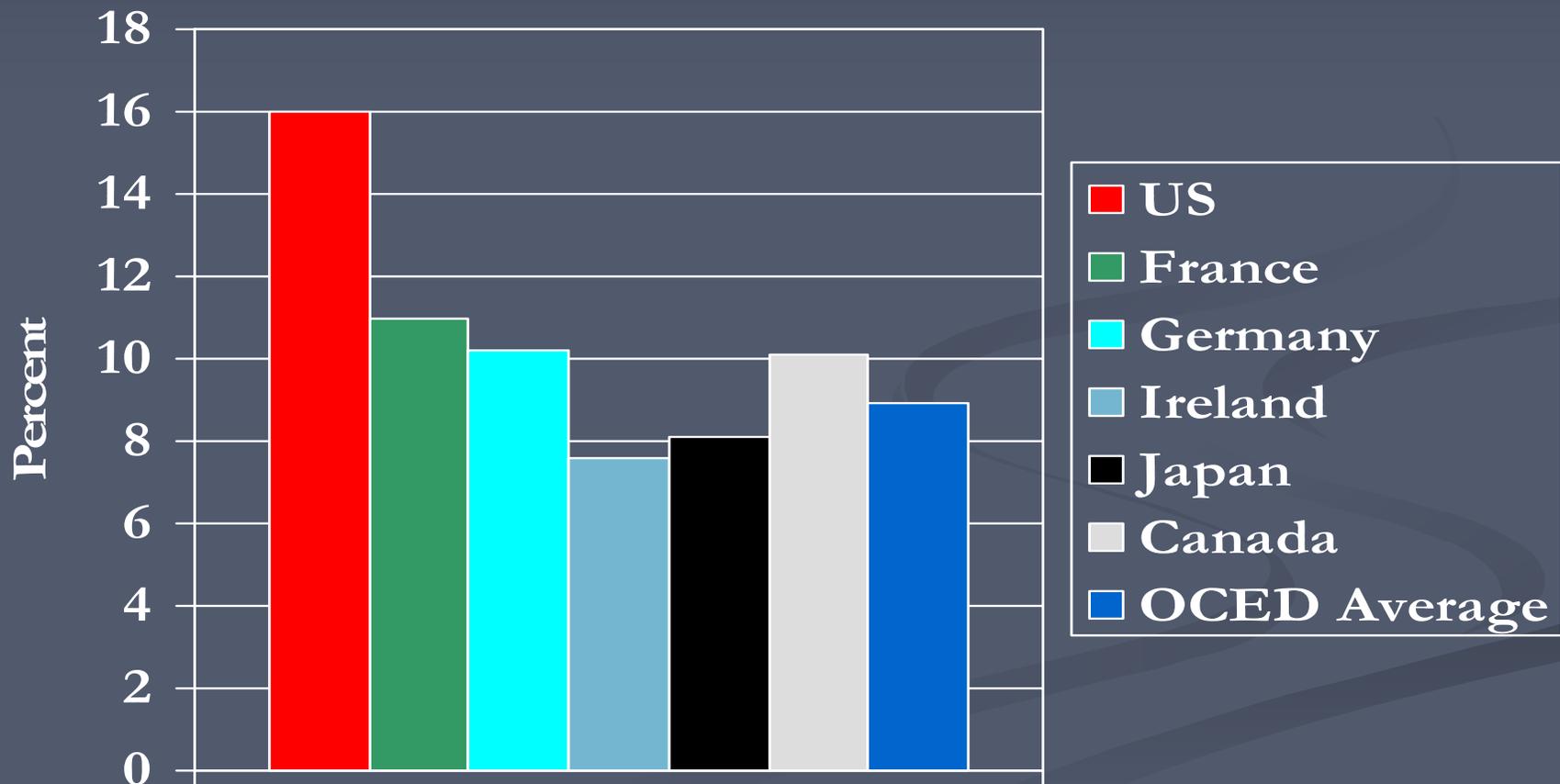


Rep. Robert C. “Bobby” Scott

**The Status Quo is
Unsustainable.**

Health Expenditure as Percentage of GDP

■ The US spends more on health care than any other nation. Even though we pay more, we get less. 15% uninsured, more underinsured, people who don't access health care because of lack of insurance and poor outcomes in terms of infant mortality, life expectancy and death due to preventable disease.



Prepared by the Office of Congressman Robert C. "Bobby" Scott
Source: OECD Health Data, 2009

Denial Based on Pre-existing Conditions

- In Virginia, premiums can vary based on demographic factors and health status, and coverage can be all together excluded based on pre-existing conditions.
- If you lose your job and current health insurance coverage and you have a pre-existing condition you may have trouble getting re-insured.
- Those with pre-existing conditions that have insurance often pay higher premiums.

Lack of Security:

Many Who Have Insurance May Lose It

- **Employee based coverage is declining:** The percent of Virginians with employer provided health insurance fell from 68% to 62% between 2000 and 2007.
- **Small Businesses cannot afford coverage for employees:** While small businesses make up 71% of Virginia businesses, only 48% of them offered health coverage benefits in 2006.
- **Americans are losing their health insurance at a rate of 14,000 Americans per day.**
- 46 million people in America have no health insurance today and millions more are underinsured.

We are Already Paying for the Uninsured

The costs of caring for the uninsured are shifted onto Americans families in terms of higher premiums – an additional \$1,017 annually.

It's Getting Worse

Although wages have increased at about the same rate as inflation, insurance premiums have more than doubled.

Cumulative Changes in Health Insurance Premiums, Inflation, and Workers' Earnings, 1999-2008



Note: Due to a change in methods, the cumulative changes in the average family premium are somewhat different from those reported in previous versions of the Kaiser/HRET Survey of Employer-Sponsored Health Benefits. See the Survey Design and Methods Section for more information, available at <http://www.kff.org/insurance/7790/index.cfm>.

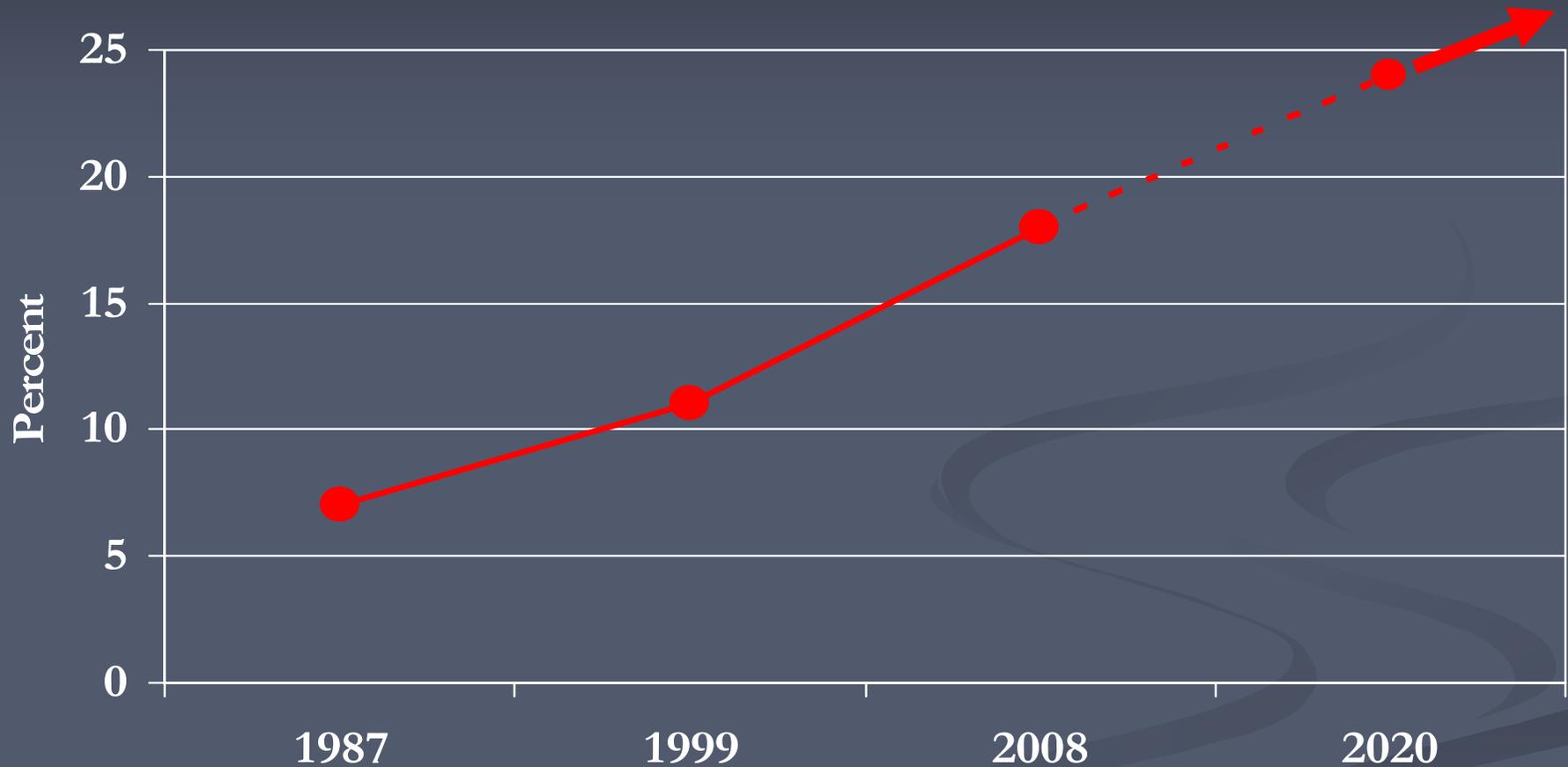
Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2000-2008. Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 2000-2008; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 2000-2008 (April to April).

- ◆ Health Insurance Premiums
- Workers' Earnings
- ▲ Overall Inflation



Since 1987, the cost of the average family health insurance policy has risen from 7% of median family income to 17% and is expected to reach 24% by 2020.

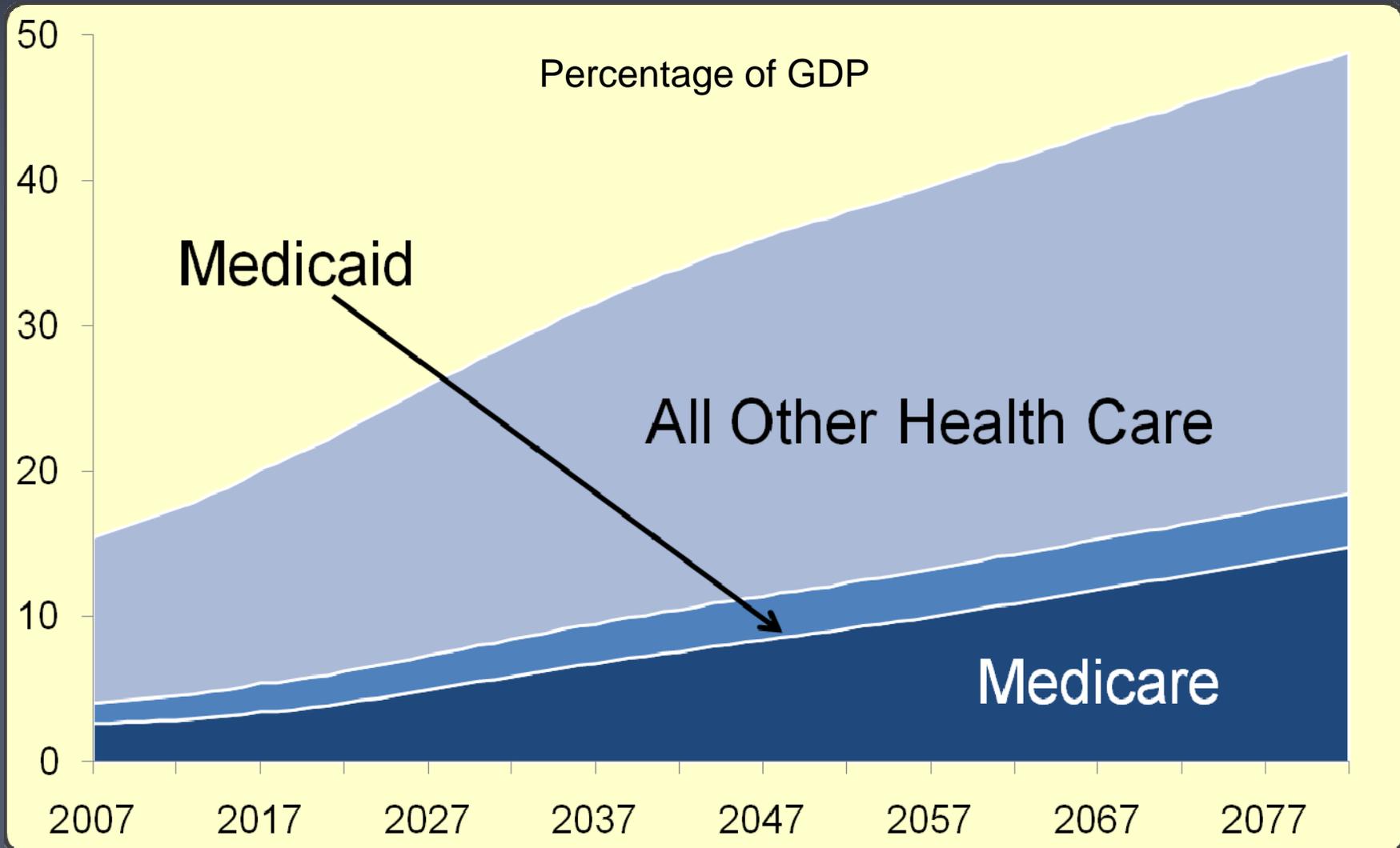
Average Family Premiums as Percentage of Income



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Sources: The Commonwealth Fund, *Paying the Price: How Health Insurance Premiums Are Eating Up Middle-Class Incomes--State Health Insurance Premium Trends and the Potential of National Reform* and Committee on Ways and Means.

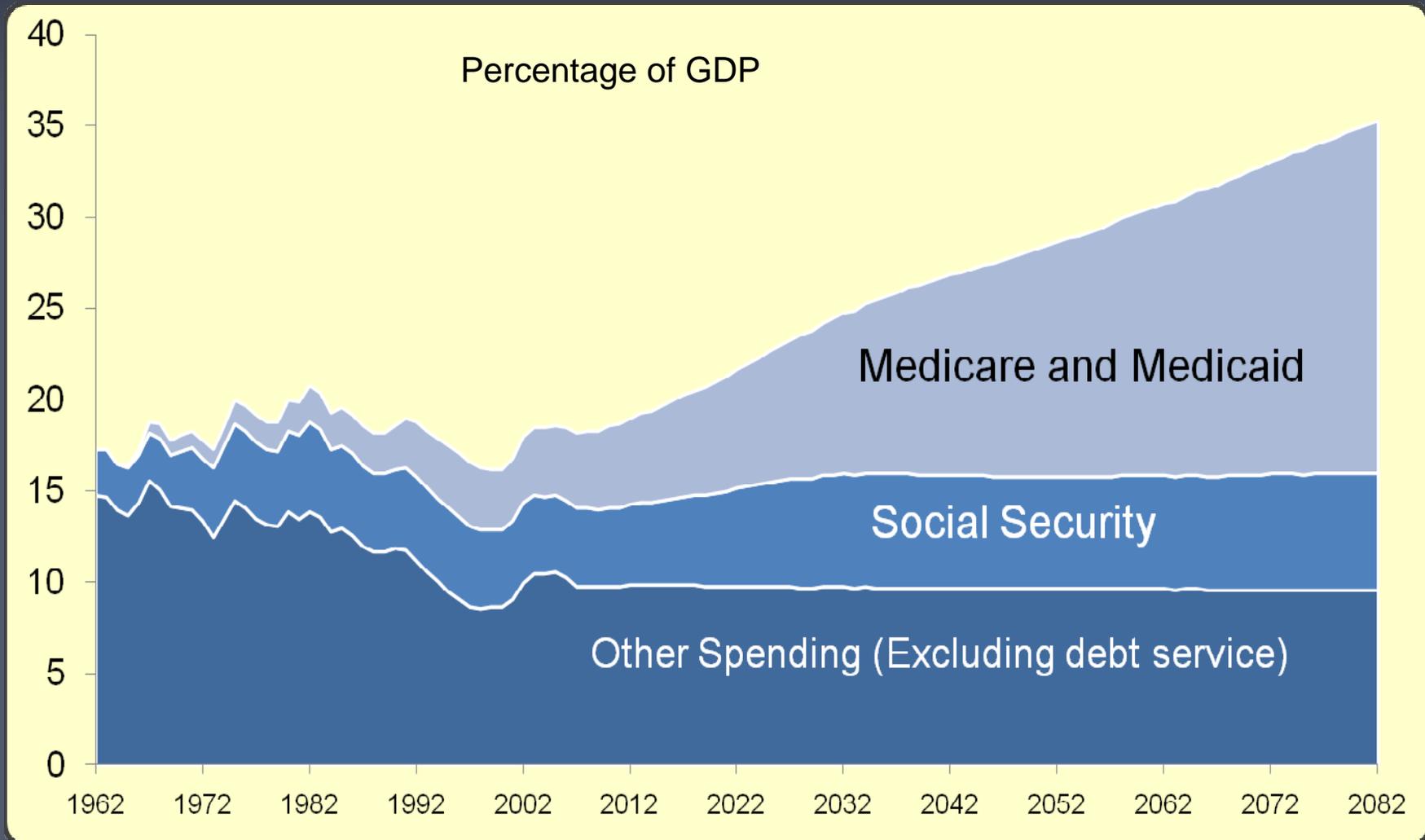
Current-Law Spending on Health Care as Percentage of Gross Domestic Product



Source: House Budget Committee.

Source: CBO

Federal Spending Under CBO's Alternative Fiscal Scenario



Affordable Health Care for America

Act: H.R. 3962

Affordable Health Care for America Act provides quality affordable health care for all Americans and controls health care cost growth. Key provisions of the bill include:

- **COVERAGE AND CHOICE**
- **AFFORDABILITY**
- **SHARED RESPONSIBILITY**
- **CONTROLLING COSTS**
- **PREVENTION AND WELLNESS**
- **WORKFORCE INVESTMENTS**

H.R. 3962: Immediate Relief

- Ends insurance rescissions.
- Prohibits insurance companies from placing lifetime caps on coverage.
- Allows those through the age of 26 not otherwise covered to remain on their parents' policies.
- Creates a new voluntary, public long-term care insurance program to support people with functional disabilities.
- Immediately shrinks the donut hole by \$500.

H.R. 3962: Greater Coverage

- All businesses, with some exceptions for the smallest businesses, will provide health insurance for their employees or pay a fee.
- Private insurance companies will no longer be able to discriminate based on pre-existing conditions.
- All individuals not covered by their employers will buy insurance, some with the help of affordability credits.

H.R. 3962: Increased Choice

If you like your insurance,
YOU CAN KEEP IT.

The Exchange

- **If you are not covered by your employer, you have the option to purchase insurance through the new Health Insurance Exchange.**
 - The basic package of the Exchange is modeled after the Federal Employee Health Benefit (FEHB) plans, which covers all federal employees, including Members of Congress and Congressional employees.
 - This will create a transparent and functional marketplace for individuals and small businesses to comparison shop among private and public insurers.

H.R. 3962: Benefit Packages

■ **Basic Plan** includes:

- Inpatient & Outpatient hospital services
- Physician services including equipment and supplies
- Preventive and Wellness services
- Prescription drugs
- Maternity services
- Well baby and well child visits and oral health, vision, and hearing services for children
- Rehabilitative services
- Mental health and substance abuse services for children and adults

■ **Other tiers of benefits provide more generous cost sharing.**

H.R. 3962: Affordability

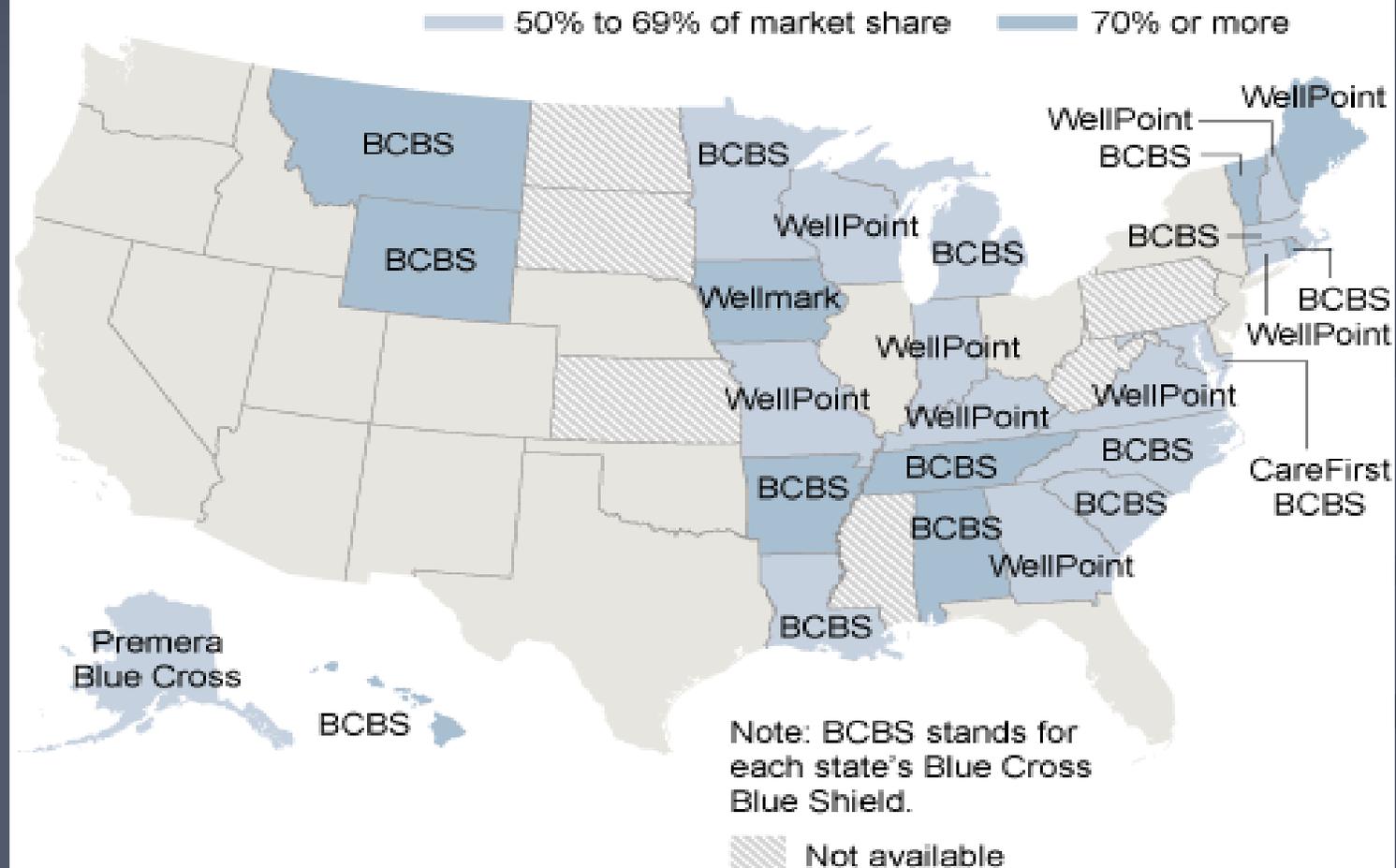
- Provides **sliding scale affordability credits** for low- and moderate-income individuals and families up to 400% of the Federal Poverty Level (up to \$43,320 for an individual; \$88,200 for a family of four) so that they may purchase health insurance.
- **Medicaid will be expanded** to include families, adults and children, at or below 150% of Federal Poverty Level (up to \$33,100 for a family of four).
- **Caps annual Out-of-pocket spending** at \$5,000 for an individual and \$10,000 for a family, with lower caps for low-income families.
- Lowers costs of prescription drugs by **closing the “donut hole”** in Medicare Part-D.
- **Competition from the Exchange will drive down costs.**
- **Cost-shifting because of uncompensated care will be reduced.**

Choices Within The Exchange

- The Exchange will give you a choice of several options while in many states today there are NO options.
- In MOST states, including Virginia, one health insurer has a market share of over 50%, and in at least 9 states, one insurer has a market share in excess of 70%.

Lack of Choice: More Than Half the States in US are Dominated by 1 Insurer

Dominant insurer has 50 percent or more of the statewide market share.

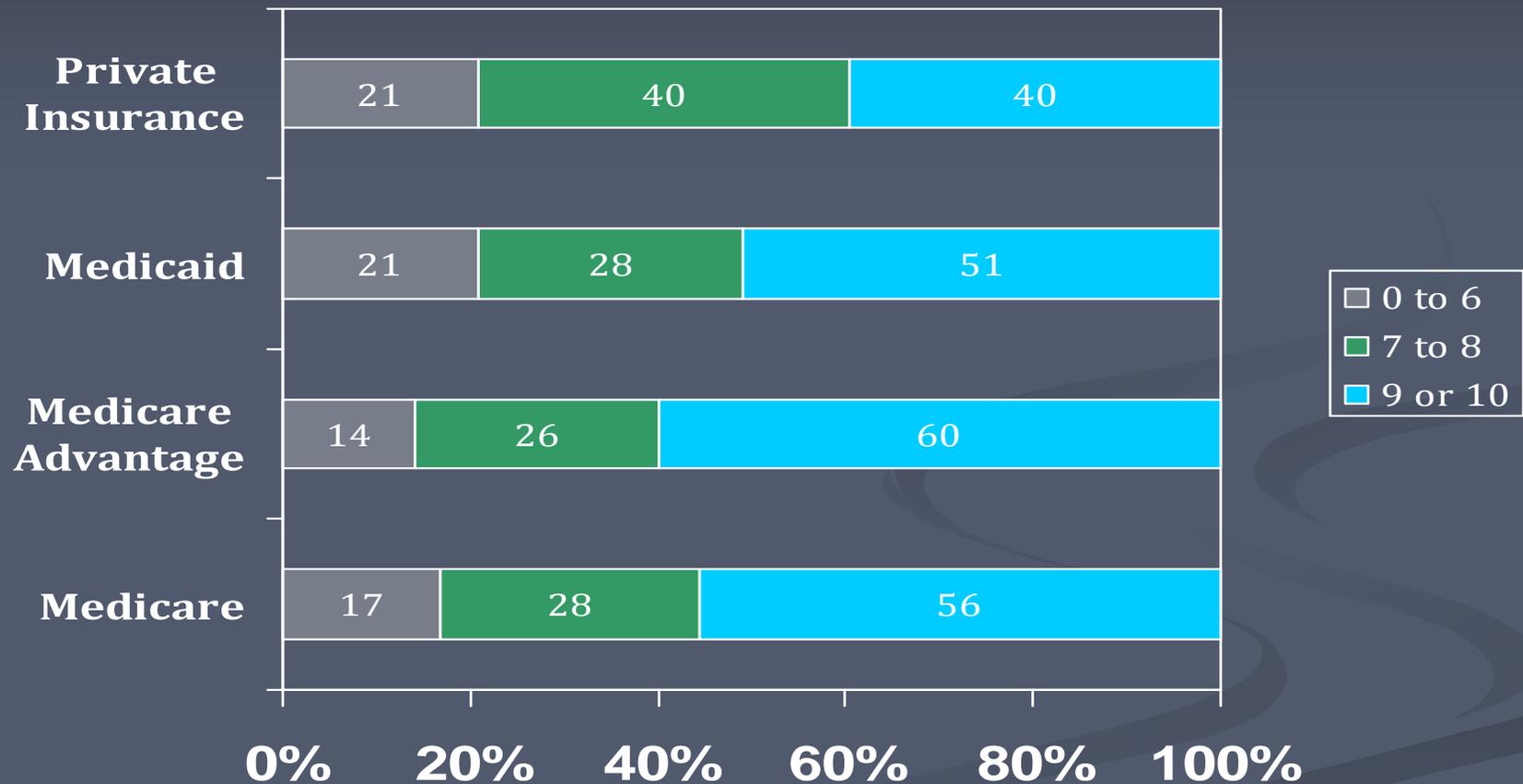


H.R. 3962: The Public Option

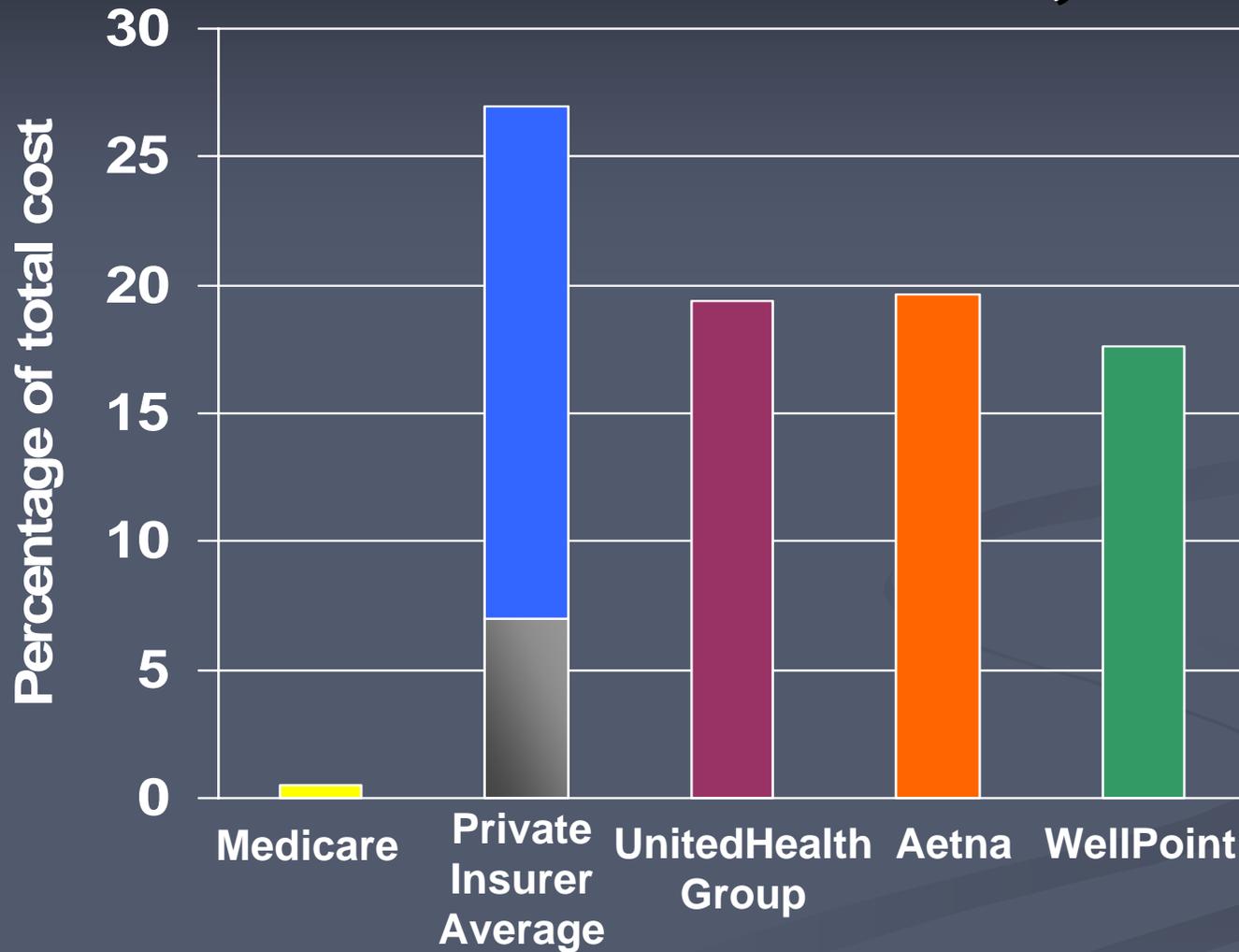
Government-run Medicare and Medicaid are popular and are efficiently run.

Rating of Health Insurance Plans

Using 0 to 10, where 0 is the worst possible and 10 is the best possible, how would you rate your health plan?



Administrative Costs of Medicare and Private Insurers, 2007



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Sources: Key Issues in Analyzing Major Health Insurance Proposals, CBO, <http://cbo.gov/ftpdocs/99xx/doc9924/12-18-KeyIssues.pdf>, PricewaterhouseCoopers Health Research Institute & Research of Dr. Jim G. Kahn, Professor at University of California-San Francisco, Division of Clinical Epidemiology & Institute for Health Policy Studies.

H.R. 3962: Increased Choice

Employers can NOT require their employees to select a particular option- private or public within the Exchange.

H.R. 3962: Public Option

The public option will be financed by premiums and **will not be subsidized by tax payer dollars.**

H.R. 3962: Prevention and Wellness

The bill also provides an important and overdue focus on prevention and wellness services to ensure that people can get healthy and stay healthy.

- Expansion of Community Health Centers.
- Prohibition of cost-sharing for preventive services (No Co-Pays).
- Support for community-based programs which deliver prevention and wellness services.
- Funds to strengthen state and local public health departments and programs.
- Targets health disparities.

H.R. 3962: Workforce Investments

- Increases support for the National Health Service Corps.
- Provides funding to support primary care training programs and build academic capacity in primary care.
- Expands education, practice, and retention programs for nurses.
- Invests in health information technology to improve coordination of care, promote efficiency, avoid mistakes, and improve outcomes.

H.R. 3962:

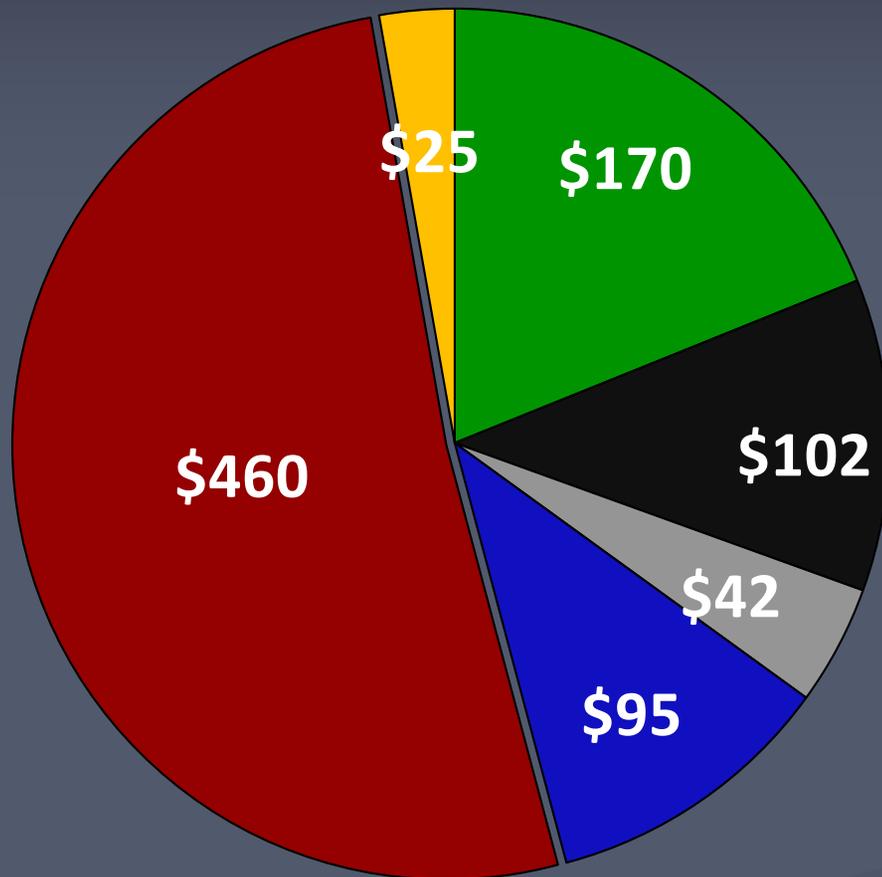
Shared Responsibility

- Starting in 2019, **Large Employers** will be responsible for 72.5% of your health insurance premium (65% for a family policy) if they offer health coverage. The employer may choose to opt-out of coverage and pay an 8% payroll surcharge so their employees can purchase insurance through the Exchange.
- **Small Businesses** with annual payrolls under \$500,000 are exempt from the coverage requirement.
 - All other small businesses with larger payrolls who choose not to provide health coverage will be required to pay the surcharge on a graduated scale of 2% - 8% of payroll.
 - Many small businesses will be eligible for a 2 year tax credit if they provide coverage for their employees.
- **Individuals**, some with the help of affordability credits, will be required to purchase health insurance, except in cases of hardship or religious exemption or pay a fee capped at 2.5% of income.

Not only is H.R. 3962 deficit neutral and completely paid for over ten years, it will also reduce the deficit.

Paying for Health Care Reform

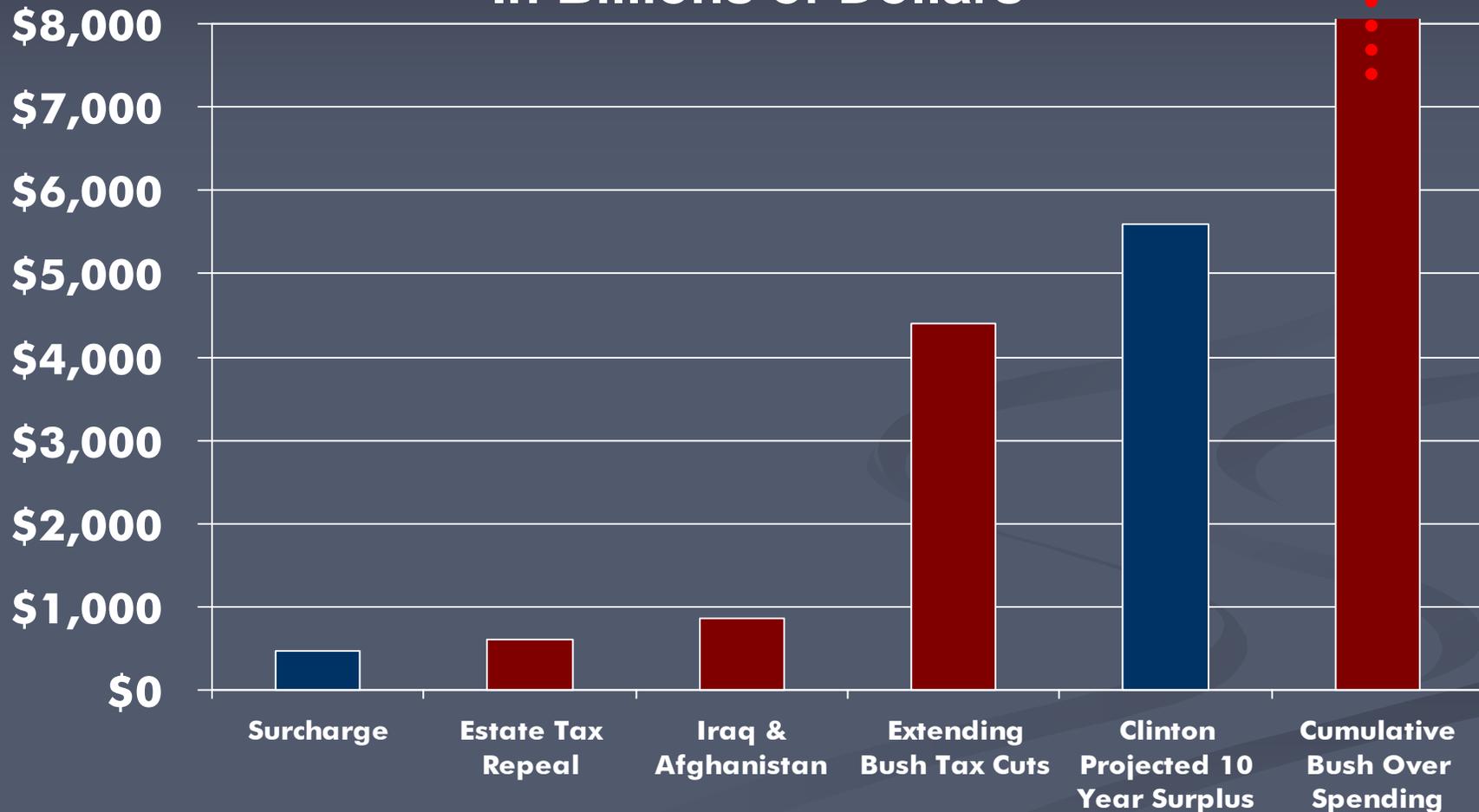
In Billions of Dollars



- Eliminating Overpayments to Private Medicare Advantage Plans
- Medicare Productivity Improvements
- Closing the Donut Hole
- Other Savings (ie: Promoting Coordinated Care)
- Surcharge Paid by the Wealthiest 0.3%
- Prescription Drug Discounts for Medicaid Enrollees

Surcharge Compared to other Government Spending

In Billions of Dollars



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Sources: Congressional Research Service, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11*; Congressional Research Service, *Estate and Gift Tax Revenues: Past and Projected in 2009*; & Congressional Budget Office.