

Health Reform Hits Main Street  
What the reform law does and doesn't do and what it will cost  
From the  
Kaiser Family Foundation

1. Problems in our current health care system are costs and that the system is full of holes.
  - A. Costs
    - Most people agree that health insurance policies are too expensive. For a family, the average premium is almost \$14,000 per year... and growing.
    - An aging population means more people with more health problems. Health care costs are the fastest growing part of the federal budget.
  - B. The system is full of holes.
    - People who are buying insurance on their own can be turned down for having a pre-existing health condition.
    - Small businesses may be charged extra if some of the workers are sick, making insurance unaffordable.
    - And some insurance policies have a lifetime limit on benefits.
    - Those who need it the most are the least likely to have coverage. High costs and holes in the system mean more than one in seven of us have no health insurance to protect us at all.
- II. Here's what the health reform law plan to do between now and 2014.
  - A. Costs
    - Insurers will be limited in how they spend our premium dollars. If too much is used for administrative costs or profits, they'll be forced to give some of it back through rebates. This may help stop premium increases

- Some services will become free in all new private insurance policies, and in Medicare—preventive care like screenings and vaccinations.
- People on Medicare, because they're over 65 or disabled, will get more help with their drug costs.
- Young people can save money and stay insured by remaining on their parents' policies up to age 26.
- Some small businesses will get tax breaks to help them pay for health insurance for their workers.

### C. Some holes will be closed

- Lifetime limits on health coverage will be gone, whether you buy insurance on your own or get it from your employer.
- Illegal to turn kids down for having a pre-existing health condition, like asthma or diabetes.
- Some adults who buy insurance on their own will still be getting rejected between now and 2014. Those who do, can enter something called a **high-risk pool**, run by the government. It's more like a policy that covers the sickest uninsured people, meaning it's riskier for insurance companies. That's why the government will chip in some money to bring down the cost. (Phase II provides a replacement for these pools.)

## III. Changes on New Year's Day 2014: the government will provide credits, expanded programs and new rules

### A. Costs

- The law makes health care more affordable.
- Medicare will be expanded to cover all low-income individuals and families in every state.
- You may get a health insurance credit: depending on what you make or if you lose your job or your employer doesn't provide decent coverage.

- Most of us will continue to get health insurance at work. If you don't have that option, you'll be able to buy coverage in what's called an "Exchange."  
An exchange is like a virtual insurance mega-mall. Based on where you live, you'll get an easy to-understand menu of options to compare plans in plain English. The exchange makes sure insurance companies compete fairly under strict rules. (The idea is that by giving consumers good information, a fair playing field and access to lots of choices, competition among insurers will keep rates competitive.)

#### B. Plugging the holes

- Insurers will no longer be able to turn people down or charge them more if they are sick.
- With few exceptions, people will be required to have insurance or pay a special tax.
- Same with larger businesses, who will pay fines if they don't insure their workers.

Nobody likes being told they have to buy anything. But without this rule, experts say you can't require that everyone be eligible for coverage. By 2019, 32 million of us who don't have health insurance will have it.

Some of those who will still be uninsured: undocumented immigrants, who aren't eligible for coverage under the law.

All this is going to cost money: \$938 billion dollars over the next ten years, according to the Congressional Budget office, the impartial referee when Congress debates these kinds of things. It's 2 per cent of our federal budget, and 3 per cent of what we'll be spending on health care overall.

IV. The President and Congress insisted these new costs will be paid for so they don't push the budget deficit up any further. That means money will come out of someone's pocket.

- A. A lot of the savings will come from health care providers and insurers in the Medicare program.
  - The fees the government pays to hospitals under Medicare won't be allowed to rise as fast as they have been
  - And, insurance companies that provide services to people on Medicare will be paid less.
- B. Medicare will also create experiments around the country to test different ways of paying doctors, hospitals and other providers to make the health care system more efficient, and improve the quality of care. With luck some of these experiments will work, and then be adopted by the private sectors and help lower costs for employers and families too.
- C. Plus, a new federal advisory board will make recommendations about other ways to deal with increases in health care cost.
- D. Some taxes will go up.
- E. People with high earning will pay higher Medicare taxes.
- F. New taxes on insurers and business who offer high-end benefit plans, and on companies that make medical devices and drugs.
- G. Anyone who visits a tanning salon now has to pay a new tax too.

With these new cost-cutting measures and new taxes, the Congressional Budget Office says the whole package will reduce the federal deficit over the next ten years.