



U.S. Congressman
Jerry Costello



HEALTH CARE UPDATE – 2010

HEALTH CARE REFORM BECOMES LAW

As you know, Congress recently passed and the President signed into law national health care reform legislation. It is expected that this historic law will lower costs, improve coverage and expand access to health care in the 12th Congressional District by:

- Enhancing current coverage for **376,000** residents with health insurance.

(U.S. Census, 2008 American Community Survey)

- Providing tax credits and other assistance to up to **177,000** families and **12,800** small businesses to help them afford coverage, as well as protecting **1,700** families from bankruptcy due to unaffordable health care costs.

(U.S. Census, 2008 American Community Survey; U.S. Bankruptcy Courts PACER Database; Business and Non-business Bankruptcy [April 1, 2008 to March 31, 2009]; Himmelstein, D. U., Thorne, D., and Woolhandler, S., Illness and Injury as Contributors to Bankruptcy, Health Affairs [Feb. 2, 2005])

- Extending coverage to **28,000** uninsured residents.

(U.S. Census, 2008 American Community Survey)

- Guaranteeing that **9,000** residents with pre-existing conditions can obtain coverage.

(2006 Medical Expenditure Panel Survey data; U.S. Census, 2008 American Community Survey)

- Extending the solvency of the Medicare Trust Fund until the year 2026.

(Congressional Budget Office)

- Improving benefits for Medicare recipients in our area, such as free preventive and wellness care, superior primary and coordinated care, and better nursing home care.

(Titles III and IV, Patient Protection and Affordable Care Act of 2009, P.L. 111-148)

- Lowering prescription drug costs. In 2010, the **9,800** Medicare beneficiaries in our area who enter the Medicare Part D coverage gap – the so-called “donut hole” – will receive a \$250 rebate. Starting in 2011, seniors in the donut hole will receive a 50% discount on brand-name drugs, and the donut hole will be gradually closed.

(Centers for Medicare and Medicaid Services, Enrollment in Prescription Drug Plans by Congressional District [February 2009]; Kaiser Family Foundation, The Medicare Part D Coverage Gap: Costs and Consequences in 2007 [August 2008])

- Securing millions of dollars in additional funding for our **97** existing community health centers.

(Health Resources and Services Administration, March 2010)

- Allowing **61,000** young adults in the district to remain on their parents’ policies until they turn 26.

(U.S. Census, 2008 American Community Survey)

Dear Friend:

The purpose of this newsletter is to address the key facts, benefits and myths surrounding the new health care reform law.

There are a number of misconceptions about what this law does and does not do. It is important to understand that seniors and those living with very low incomes already have health care coverage through the Medicare and Medicaid programs. Now, those who cannot afford insurance or have jobs where employers do not offer health care coverage will be able to access affordable health insurance.

The health care reform bill passed by Congress is not perfect. Neither were the bills passed 75 years ago creating Social Security and 45 years ago creating Medicare. Adjustments had to be made to those programs from time to time, and changes will need to be made periodically to this law.

However, now the United States will join every other developed country in the world in offering health care coverage to its citizens.

Sincerely,

Jerry F. Costello
Member of Congress

BENEFITS TO SENIORS IN HEALTH CARE REFORM

Seniors on Medicare in our area will NOT see a reduction of their Medicare benefits. Nowhere in the new law are any benefits for seniors cut or limited. Seniors will keep the same Medicare coverage they have right now, and in fact, the new law will strengthen Medicare by:

- Extending the solvency of the Medicare Trust Fund until the year 2026.
- Lowering prescription drug costs. In 2010, the 9,800 Medicare beneficiaries in our area who enter the Medicare Part D coverage gap – the so-called “donut hole” – will receive a \$250 rebate. Starting in 2011, seniors in the donut hole will receive a 50% discount on brand-name drugs, and the donut hole will be gradually closed.
- Improving benefits for Medicare recipients in our area, including:
 - free preventive and wellness care, like mammograms and colonoscopies.
 - coordination between doctors to ensure seniors receive the best treatment available and avoid unnecessary tests and hospitalizations.
 - enhanced nursing home care to keep residents safe and healthy.
- Reducing waste, fraud and abuse by eliminating overpayments to private insurers, cracking down on fraudulent claims and improving compliance for doctors and health care providers.

IMPACT ON SMALL BUSINESSES

96% of All Businesses Exempt from Providing Coverage

Contrary to what some opponents of health care reform have been saying, I believe the new law will actually help small businesses, not hurt them. One of the myths about the law is that all small businesses will be required to provide health insurance to their employees. This is simply not true; in fact, 96% of all businesses will be completely exempt from any taxes or requirements because they have fewer than 50 employees.

The new law creates “health insurance exchanges,” or competitive marketplaces, where small businesses and their employees, the self-employed and the uninsured can purchase affordable coverage. Through the exchanges, small business owners will have the opportunity to buy insurance like a large employer, which means greater bargaining power and lower premiums.

Effective this year, the new law provides \$40 billion in tax credits for small businesses to help them offer employee health insurance coverage if they choose to do so. To qualify for the tax credit, businesses must have fewer than 25 full-time employees, pay average annual wages below \$50,000 and cover at least 50% of the cost of health care coverage for their workers. According to county-level U.S. Census data in *2006 County Business Patterns*, in our area, an estimated 12,800 businesses will be eligible for this credit.

HOLDING INSURANCE COMPANIES ACCOUNTABLE

Under the new health care reform law, all insurance plans will have:

- No discrimination against pre-existing conditions
- No lifetime or annual limits on coverage
- Safeguards against your coverage being dropped when you get sick
- Stronger appeals process for consumers
- Coverage of all preventive services at little or no cost
- Young adults covered on their parents’ plan up to age 26

MYTHS AND FACTS ABOUT HEALTH CARE REFORM

Some of the most deceptive myths about the health care reform law include:

ABORTION

Myth: The Hyde amendment does not apply to the new law, which means that taxpayer money could be used to pay for abortions.

Fact: The Hyde amendment prohibiting the use of federal funds for abortion applies to the law. In addition, the executive order signed by President Obama and the colloquy on the House floor make it absolutely clear that the Hyde amendment applies and taxpayer money will NOT be used to pay for abortions.

(Section 1303, Patient Protection and Affordable Care Act of 2009, P.L. 111-148; Executive Order -- Patient Protection and Affordable Care Act's Consistency with Longstanding Restrictions on the Use of Federal Funds for Abortion, signed March 24, 2010)

ILLEGAL IMMIGRANTS

Myth: Illegal immigrants or undocumented individuals will be able to receive coverage under the new law.

Fact: No one can receive any benefits under this law or purchase health insurance on the exchanges until they prove they are a U.S. citizen.

(Section 1411, Patient Protection and Affordable Care Act of 2009, P.L. 111-148)

IRS AGENTS

Myth: The IRS is hiring 16,000 new agents to audit taxpayers regarding health insurance. They will have the authority to seize your property and put you in jail if you do not have insurance.

Fact: The legislation does not require the IRS to hire any new workers. According to the IRS Commissioner, the IRS will not harass, audit or pursue individuals to verify that they have insurance. Insurance companies will report back to the IRS if you have insurance and what it costs, just like the bank reports your interest to the IRS now. Furthermore, health care reform legislation explicitly prohibits the IRS from seizing any property or pursuing any criminal charges against uninsured individuals.

(Section 1501 and 1502 of the Patient Protection and Affordable Care Act of 2009, P.L. 111-148; Testimony of Douglas Shulman, IRS Commissioner, before the Subcommittee on Oversight of the House Ways and Means Committee, March 25, 2010)

VETERANS

Myth: Health care reform is bad for veterans and members of the Armed Services because the legislation will not count TRICARE, TRICARE FOR LIFE, or Veterans' Health Care as "qualified health benefits packages."

Fact: Health care reform legislation does not change, alter or impact these three health care plans in any way.

(Section 1501, Patient Protection and Affordable Care Act of 2009, P.L. 111-148; Letter from Tammy Duckworth, Assistant Secretary of Public and Intergovernmental Affairs for the Department of Veterans Affairs)

SPECIAL DEALS

Myth: The legislation is packed with special deals for certain states, such as the Cornhusker Kickback, the Louisiana Purchase and Gator-Aid.

Fact: There are no state-specific deals or earmarks in the health care reform law.

(Section 1102 and Section 1201, The Health Care and Education Reconciliation Act of 2010, P.L. 111-152)

STATES

Myth: The expansion of Medicaid will bankrupt the states, and in Illinois, the state will have to pay \$2 billion over 10 years to provide coverage.

Fact: The expansion of Medicaid will not bankrupt the states because the new law requires states to pay only a small portion of the cost of covering these new enrollees. The state's total estimated contribution is less than 1% of current Medicaid spending over a ten-year period.

(Section 1201, Health Care and Education Reconciliation Act of 2010, P.L. 111-152; Theresa Eagleson, Medicaid Director, Illinois Department of Healthcare and Family Services, quoted in Graham, Judith. "Health Care Bill's Impact on State Will Be Delayed". Chicago Tribune. 31 March 2010. Web. 15 April 2010)

COST

Myth: Everyone will face an increase in their taxes in order to pay for health care reform.

Fact: Under this law, only individuals earning more than \$200,000 per year and married couples earning more than \$250,000 per year – which accounts for less than 1.5% of the 12th District – will see an increase in their Medicare tax: a 0.9% increase for earned income, and the extension of Medicare taxes to unearned income like dividends and interest.

(Section 9015, Patient Protection and Affordable Care Act of 2009, P.L. 111-148; Section 1402, Health Care and Education Reconciliation Act of 2010, P.L. 111-152; U.S. Census Bureau "American Community Survey, 2006-2008")



Guy D. Costello

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12th Congressional District Illinois

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HEALTH CARE REFORM OVERVIEW

The health care reform law will be phased in over time, just like Social Security and Medicare. The timeline on the right provides an overview of when key provisions will take effect.

While this mailer cannot list all of the facts and details regarding the new health care reform law, I hope it helps provide a general idea of what the law does and clears up some of the misinformation that has been circulating.

For more information about the benefits of health care reform, I encourage you to visit my website at <http://costello.house.gov>.

*Questions?
Call one of my offices.*

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When Do Key Provisions Take Effect?

