
Health Insurance Reform



Gabrielle Giffords
U.S. Representative

April 2010



Affordable Health Care for America Act

**PUTS AMERICAN FAMILIES AND SMALL
BUSINESSES — NOT THE INSURANCE
COMPANIES — IN CONTROL**



If you like your doctor and
your plan – keep them.



Arizona newspapers endorse



Health reform: Let's not blow it

March 7, 2010

Arizona Daily Star

**Health-care bill must be passed
now, not in 5 years**

March 9, 2010



Health care leaders endorse

Dr. Richard Carmona

U.S. Surgeon General under President George W. Bush

“We need to move toward a health care system, not the sick care system that we have today. This legislation moves us closer to that. This bill is not perfect. But these are complex issues and we must move forward. And then I hope we can sit down with level heads and make it even better for the benefit of the American people.”

John Rivers

President & CEO, Arizona Hospital and Healthcare Association

“This legislation is good for Arizona. Our responsibility is to provide health care. From our perspective, the more people who have health care, the better. After having worked in the health care industry for nearly 40 years, this legislation represents a big step forward.”

Bonnie M. Cramer

Board Chair, AARP

“We urge Congress to seize this opportunity to improve health care so older Americans and their families get the care they need.”



Arizona's health care challenges

- **19.6%** of Arizona residents are uninsured.
- **77%** of the uninsured have **at least one person in the family working** either fulltime or part-time.
- Arizona has **219 physicians per 100,000 population**, **well below** the national average of **279**.



Health insurance reform will:

Crack down on the worst practices of the insurance industry.

- Bans discrimination based on pre-existing conditions and cancelling insurance coverage after policyholders get sick.

Make it easier for small businesses and working Americans to afford health insurance.

- Provides cost sharing assistance to working Americans to help them afford insurance and creates the largest health care tax break in history to make it easier for small businesses and individuals to afford coverage.

Give Americans the same health care that Members of Congress receive.

- Once the health insurance exchange begins in 2014, Members of Congress and their staffs will get their health insurance through the insurance Exchange which will be available to all Americans.



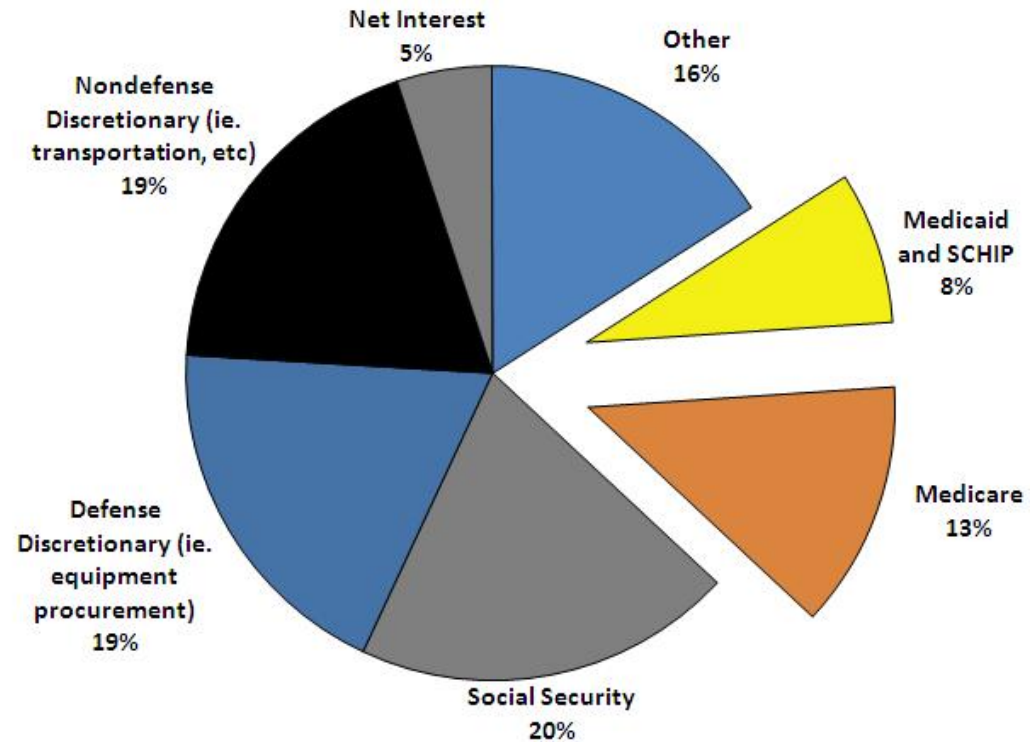
Tort reform

- Health insurance reform legislation includes strong tort reform measures
 - \$50 million for a grant program to allow states to implement medical malpractice alternatives to current tort litigation
 - Requires HHS to hire an independent research organization to evaluate the effectiveness of tort reform
- Caps on damages do NOT reduce health care costs
 - California's malpractice premiums have increased 450% during the first 13 years after enacting caps
 - Texas has seen a 24% increase in the last 3 years



Health insurance reform is fiscally responsible

Over 20% of all federal tax dollars go to Medicare, SCHIP and Medicaid.



The health insurance reform bill will *cut the deficit* by \$143 billion over first 10 years and by 1.2 trillion over 20 years.



SOURCE: Office on Management and Budget, Fiscal Year 2010 budget and the Congressional Budget Office.

How health insurance reform is paid for

- About **half of the cost of the bill is paid for by eliminating waste, fraud and abuse** in Medicare and Medicaid, which is estimated to be up to **20% of Medicare spending**.
- The **Medicare savings in this bill are a 5% reduction overall** in what Medicare is expected to spend over the next 10 years. These savings include:
 - ✓ Developing a new screening process for all providers and suppliers, requiring them to adopt compliance programs as a condition of participating in Medicare and Medicaid.
 - ✓ Establishing stiffer penalties for those who fraudulently bill Medicare.
 - ✓ Reducing over-billing by providers.
 - ✓ Cutting out duplicative paperwork and tests.
 - ✓ Reducing overpayment to private Medicare Advantage plans, **saving taxpayers over \$130 billion over the next 10 years**. According to the nonpartisan Medicare Payment Advisory Commission, payments to Medicare Advantage plans **cost 14% more than traditional Medicare**.



How health insurance reform is paid for

- **The other half** is paid for by expanding the Medicare Payroll Tax to include unearned income for the **top 2% of earners**. That will be a **0.9% tax increase** on investment income for families making more than \$250,000 per year (\$200,000 for individuals).
 - Currently, the Medicare payroll tax is 2.9% on all wages -- with the worker and his employer each paying 1.45%. Under the new law, starting in 2013, high-income individuals will pay a total of 2.35% of their wages.

- **The bill also includes:**
 - 10% tax on tanning services.
 - Flat fee on the health insurance industry which will benefit from the 32 million newly insured customers under the health insurance reform bill.
 - 40% tax on health coverage plans with annual premiums over \$10,200 (so-called “Cadillac plans”).



Protecting Medicare Advantage

- Before health insurance reform:
 - Too many private insurance companies charge more for the services they provide under Medicare Advantage - everything from home health care to hospital stays - than they do for services provided under traditional Medicare.
 - CMS estimates that Medicare Advantage overpayments will push the **Medicare Trust Fund into bankruptcy 17 months** earlier than if the overpayments did not exist.
 - **In Arizona alone, overpayments to insurance companies total \$316 million.**

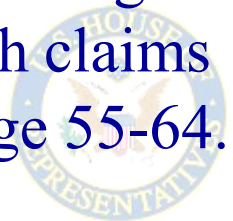
- After health insurance reform:
 - Overpayments will end. Medicare Advantage enrollees will NEVER pay more than traditional Medicare recipients.
 - Insurance companies cannot spend less than \$.85 of every dollar on actual patient care.
 - Medicare Advantage providers will receive new bonus payments for offering higher quality plans.



Immediate benefits:

Medicare

- Provides a \$250 rebate to 14,100 Medicare beneficiaries in our district who hit the donut hole in 2010.
 - Provides a 50% discount on brand name drugs in the donut hole beginning in 2011.
 - Phases in additional discounts on brand name and generic drugs and completely **closes the donut hole by 2020**.
- Eliminates co-payments for preventive services and exempts preventive services from deductibles under the Medicare program.
- Creates a temporary re-insurance program (until the Exchanges are available) to help offset the costs of expensive health claims for employers that provide health benefits for retirees age 55-64.



Immediate benefits:

Families

- Prohibits pre-existing condition exclusions for children in all new plans.
- Provides immediate access to insurance for 40,500 uninsured southern Arizonans who are uninsured because of a pre-existing condition through a temporary high-risk pool.
- Allows 57,000 young adults in the 8th Congressional district to obtain coverage on their parents' insurance plans until the age of 26.
- Increases the number of primary care doctors, nurses and public health professionals.



Immediate benefits:

Small Businesses

- Tax credits to over 13,400 small businesses in southern Arizona of up to 35% of premiums to purchase coverage to help reduce health insurance costs.
- Health care reform provides \$40 billion in tax credits for small businesses to help them offer employee health insurance coverage—if they choose to do so.
- More than 60% of small employers will be eligible for these credits.



Immediate benefits:

Veterans

- The Secretary of Veterans Affairs has guaranteed that the health insurance legislation does not undermine or change the Department of Veterans Affairs mandate to provide comprehensive health care to veterans.
- On March 20, 2010, the House passed the TRICARE Affirmation Act, legislation to ensure that health care programs for veterans, active duty military, retired military and their families/survivors are not affected negatively by the pending health insurance reform legislation.



Immediate benefits:

Insurance Reforms

- Prohibit insurance companies from dropping people from coverage when they get sick in all individual plans.
- Eliminate lifetime limits and restrictive annual limits on benefits in all plans.
- Require premium rebates to enrollees from insurers with high administrative expenditures and require public disclosure of the percent of premiums applied to overhead costs.
- Ensure consumers have access to an effective internal and external appeals process to appeal new insurance plan decisions.



Benefits of health insurance reform:

2011-2012

- Free, annual wellness visit and personalized prevention plan services for the 135,000 Medicare beneficiaries in our district.
- Provides a 10% Medicare bonus payment for primary care physicians and general surgeons.

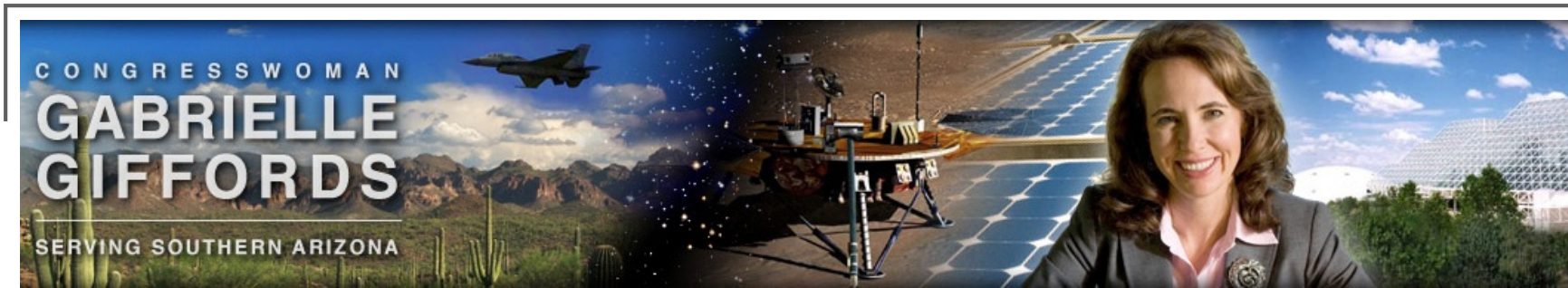


Benefits of health insurance reform:

2014 and beyond

- Full implementation of all health insurance reforms.
- Insurers can no longer exclude coverage based on pre-existing conditions, gender, or other factors which will affect 10,300 residents in our district.
- Start of insurance Exchanges where small businesses and their employees, the self-employed, and the uninsured can purchase affordable coverage.
- Start of affordability credits for up to 176,000 households in the 8th Congressional district.
- Provides a choice of coverage through a multi-State plan, available nationwide.
- Continues second phase of small business tax credits (up to 50% of the cost of premiums).





For more information on the health insurance reform legislation, please visit:

www.giffords.house.gov/insurancereform

