

HR 3200, AMERICA'S AFFORDABLE HEALTH CHOICES ACT

FREQUENTLY ASKED QUESTIONS

HOW WILL THIS AFFECT ME?

1. Why do we have to wait until 2013 for it to start?

Some of the reforms in the bill start earlier than 2013. For instance, we'll prohibit insurers from denying you coverage when you become sick right away and we'll also require them to meet minimum standards to ensure that your premium dollars are going to health care – not just their profits.

However, wholesale reform can't happen overnight. We've got to create a new Health Insurance Exchange through which people will be able to purchase their insurance, and we've got to create a Health Benefits Advisory Committee to make recommendations on the essential benefits package. These changes will take some time.

As a reference, it took two years to fully develop the Medicare prescription drug program after the Republicans passed it – and that was a limited benefit just for Medicare beneficiaries, rather than reforming our entire health care system which touches the lives of each and every American.

2. Will I be forced to give up my current coverage and take something that is going to get forced on me?

No. No one is forced to do anything. The entire premise of this legislation is to build on what works in today's system. If you have employer-sponsored health care today – as do most insured people – then little to nothing will change, except that your premiums will no longer subsidize coverage for the uninsured. If you are covered in the individual insurance market, you can keep your plan permanently and it will count as acceptable coverage even if it doesn't meet those terms under the new law. Similarly, we give employers five extra years to come into compliance with new rules (that most employers meet anyway) so that there is little disruption of the workplace. This legislation provides you new opportunities to obtain affordable, quality health care through the Health Insurance Exchange under a fair set of rules that will prohibit the health insurers from discriminating against you based on pre-existing conditions or your line of work. If your income is below 400 percent of poverty, you'll get help purchasing that coverage.

3. Will this be the same as what members of Congress get?

Members of Congress get a choice of plans through an exchange called FEHBP that the Federal government – as the employer of members of Congress – provides. They pay different premiums depending on which plan they choose. The new system that the House bill creates will work very much the same way. Individuals who don't have coverage from their employer, or whose employer chooses to purchase coverage in the

Health Insurance Exchange, will be able to choose from a variety of plans in the Exchange that offer different levels of coverage. Individuals will choose the plan that they want and will have assistance in paying their premiums if they have low or middle incomes.

4. I'm uninsured – what are you doing for me between now and 2013?

We are increasing funds for community health centers to make sure you can get care you need right away. In 2013, Medicaid coverage and affordability credits will be available for individuals and families under 400 percent of poverty.

5. I'm insured – how will I benefit under this bill?

Those with insurance will save because you will be able to switch jobs without worrying about whether your new employer offers coverage or not. You can get sick and use care without worrying that your premiums are going to skyrocket the next year. The bill requires your employer coverage to cap your out-of-pocket costs and prohibits lifetime limits on benefits, so if you have unexpected needs you don't have to worry about medical bankruptcy due to unexpected costs.

If you want to leave your company and start a new business you have the security knowing that you'll be able to get coverage. If you have insurance, but it's unaffordable to you, you might be eligible to purchase cheaper coverage in the Exchange. And because millions of people without coverage today will have coverage in the future, your premiums will be lower.

6. Can I keep my health reimbursement arrangement (“HRAs”), flexible spending account (“FSAs”) or health savings account (“HSAs”)?

Yes. Employees may still receive benefits under employer-provided HSAs, HRAs and FSAs, including FSAs that are funded by contributions from employees. The Ways and Means version of the bill does reform the rules relating to the types of benefits that can be reimbursed under HRAs, FSAs, and HSAs, specifically over-the-counter medications, or medications you can get without a prescription like Advil, won't be reimbursed. The only exception is insulin, which will continue to be reimbursed. Basically, this makes the tax deduction rules equivalent between HRAs, FSAs and HSAs and the deduction available to taxpayers who have health expenses that exceed 7.5 percent of adjusted gross income, where spending on over-the-counter medications isn't counted for the deduction.

7. Are there enough doctors to see me?

The House bill makes significant investments to train more primary care physicians. There will be loans, incentives, and adjustments for primary care physician payment rates to encourage medical students to choose primary care as their specialties. There will also be an emphasis on increased training of primary care physicians in hospital residency programs. Primary care doctors will be able to participate in

medical homes that will help coordinate your care, and they will be paid extra for those services.

8. I'm a healthy 25-year old. What's in this for me?

The Exchange simplifies the process of shopping for health insurance for everyone – you will be able to make an "apples-to-apples" comparison between insurance plans when you buy coverage. Young people frequently earn much less than older people, and the affordability credits available in the Exchange will lower premium costs. And since no one is ever truly invincible, young people also benefit from the peace of mind of knowing that no medical need – whether accidental or a sudden illness – will ever bring them to the brink of bankruptcy.

HEALTH CARE COSTS

9. What should I expect to pay out-of-pocket in the reformed health care system?

The bill broadly outlines the coverage requirements for the essential benefits package that every qualified plan will be required to cover and ties that package to the average of what employers offer today. So, you should expect your cost-sharing to be similar to what you're paying today, except with important additional protections for high costs.

This bill will cap annual out-of-pocket expenses for everyone who obtains qualified coverage. This means that if you or someone in your family gets sick, you won't have extraordinarily high medical costs that cause bankruptcy because there will be a maximum cap on those expenses.

If you are purchasing your coverage within the new Health Exchange, there will be four plan types available to you – each covering the essential benefits package, but with differing levels of cost-sharing. The basic plan will have the lowest cost premium, but will charge more cost-sharing; you can then buy up to an enhanced policy that will charge less cost-sharing; or purchase a premium policy which will have the least cost-sharing of all. Some of the premium plans will also cover "extra" benefits (such as dental or vision benefits for adults) that you can pay an extra premium for if you want extra benefits included in your coverage.

It is important to know that if your family income is less than 400 percent of poverty, you will receive help with your cost-sharing on a sliding scale basis depending on your income.

10. What happens if I can't afford a premium?

Affordability credits are provided under the House health care reform bill for families with income below 400 percent of the Federal poverty level. These credits will ensure that premiums are affordable, and don't consume too much of your income. In addition to help with your premiums, out-of-pocket expenses that you have from cost

sharing for medical services will be capped – so no one is forced into bankruptcy to pay for health care.

11. Do I have to buy health insurance?

Under the House bill, all individuals who can afford it have a responsibility to obtain health insurance. If families do not obtain health insurance, then they pay a tax penalty equal to 2.5 percent of the family’s income above the income tax filing threshold, but no more than the cost of the average premium. If you believe that your premiums are still unaffordable and this tax penalty would be a burden, you may apply for a hardship waiver to exempt you from purchasing health insurance.

[For 2009, the filing threshold for single individuals under age 65 is \$9350 and for married couples under age 65 filing jointly is \$18,700. The penalty is capped at the national average premium for health insurance on the Exchange.]

HEALTH CARE BENEFITS

12. I heard that this health reform will result in rationing. Will it?

There is nothing in HR 3200 that will result in rationing of care. Some opponents point to the new center for comparative effectiveness research that is tasked with doing scientific research to figure out which treatments work best for patients. Rather than rationing care, comparative effectiveness research will result in better patient care.

13. Will dental, vision, and mental health services all be part of the benefit package?

For mental health services, the bill requires all qualified plans to provide parity for mental health and substance use disorder treatments and lists those benefits as part of the essential benefits package. Dental and vision services are required for children.

In the new Exchange, plans may choose to include dental, vision and other additional benefits in their benefits package. The plans will charge additional premiums for these benefits, but you will know exactly how much that extra premium is so you can make a decision about getting good value for your premium dollars.

14. Will it include birth control pills, abortion, and family planning?

Nothing in HR 3200 specifically addresses these items – either to include or exclude them. The Health Benefits Advisory Committee will make recommendations to the Secretary of HHS for the essential benefits package and these decisions will be made then.

15. I'm a person with a disability – will it cover my care?

The insurance plans in the Exchange will cover a comprehensive benefit package that will likely cover the care that most people need. However, Medicare and Medicaid will continue to be available for those with severe disabilities.

16. Are illegal immigrants covered?

The bill explicitly prohibits illegal aliens from receiving any Federal dollars to subsidize health insurance: “Nothing in this subtitle shall allow Federal payments for affordability credits on behalf of individuals who are not lawfully present in the United States.”

MEDICARE

17. I heard that you are cutting over a half trillion dollars out of Medicare. Is that so and what will it mean for my health care as a senior citizen?

We are making significant changes to payment policies in the Medicare program, but they are changes recommended by a non-partisan expert advisory body called the Medicare Payment Advisory Commission that advises Congress on changes that should be made to Medicare. It is made up of doctors, hospitals, and other health professionals. One of the biggest changes we're making in Medicare is reducing the overpayments to private health plans in the program. Today, they are being paid, on average, 14 percent more than it costs them to cover Medicare services. We can't afford to subsidize insurance company profits at the expense of our nation's health.

These payment changes strengthen Medicare by making the program more sustainable for the long-run and holding down increases that would otherwise occur in your Part B premium.

No doctor, hospital, or insurance company is ever going to say thank you for reducing what they are paid, but these changes are warranted and have the strong backing of President Obama, MedPAC, and many other experts.

18. Are my Medicare benefits going to decrease?

No. In fact, this legislation enhances your Medicare benefits. It fills the Medicare Part D drug program “donut hole” which currently leaves a gap in your prescription drug program when you need the help most. A large down payment is made immediately into the donut hole and it is eliminated over a number of years. On the preventive health front, to ensure that people take better advantage of preventive health care, it eliminates all cost-sharing (copayments and deductibles) for these vital services. It also improves the low-income subsidy programs in Medicare so that more people get the financial help they need to make sure Medicare is affordable for them.

19. Why is it taking so long to get rid of the Part D donut hole?

Closing the donut hole immediately is very expensive. The House bill proposes to close the donut hole completely over time in a fiscally responsible manner. Seniors and others with Medicare coverage will immediately see relief from their prescription drug costs under this legislation with a 50 percent reduction in the costs of brand-name prescription drugs in the donut hole, even while that donut hole gets smaller over time.

20. Are my Medicare premiums going to go up?

No, this legislation will have the opposite impact. The payment changes made in the bill will actually slow future increases in the Part B premium.

21. Will I still be able to see my doctor?

Yes, you will. This legislation is endorsed by the American Medical Association and many other medical organizations precisely because of the positive changes it makes for physicians who participate in Medicare. It fixes a long-standing problem with the Medicare physician payment formula and prevents a scheduled 20 percent cut in physician payments in Medicare. It also makes unprecedented investments in the promotion of primary care which should enhance your access to primary care physicians and other health professionals.

22. I've heard my Medigap plan may no longer be available?

Nothing in the bill affects Medigap plans. There have been rumors to the contrary, but these are blatant lies put forth by those who want health reform to fail.

23. Why is the government going to force me to talk to doctors every five years about how I want to die?

Nothing in the bill requires doctors to discuss end-of-life issues with patients. In fact, nothing in the bill mandates that physicians do anything. The bill deals with what we pay doctors for. In this case, it clarifies that a physician who chooses to discuss advance directives with a patient may bill Medicare for that consultation. Currently, this is not the case, and any time a doctor spends talking with a patient to discuss their wishes is not reimbursed. The bill allows reimbursement for this kind of consultation once every five years, or more often if you become sick.

ECONOMY

24. Shouldn't we wait until the recession is over?

No we should not. Health reform is an economic imperative as much as it is a moral one. Until we get health care cost growth under control, we will not achieve an economic recovery. Health care is simply too much of our economy. When GM spends more on health care for their workers than they do on steel for their cars, you

know we have a serious problem. President Obama is as clear on this point as anyone can be.

25. Will this increase the deficit?

Just as President Obama promises, the cost of the health reform put forth in HR 3200 is fully offset. We finance this bill about fifty/fifty – half by making major payment changes in the Medicare and Medicaid programs and half through instituting a surcharge on the richest people in America. It meets President Obama’s call for being fully paid for and for protecting the middle class from any tax increases.

LEGISLATIVE PROCESS

26. Why aren’t we doing single payer?

There is not the support in Congress needed to pass a single-payer plan, even though that is where some Members wish we were. Probably the biggest reason for that is that people don't support change. Moving to single payer would mean huge changes for the 160 million people who get their health care through their employers today.

While no one would purposely build a health care system that linked health care to your job, it is the system we have in America today. HR 3200 builds on that system to avoid undue disruption, but ensures that people have access to affordable, quality health care through work or through the new Health Exchange. You're right that it isn't single payer, but it’s still a very solid health reform bill that guarantees every American health care.

27. Have you read the bill?

We had a five-hour session for all the Members of Congress to walk through the legislation section-by-section. None of us have any excuse for saying we don’t understand this legislation.

28. Why didn’t Congress pass a bill before coming home?

The President’s goal at the start of his Presidency was to pass a bill in the first year of his term, and we are well on our way to meeting that goal. The Committees in Congress in charge of health care each made excellent progress and each reported bills out of their committees. Congress is going to continue to work out the complicated issues of health care reform over August and talk to their constituents back home. When members return to Washington, DC in September after hearing from the American people, they will finish the work that has begun and pass legislation soon after.

TAXES

29. If I buy coverage in the Exchange, will I get a tax deduction?

If you are purchasing coverage in the Exchange with your employer, you are not taxed on your employer's contributions for your coverage (but you will not be eligible for affordability credits). If you are purchasing coverage on your own in the Exchange, you will not get a tax deduction, but you will be eligible for affordability credits.

30. Are you going to tax my employer-provided benefits?

No. The House bill does not tax employer-provided health insurance benefits. Such benefits are currently excluded from an employee's taxable income and the House bill does not change this tax exclusion.

EMPLOYERS

31. I'm a business owner – what will I have to do for my employees?

The House health care reform bill requires employers to either offer coverage to their employees or pay a payroll tax. If an employer decides to offer coverage for their full-time employees, then the employer must make a contribution of 72.5 percent of the premium for individual coverage and 65 percent of the premium for family coverage. If an employer has part time employees, this amount will be reduced relative to the hours those employees work. If an employer decides not to offer coverage, then the employer pays a payroll tax of 8 percent of the employer's payroll.

32. I'm a small business owner – what will I have to do for my employees?

The House bill will help you immensely. Small businesses will benefit from the insurance reforms that prohibit insurance companies from discriminating against small businesses on the basis of the health of their employees, and the Exchange will give small businesses access to coverage at rates similar to what large employers enjoy. Most small businesses will see a decline in the premiums as administrative costs go down and you no longer have to worry what happens to your premiums as employees get older, have babies or get sick. Small businesses are also eligible for a tax credit to help you afford premiums.

The House health reform bill requires employers to offer coverage or pay a penalty, but special rules apply for small businesses. Small businesses with low average payroll and low numbers of employees will be eligible for a tax credit to help them afford health insurance. These are businesses who are least able to offer coverage to their employees. Many small businesses will be exempt from any requirement to offer coverage or pay a penalty. In HR 3200, if a small business annual payroll is \$250,000 or less, then there is no penalty if the employer decides not to offer coverage. However, even these firms could be eligible for the tax credit if they decide they want to offer coverage. In 2008, 4.7 million firms have payroll of \$250,000 or

less—this is 76 percent of all firms. For firms above this payroll rate, but not above \$400,000, the penalty is phased-in up to 8 percent. 86 percent of all firms would pay less than 8 percent if they do not offer coverage.

33. I'm an employer with part-time employees. Do I have to provide health insurance for them?

You have the option of providing part-time employees with health coverage by contributing a share of the expense, or contributing to the Exchange in order for part-time employees to get coverage there. Your contribution wouldn't be as much as for a full-time employee, but would be relative to how many hours your part-time employee works. If you don't offer coverage, you would have to pay the penalty, up to 8 percent of your total part-time employee payroll.

34. Does the health surcharge hurt small businesses?

Small businesses benefit immensely from HR 3200 by eliminating the ability of insurance companies to charge premiums based on the health status of the employer's workers. This key reform makes health insurance costs more affordable and predictable for small businesses.

- Using the broadest definition of a small business owner (i.e., any individual with as little as \$1 of small business income), the nonpartisan Joint Committee on Taxation has estimated that only 4.1% of all small business owners would be affected by the health care surcharge. The remaining 95.9% of small business owners would be completely unaffected by the health care surcharge but would benefit from the insurance market reforms in the bill.
- When the Joint Committee on Taxation looked closer at these 4.1% of small business owners, half of these individuals earned less than one-third of their income from small businesses.

35. I'm an early retiree – what will this bill do to make health care affordable to me? Will my employer continue to provide coverage?

There is a reinsurance proposal that will reduce costs for insurance for retirees. Employers will have the same incentives that they do today to offer retiree coverage, but unlike today there will be a good option available if your employer doesn't continue coverage. If you don't have coverage through an employer, you will be able to purchase comprehensive insurance at reasonable premium rates in the exchange.