

# HEALTHCARE REFORM

## TOP 10 MYTHS AND FACTS

**Myth 1:** *The value of your health insurance will be added to your W-2 income and you'll be taxed on it.*

**Reality:** Most people do not know how much their insurance costs since employers often pay a large share of the premium. The new law requires employers to report the value of insurance on employees' W-2s, but **it is solely informational** and is on a separate line that is **not** included in the taxable income.

**Myth 2:** *When you sell your house you will be required to pay a 3.8% tax on the sales price.*

**Reality:** The new law includes a 3.8% tax on unearned income for individuals who make over \$200,000 or couples who make over \$250,000. Unearned income includes making a profit on the sale of a home, but a couple can exempt the first \$500,000 in profit from such a sale. That means that a couple would have to make over \$250,000 per year AND make a PROFIT of over \$500,000 on their home to be taxed. The median home sales price in MO is \$149,900.

**Myth 3:** *Congress is exempted from the healthcare law.*

**Reality:** Like everyone else, members of congress and their personal staffs are required to maintain minimal essential coverage. Congress and their staff are the only people required by law to buy their insurance on the exchanges.

**Myth 4:** *The exchanges are "Government-run" insurance.*

**Reality:** The exchanges are shopping sites comparable to Expedia™ where private insurance companies like BlueCross sell their insurance. None of the choices will be government-run and individuals are not required to buy their insurance there, but rather can get their insurance through their employer or private broker. The exchanges make sure that state-specific laws are met, and by setting minimum standards they ensure that consumers won't end up being sold bogus insurance.

**Myth 5:** *Healthcare reform will cut benefits for military families.*

**Reality:** Nothing in this law reduces any benefits to active military members or veterans. The president of the Military Officers Association of America, VADM Norb Ryan Jr. (Ret.), had this to say about the new healthcare law: "But if you were worried that national health reform legislation is somehow aimed at whacking military beneficiaries' health coverage, that's just not so."

***Myth 6:** This law creates death panels that will order euthanasia for sick patients.*

**Reality:** There are no panels to determine end of life care. **The decisions about patient care rest in the hands of the patient and their family as was always the case.** This false claim was a scare tactic fabricated by opponents and cannot be found anywhere in this law.

***Myth 7:** The healthcare reform law cuts Medicare benefits.*

**Reality:** No guaranteed Medicare benefits are cut by this law. An experiment started in 1997 created Medicare Advantage, a privatized form of Medicare, with the hope of saving money. It turns out that the federal government pays 14% more for this private form of Medicare than for government provided Medicare so this new law cuts these subsidies. Seniors will still be able to choose between getting their benefits from traditional Medicare or a Medicare Advantage plan, but the government will stop wasting billions of dollars by overpaying Medicare Advantage plans.

***Myth 8:** Extends government benefits to illegal aliens*

**Reality:** Not only are government-sponsored benefits like Medicaid not extended to illegal aliens, but they are not even allowed to buy insurance even if they pay for it with their own money. **Illegal immigrants cannot receive any benefits under the new law.**

***Myth 9:** There are accounting gimmicks used to give the appearance that the law is paid for.*

**Reality:** The Congressional Budget Office (CBO) is the official “scorekeeper” of Congress and they have determined that this bill is not only paid for, but reduces deficits over the next two decades by a trillion dollars. While CBO adjusted their estimates upward after the bill became law, even with that adjustment the bill is still paid for whether the bill is analyzed over 3, 5, 10 or 20 years, and reduces the long-term deficit. Benefits start immediately including \$5 billion for high-risk pools, help for early retirees, and tax credits to small businesses that pay for health insurance.

***Myth 10:** The government will decide what care you can receive and will ration your care.*

**Reality:** The law funds research to figure out which treatments are the best for curing diseases and makes that information available to your family doctor, but regardless of this research the law specifically states: “*Nothing in section 1181 (the section funding research) shall be construed as authorizing the Secretary to deny coverage of items or services under such title solely on the basis of comparative clinical effectiveness research.*”. In other words, this law makes sure that doctors and patients have access to the best information in the world about healthcare options, but leaves those decisions between the doctor and patient.