

Answers about health care reform

While lawmakers battle over health care reform, here is a consensus on a few key questions

By DAVID LIGHTMAN
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Will your insurance premiums go up? Will your taxes? Will your Medicare coverage stay the same? Probably not, maybe and probably not. But really, who knows? Nothing is all that clear yet as Congress and the White House struggle to overhauling the nation's health care system, a task likely to take most of this year, if it succeeds at all.

Such potentially huge changes are provoking important questions, but so far, there are two hurdles to giving clear answers: The legislative process still has a long road ahead; neither the House of Representatives nor the Senate has even begun debating a bill.

Three House committees and the Senate Health committee have finished writing their versions of legislation. Yet to come is a bill from the Senate Finance Committee.

But even when there's legislation to examine, respected analysts disagree on its meaning.

So with the asterisk that nothing is certain until President Barack Obama signs legislation — if that ever happens — and the nation's best financial and health care minds often disagree, here's the consensus on key questions:

Q: Will there be a new government-run health care program?

Probably not. The "public option" that Obama and a lot of congressional Democrats are seeking — a plan that would offer coverage to those who generally can't get it from the private sector — looks unlikely to muster the votes it needs. Senate Finance Committee Chairman Max Baucus, D-Mont., says it "cannot pass the Senate" and is offering an alternative, co-ops.

Q: Are health care co-op's likely?

Maybe. Baucus' plan would create non-profit co-ops on a state, local or national basis that would be run and owned by members. The government would provide \$6 billion in start-up money and to help maintain solvency, though co-ops must be self-supporting. Supporters say co-ops would help lower costs because they could negotiate with doctors and hospitals for lower rates.

Q: Can I keep the coverage I now have?

Absolutely, says the president. Employers are expected to continue coverage — or face penalties. Some critics maintain if government-run plans or co-ops are created, employers may be motivated to limit or change coverage.

Q: Will my Medicare benefits be cut?

There's no talk of that — though some lawmakers worry benefits could be reduced — but chances are slim because the program is so popular. In fact, consumers could get an extra benefit, since the House of Representatives bill wants to eventually close the "doughnut hole" in prescription drug coverage. Currently, once beneficiaries have received \$2,700 per year in aid, they have to pay out of pocket until that figure reaches \$6,100, when government help again kicks in.

Q: Will Medicare Advantage change?

Probably. Currently, about 22 percent of seniors get Medicare benefits from private insurers rather than traditional Medicare. A lot of Democrats say the private companies are too costly, and would change the system so payments are more equal. The White House argues no one would lose benefits, but some analysts believe the 10.5 million getting private coverage could see premium increases or cuts to the extra benefits Advantage plans provide.

Q: But the president talks about billions in Medicare "savings." Won't that affect my coverage?

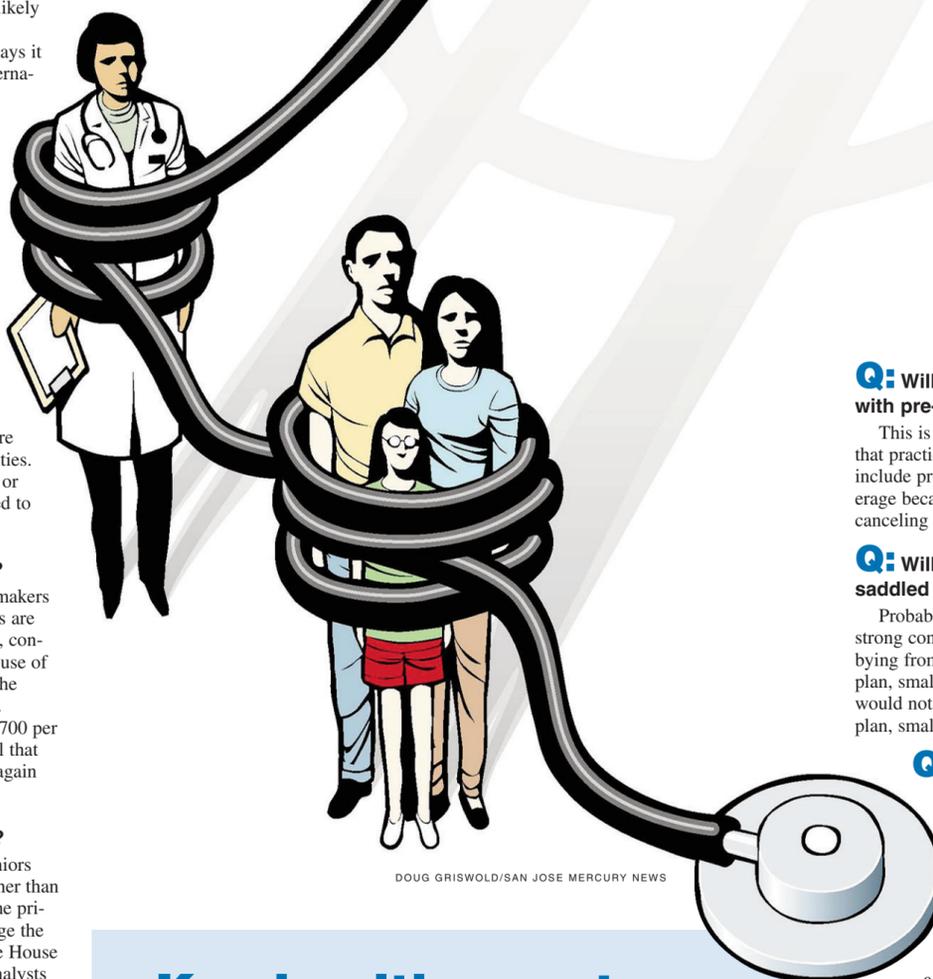
Democrats insist it won't, that the savings will come from making the system more efficient and eliminate waste, fraud and abuse. But a lot of financial analysts disagree, noting that savings are hard to predict — because changes in patient and provider behavior are hard to predict.

Q: Will legislation be deficit-neutral?

The White House and congressional Democrats insist it will be. But a lot of respected independent analysts say it's going to be hard. Obama says "most" of the savings in his plan would come from making Medicare and Medicaid more efficient, but the non-partisan Congressional Budget Office estimates only about \$230 billion of his \$900 billion plan can be paid that way. And CBO estimates the House bill adds \$239 billion to the deficit over 10 years. The Baucus measure, it says, would cut the deficit by \$21 billion.

Q: Will my taxes go up?

Hard to say. House Democrats want to impose a surcharge on adjusted gross incomes of \$280,000 for singles and \$350,000 for couples. Senators are less enthusiastic, and Baucus proposes a 40 percent excise tax on insurers' policies above \$8,000 for singles and \$21,000 for families. The threshold for most retirees and people with high risk jobs would be \$8,750 for singles and \$23,000 for families.



DOUG GRISWOLD/SAN JOSE MERCURY NEWS

Q: Will insurers be able to reject people with pre-existing conditions?

This is one area where almost everyone agrees — that practice has to stop. All major legislation will include provisions barring insurers from denying coverage because of pre-existing medical conditions or canceling of coverage when people get very ill.

Q: Will small businesses find themselves saddled with new burdens?

Probably not. The small business community has strong congressional advocates. Thanks to strong lobbying from conservative Democrats, under the House plan, small businesses with payrolls under \$500,000 would not have to offer coverage. Under the Baucus plan, smaller companies would be exempt.

Q: Will I have to buy insurance?

There's a general consensus among Democrats that you'll have to buy an insurance plan or pay a penalty, unless you can demonstrate financial hardship.

Q: Will Republicans have any say in all this?

Possibly in the Senate. The House has a 256-178 majority, and Republican proposals have been largely defeated in committees. In the Senate, at least two moderate Republicans, Maine's Susan Collins and Olympia Snowe, have indicated they would be willing to find common ground.

Q: Can the Senate pass legislation without Republican votes?

Yes. It usually takes 60 votes to cut off debate, and the Senate has 59 Democrats. But a rule change adopted earlier this year would allow certain health care changes to pass with 51 votes after Oct. 15.

Key health care terms

■ Employer Health Care Tax Credit:

An incentive mechanism designed to encourage employers, usually small employers, to offer health insurance to their employees. The tax credit enables employers to deduct an amount, usually a percentage of the contribution they make toward their employees' premiums, from the federal taxes they owe.

■ **Entitlement Program:** Federal programs, such as Medicare and Medicaid, for which people who meet eligibility criteria have a federal right to benefits. Changes to eligibility criteria and benefits require legislation.

■ **Medicaid:** A federal entitlement program that provides health and long-term care coverage to certain categories of low-income Americans. States design their own Medicaid programs within broad federal guidelines.

■ **Medicare:** A federal entitlement program that provides health insurance coverage to 45 million people, including people ages 65 and older, and younger people with permanent disabilities, end-stage renal disease

and Lou Gehrig's disease.

■ **Medicare Advantage:** A health plan option under the Medicare program that allows participants to choose Medicare Health Maintenance Organization (HMOs), Preferred Provider Organizations (PPO), private fee-for-service plans or Medicare special needs plans provided through private insurers.

■ **Pre-existing Condition Exclusions:** An illness or medical condition diagnosed or treated within a specified period of time prior to a person becoming insured. Health care providers can exclude benefits for a defined period of time for the treatment of medical conditions they determine to have existed prior to the beginning of coverage.

■ **Public Plan Option:** A proposal to create a new insurance plan administered and funded by federal or state government that would be offered along with private plans in a newly-created health insurance exchange.

— Kaiser Family Foundation (www.kff.org), www.medicare.gov

Survey says

According to 2009 reports from the Kaiser Family Foundation:

32% of Americans report their family has had problems paying medical bills in the past year, with 18 percent reporting bills in excess of \$1,000.

53% of Americans say their household cut back on health care due to cost concerns in the past 12 months.

11% of Americans used up all or most of their savings in the past 12 months because of medical bills.

66% of Americans are very worried or somewhat worried about not being able to afford the health care services they think they need.