

How does the system work now?

Sources of health insurance

Most Americans have private insurance:

- About 61% of Americans under 65 have health insurance through their employer.
- About 6% buy insurance on their own.

19% of Americans have government insurance:

- Medicaid covers many low-income people.
- Medicare covers the disabled and people over 65.

The private insurance system

The majority of Americans get health insurance as part of their employer's benefits package. Insurers charge a monthly premium; employers pay most of that premium, and employees pay the rest. Employer-provided plans vary widely in the types of care covered and the size of the co-pay that employees must pay to receive certain services. Employees generally pay the same premium, regardless of how healthy they are.

Some people buy insurance on their own, paying the entire premium out-of-pocket. In this system, insurance companies may charge higher premiums for higher-risk people, or deny coverage on the basis of "pre-existing conditions."

What about the uninsured?

The 46 million uninsured people in the US must pay out-of-pocket for prescription drugs, physical exams, and cancer screenings, leading many to skip necessary care. By federal law, only emergency departments are required to provide care regardless of a patient's insurance status. The uninsured often go to emergency rooms for treatment of crises like heart attacks and broken bones. People with insurance pay for much of that uncompensated care - a total of \$42.7 billion in 2008 - through higher premiums.²

What can I do to make reform happen?

Glad you asked! Getting informed is the first step. Now, you can:

- Find the "Five Things You Can Do For Health Care Reform" at harvarddems.com/fivethings. Then do them. Even if you're not at Harvard, you can sign the petition to Congress, call or email your members of Congress to urge them to support health care reform, and send in a photograph of yourself with the reasons you support health care reform to add to our photo petition.
- Pick out a poster at harvarddems.com/posters. Print it out and put it on your door, or make the image your profile picture on Facebook.
- Donate to members of Congress who support progressive reforms at actblue.com/page/healthcareheroes. Or donate to Rob Miller, who's running against Rep. Joe "You Lie!" Wilson in South Carolina, at robmillierforcongress.com.
- Pass this information on! Email, Twitter, Facebook, and personal contact will all help us build a movement for health care reform.

Sources

1. Employee Benefit Research Institute, "Sources of Health Insurance and Characteristics of the Uninsured," 2009.
2. Families USA, "Hidden Health Tax: Americans Pay a Premium," 2009.
3. Trivedi, Rakowski, and Ayanian, "Effect of Cost Sharing on Screening Mammography in Medicare Health Plans," *New England Journal of Medicine* 358 (2008), 375-383.
4. Wilper et al., "Health Insurance and Mortality in U.S. Adults," *American Journal of Public Health*, September 2009.

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Introduction to Health Care Reform

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What's wrong with the current system?

On the insurance end...

- Insurance companies have a built-in profit motive to minimize the amount of medical care they provide - not because they're evil, but because that's how the system is built.
- Current law allows insurance companies to deny insurance to people with pre-existing health conditions, cancel coverage for insured people on the basis of technicalities, and cap the total amount of care they will cover for an individual's lifetime.
- Insurance plans increasingly require co-payments for preventive services like mammograms, discouraging people from getting treatment that stops diseases when they are easier - and less expensive - to treat.³
- In many states, just a handful of insurers control the lion's share of the market, meaning that there is little competitive pressure to keep costs down. Even when consumers do have a choice, insurance policies are so complex that it's difficult to make informed comparisons between costs and benefits.

On the patient end...

- Individuals - especially young people - who decline to buy insurance end up costing the system more when they get emergency care.
- Big companies like Walmart refuse to provide basic health insurance to their employees, giving them an unfair competitive advantage and forcing the public to pick up the cost of their employees' emergency health care.

The result is an ineffective and costly system: the US spends more per capita on health care than any other country, but 45,000 Americans still die every year because they lack insurance.⁴

What does "reform" mean?

Universal coverage

- Requiring individuals to carry insurance, in order to prevent "free riders" who don't pay into the system until they get sick; includes exceptions for people who can't afford insurance
- Offering credits for low-income people and small businesses
- Expanding eligibility for Medicaid

Market competition

- Establishing national or state health care exchanges where small businesses and individuals can compare and purchase plans
- Creating some form of nonprofit insurance to expand access and introduce competition

Efficiency

- Cutting waste from Medicare
- Assisting the transition to an electronic system of medical records
- Requiring insurers to provide basic preventive services with no co-pay, in order to detect and treat problems early on

Consumer protections

- Requiring insurers to offer coverage to everyone, regardless of pre-existing medical conditions
- Establishing a minimum coverage standard
- Preventing insurers from canceling patients' policies retroactively on technicalities

What's still up for debate?

Public option: Many Democrats want to create a "public option," a government-run insurance program similar to Medicare. The Senate Finance Committee has proposed non-profit insurance cooperatives as an alternative.

Size of credits: Every proposed bill offers some credits to low-income families who buy health insurance, but eligibility for these credits varies.

Employer mandates: Most proposals include some requirement for large employers to contribute to the cost of their employees' care.

What about the money?

Cost: Cost estimates range from \$60-100 billion per year over the next ten years. This is less than the ten-year cost of the 2001 Bush tax cuts (\$1.3 trillion). For context, the US spent \$2.2 trillion on health care in 2008.

Paying for reform: The House plan calls for a surtax on families with incomes over \$350,000; the Senate Finance Committee plan would impose fees on some health care businesses and tax expensive "gold-plated" insurance plans.

Reducing costs: At minimum, bills in the House and Senate would save about \$400 billion over ten years by reducing Medicare and Medicaid reimbursement rates. Reform could also reduce spending with reforms like:

- Encouraging preventive care and management of chronic diseases like diabetes
- Piloting "bundled" payments that reimburse doctors for outputs rather than inputs
- Moving towards electronic medical records
- Reforming medical malpractice lawsuits

But I heard that...

"The public option is just a gateway to single-payer socialized medicine." The public option introduces more choice, not less, into the insurance market. Nothing in any proposed bill would require anyone to give up their current insurance plan.

"Reform means that the government will be able to ration my health care." In fact, private insurance companies already ration health care by determining what services you can and cannot receive. Reform will increase individual choice by introducing competition into the insurance market and banning unfair practices that insurance companies use to deny care.

"The reform plan will give free health care to illegal immigrants." Every plan excludes undocumented immigrants from buying insurance through the national insurance exchange or receiving subsidies to buy insurance.