

Questions and Answers about Health Insurance Reform

How will health insurance reform affect me?

Q: How will my health insurance be affected?

The health insurance reform law will provide you with more secure health coverage. Right now, even if you play by the rules, you can lose your coverage or find your premiums become unaffordable when you get sick or lose your job. This legislation will ensure that, even if you develop a condition like diabetes or cancer, you will be able to maintain your health coverage. The package also will help the one-quarter of middle-class families who have had problems paying medical bills by eliminating caps on insurance benefits and by setting an annual limit on the amount you have to spend out of your pocket each year. The law will improve Medicare for seniors by improving the prescription drug benefit and ensuring seniors have access to preventive medical care, such as mammograms and colonoscopies.

After reform is implemented, most Americans will continue to get their health insurance from private companies as they do now. The federal government will continue to run Medicare and state governments will continue to run Medicaid. Doctors, nurses and patients will continue to make medical decisions, just as they do now. The health care system will be similar to now, except with new insurance options, new protections for consumers, and assistance for those who need it.

Q: Why do we need reform?

We need health reform because the current system is too expensive and leaves too many people without stable coverage. Families have seen their premiums increase by 131 percent over the past decade, but are receiving less and less coverage. Our businesses are struggling to afford health care for their employees. Doctors and hospitals are squeezed by insurance companies and have to swallow the costs of treating the uninsured. The system must be reformed to give all

Americans the peace of mind that comes from knowing costs won't rise beyond your ability to pay and, even if times are tough, you will still have access to quality, affordable health care.

Q: I run a small business. Will this bill help or hurt me?

This package will help small businesses in several ways. Small businesses face insurance premiums that are up to 18 percent higher than large firms and have difficulty finding an insurance plan for their employees.

The legislation will help small businesses provide insurance for their employees through a new insurance marketplace, which will offer new coverage options at group rates. The bill will provide an immediate 35 percent tax credit to small businesses with fewer than 25 employees that provide insurance for their employees. This will help almost 18,000 small businesses in Central New Jersey, and 60 percent of businesses nationwide. The bill recognizes the constraints facing small businesses and exempts small employers with fewer than 50 employees from the shared responsibility requirement to provide insurance for their employees.

Q: Will reform cause rationing?

No, the bill will not lead to rationing and, under the new standards, companies will be less able to ration your care than now. Companies will be required to spend at least 80 percent of your premiums on medical care, which is more than many plans spend now. In short, health reform will require insurers to do what you expect them to do: cover you when you need it most and not deny your care when it costs them.

The argument that reforming health care will lead to rationing was heard when Medicare was created in 1965. The opposition argued that government was inefficient and costly, that Medicare would put the government between the doctor and the patient,

and that it would lead to socialized medicine. Some in Congress, from Bob Dole to Gerald Ford, fought the program and voted against its creation.

Before Medicare was enacted, 44 percent of seniors were uninsured and those that had insurance often only had minimal coverage. Medicare has virtually eliminated uninsurance among older Americans, and fewer than one percent lack insurance today. It operates efficiently and is often more effective than private companies in keeping costs down. The predictions that Medicare would destroy the American medical system and come between doctors and patients were wrong. Instead, it helps millions of older or disabled Americans have access to health care.

Q: I am currently uninsured and cannot afford health insurance. What will happen to me?

If you are between jobs, self-employed, or work for a small business, you often have trouble finding and affording insurance. For these reasons, almost 1.3 million New Jerseyans were uninsured in 2008, 40 percent of whom were middle-class families. If you are uninsured, the bill will help you purchase coverage in a new marketplace, where you can get insurance at group rates. In the insurance marketplace, you will get help with premiums and co-pays to ensure that the insurance is affordable. Workers with very low incomes will get additional assistance through Medicaid.

This affordability assistance will come with a shared responsibility requirement, making every American responsible for having health insurance coverage and asking that employers share in the costs. The principle of shared responsibility will require that Americans either carry insurance and join the larger insurance pool or contribute to the costs of treating the uninsured.

How will health insurance reform affect seniors and Medicare?

Q: I'm a senior. How will reform affect me?

Seniors on Medicare will continue to receive their health care through this program and the program will remain intact.

Not only will Medicare remain intact under this legislation, the legislation will make it better. It will improve prescription drug coverage (closing the so-called "doughnut hole"), eliminate co-pays and deductibles for preventive care, provide for annual preventive check-ups, and encourage physicians and hospitals to coordinate their medical care. The "doughnut hole" help alone will assist 8,300 Central New Jersey seniors. The bill will shift Medicare's focus to keeping seniors well, rather than only focusing on illnesses. It will provide better payments for primary care providers, who screen for preventable diseases and are responsible for a patient's overall health. These and other provisions are why AARP and other seniors groups have endorsed this bill.

Q: I heard you were cutting Medicare. What does that mean?

The bill will make Medicare more sustainable in the long run by reducing expenses that don't keep patients healthy. Private insurance companies will no longer receive subsidies for providing the same services that Medicare already provides to seniors.

This alone will save \$136 billion dollars. By having hospitals and doctors better coordinate their care, Medicare not only saves money, but patients receive better care and avoid redundant tests and procedures. Another example of potential savings is avoiding re-hospitalizations. Almost one-fifth of Medicare patients who visit the hospital have to go back within one month. Most of the time, those repeated hospitalizations could be prevented with better coordination and communication between the hospital, the patient's doctors, and the patient. This legislation creates new incentives to keep these patients healthy (and comfortably at home), which will save Medicare \$7 billion. The bill also will save money for Medicare by putting a renewed focus on stopping waste, fraud, and abuse, such as medical equipment scams.

Q: Is it true that this bill will get rid of Medicare Advantage?

No. The health care reform bill does not eliminate Medicare Advantage plans. However, it does phase out the overpayments going to the private insurers that manage these plans. Currently, the private insurers that manage Medicare Advantage plans are paid an average of 14 percent more per person than the traditional Medicare program. That is both an unnecessary expense and unfair to other Medicare beneficiaries and tax-

payers in general. The bill simply puts these Medicare Advantage plans back on a level playing field with traditional Medicare.

Q: Someone told me that this bill will force seniors to attend regular counseling sessions on how to end their life sooner. Is this rumor true?

Absolutely not. There is no basis for the rumor that seniors' conversations with their doctors will lead to denial of end-of-life care or will do anything to promote assisted suicide, which is illegal in New Jersey and 46 other states, or euthanasia, which is illegal in all states.

The truth is that an earlier version of the legislation contained a provision that would have provided doctors with better reimbursement for talking with their patients to understand their condition and the care they want. This provision (originally proposed by Republicans and Democrats) would have provided payment for a doctor's time if a patient chose to have a conversation about the care he or she would prefer if he or she became very ill, but did not require anyone to have this conversation.

This policy was not included in the final bills that became law. I think this is unfortunate as seniors should have more options to work with their physician on these difficult and very personal issues.

What will health reform cost?

Q: How can we afford this bill? What will reform cost and how will it be paid for?

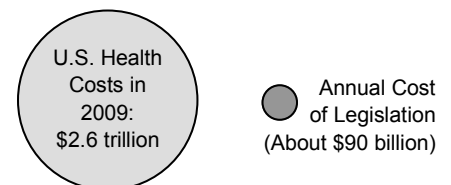
The health reform package will cost about \$940 billion. That appears to be a larger number, to be sure. Let me put it into perspective. The annual cost of the entire package is the equivalent of two weeks of what our nation currently spends on health care each year and it is fully paid for, adding nothing to the deficit. The legislation devotes most of its resources towards helping middle-income fami-

lies with their health insurance premiums and expanding Medicaid for lower-income families. It gives substantial tax credits to small businesses that provide insurance for their employees and fills in the coverage gap for the Medicare prescription drug plan (the so-called "doughnut hole").

The bill is not only fully paid for, but will produce a surplus. The independent and nonpartisan Congressional Budget Office estimates this legislation will cut the deficit by \$143 billion

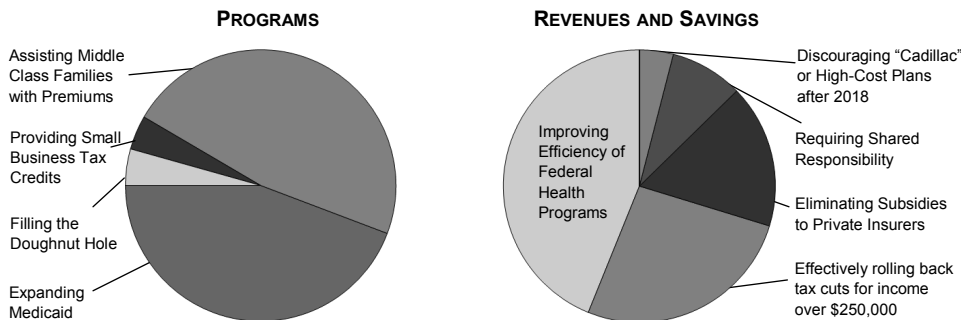
in the first ten years and by \$1.2 trillion in the ten year period after that.

Part of the cost will be paid for by expanding the Medicare payroll rate on household income over \$250,000 a



COST COMPARISON: Costs of proposed legislation compared to total annual U.S. health spending.

What will health reform cost? (Continued)



WHERE THE MONEY GOES: List of programs in the proposed legislation and how those are paid for.

year, effectively rolling back some of the 2001 tax cuts for high-earners. The bill is also paid for by eliminating overpayments to private insurers, improving the efficiency of federal health programs, and requiring shared responsibility for health care.

The Congressional Budget Office estimates government spending and not how health reform will affect a family's health expenses. In addition to the large fiscal advantages, reform also will help slow the growth of a family's health expenses, in order to keep

health care affordable.

Q: Will my tax dollars be paying for abortions?

No, your tax dollars will not be paying for abortions. The bill ensures that federal premium assistance may not be used to pay for abortion, except to save the life of the mother or in cases of rape or incest. The legislation further maintains federal conscience rights for physicians and health practitioners.

Q: Will illegal aliens get govern-

ment-funded health care?

No. The health reform package specifically excludes any assistance for those not in the U.S. legally and denies undocumented aliens the ability to purchase insurance through the new insurance marketplace.

Undocumented immigrants currently may not receive any federal benefits except in specific emergency situations. There are no provisions in the health reform package that will change this policy.

Q: What about taxing very generous or "Cadillac" plans?

I have reservations on taxing high-cost health benefits because employees often have negotiated to forgo salary increases in order to receive better health insurance benefits. The bills signed into law address this by focusing only on the most generous plans. The taxes will be delayed until 2018 in order to allow workers time to renegotiate their contracts. I will continue to review this provision and advocate for changes, if necessary.

What are your views on specific policies?

Q: What about tort reform?

The bill will encourage states to enact further innovative tort reforms, while ensuring that ordinary people have protections against medical harm.

It is important to remember that 46 states already have implemented some form of malpractice reforms. New Jersey caps punitive damages, requires expert medical testimony, and sets a statute of limitations. The nonpartisan Congressional Budget Office found that further nationwide reforms would reduce health costs by less than 0.5 percent, while the National Bureau of Economic Research found that new tort laws might reduce premiums by 1 to 2 percent.

Q: What about selling insurance across state lines?

The bill does allow insurance to be sold across state lines. It creates a system for states to enter into agree-

ments with one another for selling insurance between states. Also, the legislation creates new options for multi-state plans. In addition, this package will increase competition by creating an insurance marketplace with new options for insurance.

Q: What is the public option?

A public option would have been just that—an option for health insurance that individuals could have chosen in the new insurance marketplace. It would have charged premiums and met regulations just like any for-profit plans. There is no public option in the health reform package that passed March 21. I feel this was a mistake, as a public option would have increased competition and helped to reduce costs. However, the bill does address these same objectives by creating a new insurance marketplace where insurance companies compete, creating new incentives for quality

and efficient health care, and protecting consumers with new regulations.

Q: Doesn't New Jersey have many of these consumer protections?

Although New Jersey already has in place some of the consumer protections in the health reform package, like prohibiting companies from denying coverage because of a preexisting condition, those state laws apply to only half of New Jerseyans with private health insurance. Now, under the health reform package, all New Jerseyans with private insurance will have access to these important protections. Another New Jersey policy allows many young adults to remain on their parent's plan through age 30. After reform is implemented, New Jersey young adults who are uninsured but do not have access to the New Jersey benefit will be able to stay on their parent's plan until age 26.

What about the legislative process for reform?

Q: Our country is in a serious economic recession. Shouldn't Congress be working on that instead?

I agree that our economy should be a key priority right now. I have hosted workshops for small businesses to help them secure loans, expand their exports, and obtain research grants. I have supported legislation to create jobs, such as by increasing the amount of credit available to small businesses. In addition, I have introduced legislation that would expand the research and development tax credit and create a new tax credit for individuals who invest in small businesses. I will continue to work to provide additional resources for the small businesses in Central New Jersey.

It is important to note that health insurance reform is a critical part of our economic recovery. Workers who have lost their jobs struggle to afford coverage for themselves and their families. For New Jerseyans using COBRA coverage, the average monthly premium is over \$1,200, which is two-thirds of the average unemployment benefit. Our businesses are also facing rising health care costs. A study by the Center for American Progress found that health reform would reduce business costs and free up money for them to hire new workers, creating 250,000 to 400,000 new jobs this decade. If we don't act now, rising health care costs only will get worse and overwhelm the budgets of families, threaten the competitiveness of small businesses, and hurt our nation.

Q: Did you read the bill?

Yes, I read the bill. Since the legislation's release, I have carefully reviewed the entire bill, along with my staff, and debated it in Committee and on the floor of the House of Representatives. Further, I have posted each version of the bill on my website to give every Central New Jersey resident the opportunity to read and review the legislation.

Q: Why did Congress jam this bill through? What's the hurry?

This wasn't rushed—Congress has

been discussing these reforms for many years and has been debating this health reform bill since early 2009.

This bill was created from one of the most open and deliberative processes in recent memory. During the past few years, Congressional committees held more than 79 hearings, heard from 181 witnesses, and debated and voted on almost 240 amendments. These amendments often addressed concerns raised by constituents.

No bill is perfect and, as with any legislation, the effects of this bill cannot be completely and precisely predicted. It depends on how people act. That was true of the GI Bill, the Social Security Act, the Interstate Highway Act, the Voting Rights Act, and every other law, and it will be true for this legislation as well. Congress will continue to revisit this legislation to adjust it to changing conditions and to improve it over the years to come.

Q: Is this bill constitutional?

Some opponents of reform have claimed that health reform legislation is unconstitutional. Article I, Section 8 of the Constitution gives Congress the power to "provide for the common Defence and general Welfare of the United States" and "regulate Commerce...among the several states." As our nation's general welfare and economy depend greatly on fixing our deficient health care system, this legislation is allowed under our Constitution. This part of the Constitution also forms the basis for existing federal health programs, such as Medicare and Medicaid, and most other legislation.

Q: Does Congress exempt itself from reform?

The bill, I am pleased to say, does apply to Members of Congress. Under this legislation, Members of Congress and their staff will drop their existing federal employee health insurance plans and purchase their insurance through the new health insurance marketplace. I welcome the opportunity to take part in the new system.

However, this is not about Members of Congress. It is not about my health care. It is about improving the health care that all Americans receive. I would not support reform if it did not.

Q: Hasn't this bill been considered under unusual parliamentary procedures?

In fact, health reform legislation was considered in a thorough process—debated by Congressional committees and by the full House of Representatives and Senate. The procedures under which reform has been considered, including the reconciliation process, are standard procedures that have been used for many types of legislation in the past.

In reality, opponents of reform have tried to talk about the process instead of the substance of the bill. Instead of focusing on process, I believe it is more important to discuss how to guarantee that families and businesses, small and large, have the affordable and accessible health coverage they need.

I look forward to hearing from you, whether by phone (toll free at 1-87-RUSH-HOLT), e-mail (through HOLT.HOUSE.GOV), or in person in Washington or in your community.

One of the most important parts of my job is helping cut through red tape. I am able and willing to help you resolve problems with any federal agency and can assist on a broad range of other matters.

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