

Myths and Truths in National Health Reform

What is true and not true and how does it affect Connecticut

There has been a lot of misinformation about the new national Patient Protection and Affordable Care Act and what it will mean for Connecticut consumers and employers. Here are a few of the rumors with the facts.

Rumor: The Government will now be able to access your bank account.

Not true.

Rumor: The act cuts Medicare.

Not true. The Act benefits 547,000 Connecticut residents who rely on Medicare by closing the doughnut hole in prescription coverage starting this year to be fully closed by 2020. The Act reduces the costs and expands coverage for preventive care and stabilizes the program's financial future. The Act does cut into the 14% overpayment to Medicare HMOs; 85% of Connecticut's Medicare beneficiaries who are not in managed care plans have been subsidizing that overpayment.

The Act helps Connecticut by improving coverage, reducing costs and stabilizing Medicare's financial future.

Rumor: You will lose your current coverage.

Not true. Your current coverage will be unaffected. If you are happy with what you have, you can keep it. All coverage will have to meet some commonsense standards in 2014 such as the requirement to cover pre-existing conditions. Some minimal plans with inferior coverage will not continue, but you will have better options with better value. And if you don't have coverage, you will have an insurance exchange to help you purchase good coverage with no hidden terms that you only find out about when it's too late.

Rumor: Your premiums will go up.

Probably true, but that's not the whole story. Premiums probably will go up in the future, but experts estimate that they will be lower than they would have been without this law. Connecticut health care premiums rose by 96% between 2000 and 2009, far faster than inflation or people's incomes. Under the Act

women can no longer be charged more than men, and premiums cannot be based on health status. Needing health insurance will not disqualify you for health insurance. The Act limits how much more insurance companies can charge based on age. The law limits out-of-pocket costs such as copays and deductibles. Preventive services will be free. The Act creates a process for reviewing annual insurance premium increases. Insurers will have to justify proposed rates and can be excluded from the insurance exchange if rates are unreasonable. The Act has dozens of provisions to limit skyrocketing costs.

The Act helps Connecticut by keeping premiums affordable.

Rumor: The reform Act will increase the national deficit.

Not true. The independent Congressional Budget Office estimates that the Act will reduce the national deficit by \$143 billion. Over history, CBO has been very conservative in their estimates - savings may be much higher.

The Act helps Connecticut by reducing the burden on future generations. Our children will not be paying for our health care.

Rumor: This is a government takeover of health care.

Not true. Under reform most people will get their coverage through private, employer sponsored health insurance as they do now. Because health costs have grown so fast and our population is aging, more and more Americans are covered by government programs. It is expected that some time this year, government will begin paying more than half of all health bills in the US. That is happening before reform.

The Act helps Connecticut by relieving the burden on state government and private payers as more people will have insurance and the system has to handle less bad debt.

Rumor: Health care will become more expensive for small businesses.

Not true. In fact, the opposite is true. Small businesses will be able to purchase coverage from an insurance exchange, which will make it easier to buy good, comprehensive coverage without the fine print -- one stop shopping, no hassles, no fine print. You will know what you are paying for. Small businesses (with 50 or fewer workers) are exempt from the employer assessment.

The Act helps Connecticut -- Up to 37,600 Connecticut small businesses will receive tax credits for covering their workers.

Rumor: The Act funds abortions.

Not true. The Act is clear that federal law about abortion coverage does not change. Federal funds cannot be used to pay for abortions.

Rumor: The Act is unconstitutional.

Remains to be seen. Attorneys General from several states are taking this issue to court, but legal scholars doubt that they will be successful.

Rumor: The Act is full of special interests' provisions and special deals for some states.
Not true. The Nebraska deal was removed in the final Act.

The Act helps Connecticut by opens many opportunities to improve and invest in our health that Connecticut can apply for. We will have to compete with other states for many of these opportunities, but they are available.

Rumor: People are going to be thrown in jail if they don't buy insurance.
And its corollary - the IRS is hiring 16,500 armed agents to enforce the law.

Not true. If you don't purchase coverage and you have affordable options available, you will have to pay a penalty on your taxes. The penalty can be waived due to income, financial hardship, religious objections, and for people without coverage for only three months. The penalty will be phased in starting in 2014 and will be between \$695 and \$2,085 depending on income by 2016.

The law specifically states that the IRS cannot confiscate your assets or impose criminal penalties, including jail, because of a lack of health care coverage.

The IRS Commissioner has stated that it is likely that tax filers who cannot document that they have coverage will have part of their refunds withheld. The IRS will be hiring more staff for administrative functions including new tax credits to businesses and working families along with the insurance requirement but they won't have guns.

Rumor: Kids up to age 26 will be able to stay on their parents' policies.

True. Effective later this year, children without access to employer sponsored coverage will be able to stay on their parents' health care policies up to age 26.

Didn't CT already have that law?

Yes, but because of older federal law, it didn't apply to about half of Connecticut's workers. Now it applies to everyone. And now because of the new law the benefits are not taxable. Under the state law, parents had to pay federal taxes on the value of their children's coverage as if it was regular income.

The Act helps Connecticut because young adults are the most likely to be uninsured. Now kids right out of school won't have to worry if they can't find a job with benefits right away.

Rumor: The Act requires rationing of health care.

Not true. The Act includes no limits on coverage. In fact, because of provisions like requiring coverage for pre-existing conditions and outlawing lifetime limits, the law will reduce the rationing of care that happens now. The Act does fund better science to determine which treatments work best for which problems and which patients. However, Medicare cannot use this research as the only consideration in making coverage decisions. Private insurers are free to do as they please.

The Act helps Connecticut payers and insurers get better value for scarce health care dollars.

Rumor: The Act will cover illegal immigrants for free.

Not true. The Act does not change federal law which specifically excludes undocumented immigrants from federal coverage or subsidies at any price. Right now, Medicaid applicants have to prove citizenship or legal immigration status. Those same provisions will apply to the new insurance exchange.

Rumor: The law creates a public option that will compete with private companies

Not true. Unfortunately, the public option was dropped from the final version of the federal act. However, last year Connecticut passed the Sustinet plan which will create an affordable publicly-run alternative option with good coverage based on the state employee plan and Medicaid that will be available to the uninsured and small businesses.

Rumor: People with coverage now will have to wait longer to see a doctor when the uninsured get coverage.

This may be true, but we are working on it. When Massachusetts passed a similar law, waiting times for some services did increase. There is already a shortage of primary care providers in the United States now; that is predicted to grow as the population ages, even before reform. However Connecticut is in better shape, with shorter wait times for appointments than Massachusetts patients had before reform. Connecticut is now studying how to make sure there are enough providers to meet the demand. The Sustinet Health Care Workforce Task Force is studying the problem, considering solutions, and will be making recommendations to the state this summer.

Rumor: The reform law will cut TRICARE benefits for active duty military and retiree families.

Not true. Soldiers and their families will continue to access care through the military plan. TRICARE will meet all the standards for coverage outlined in the national reform bill; soldiers and their families will not be subject to penalties for being uninsured.

Rumor: Employers will have to start providing health benefits to workers.

Not true, but in 2014 large employers (over 50 employees) who don't provide decent health benefits to workers will pay \$2,000 per full time worker who receives a tax credit. Two thirds of Connecticut employers now offer coverage to their workers. They are subsidizing the costs of health care for the other employers who don't.

But that \$2,000 penalty is less than it costs to pay for coverage? Won't employers just drop everyone and pay the fine?

They could, but they can do that now and pay nothing. This ensures that

employers who don't offer benefits will be contributing toward the costs of care for their uninsured workers.

The Act helps Connecticut workers who aren't offered benefits at work and the majority of Connecticut employers who do the right thing now and offer health coverage to their workers.

Rumor: Insurance companies will have to spend most of your premiums on medical care.

True. As of next year insurers will have to spend at least 80 or 85% of all the premiums they collect on clinical services and quality improvements. If they don't, they will have to refund the rest back to consumers.

The Act helps Connecticut by ensuring that health insurance dollars go to improving health.

Rumor: Restaurants will have to post how many calories are in their food.

True. Chain restaurants and vending machines must post the nutritional content of their food. This is important information for people who are trying to lose weight and make healthier food choices.

The Act helps Connecticut lower obesity rates and associated problems. This is an important tool that will help Connecticut residents take responsibility for their own health, which the only sustainable way to reduce costs and improve the health of our state.

Sources:

Office of Congressman Joe Courtney (CT), Kaiser Family Foundation, HR-4872 Reconciliation Act of 2010, HR-3590 Patient Protection and Affordable Care Act, Congressional Budget Office