



HEALTH REFORM FACTS

HIGHLIGHTS OF WHAT'S IN – AND NOT IN – THE NEW LAW

It is NOT a “government takeover” of health care.

The federal government already is the largest purchaser and provider of health care in the United States. Health reform expands Medicaid to cover more working families, and makes all programs run more efficiently. It creates new health exchanges – or marketplaces – to spur competition and help people shop for plans offered by *private* insurance companies. It requires *private* insurers to offer two national plans in each state, with rates and terms similar to plans for members of Congress. It allows the sale of *private* insurance across state lines. Some working families will get federal subsidies to help them afford *private* insurance.

Health reform will NOT cut benefits for seniors.

This is a common scare tactic spread by opponents of reform. It does not reduce benefits – it cuts overpayments to private insurers who claimed they could manage Medicare cheaper than the federal government. Today, these companies are charging the government 14 percent more. Reform also changes the way Medicare pays for services by rewarding efficiency and promoting quality over quantity. It reduces prescription drug prices for seniors. It gives them free yearly checkups. Groups like AARP, the National Committee to Preserve Social Security and Medicare, and the Leadership Council of Aging Organizations support reform. They wouldn't if they thought seniors would lose benefits or access to care.

Reform funds MORE doctors and improves access to care.

The new law provides payment bonuses for primary care providers, boosts loan forgiveness for new health professionals, promotes more mid-level practitioners like nurses and physicians assistants, and builds and staffs more health clinics.

Reform will NOT increase the federal deficit – it will lower it.

According to the non-partisan Congressional Budget Office, the new law will *reduce* the deficit by \$143 billion during the first decade of implementation and by as much as \$1.3 trillion during the second decade. This is because reform includes cost containment provisions that allow the largest purchaser and provider of health care in the country – the federal government – to spend less.

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People who have health insurance will be helped by reform, NOT hurt.

The current system is unsustainable for families and businesses. Because hospitals and clinics are required to provide care regardless of coverage, the average Alaska family pays \$1,900 per year to help cover care for the uninsured. Premiums skyrocket – during the past decade the average employer-provided family premium for Alaskans nearly doubled, from about \$7,400 to \$14,200 (while average wages rose 17 percent). And more people every day lose their health insurance. Reform helps in all of these areas by reducing the costs of uncompensated care, making insurance more competitive and guaranteeing coverage despite pre-existing conditions. If you quit or switch jobs, you'll be covered by your new employer or able to buy affordable insurance through the new health exchange.

Health reform will NOT bust the bank – it is fully paid for.

The money will come from cutting waste, fraud, and abuse within existing government health programs, ending big subsidies to insurance companies and increasing efficiency by coordinating care and streamlining paperwork. Reform takes money already being spent on health care and re-allocates it. We can reduce unwarranted subsidies to insurance companies, negotiate cheaper drug prices and cut unneeded hospital readmissions. The new law taxes the most expensive insurance plans (the vast majority of Alaskans won't be affected) with the goal of making good benefits affordable and increases the Medicare tax for families making more than \$250,000 annually.

Medical malpractice reform is worth discussing but is NOT a silver bullet.

The President has called for support of tort reform pilot programs, and there's similar language in the new law. But the reality is medical malpractice claims represent only a tiny portion of health care costs. Alaska is one of 46 states that passed tort reform; we did it in 1997 and strengthened it in 2005. Malpractice insurance for Alaska doctors has dropped, but health premiums for individual Alaskans continue to increase rapidly – nearly doubling in the past decade.

Small businesses will be helped – not hurt – by reform.

Small businesses make up 78.4 percent of all Alaska businesses, yet just 31.6 percent of these small businesses are able to offer health insurance to their employees. Under the new law, small businesses with fewer than 10 workers whose average wages are below \$50,000 immediately get a tax credit worth up to 35 percent of what they spend now on health insurance. It will eventually ramp up to a 50 percent tax credit, and firms with up to 25 workers will get a partial credit.

For details, please visit Senator Begich's official website: <http://begich.senate.gov>