Health Care Reform

Health care is an important issue that must not only be addressed but also reformed. The number of uninsured Americans continues to increase along with the cost of health care. Because of this current trend, health care is an important concern for individuals, families, and both big and small businesses. As a result, politicians and policymakers have proposed a variety of reforms. ASTA is closely monitoring the following legislation:

Federal Plans:

- **President Bush’s Health Plan:** During his State of the Union speech, President George W. Bush unveiled his health care reform proposal. Under this new plan, health insurance will become more affordable, allowing more Americans to obtain private health insurance. The President’s plan can be broken down into two separate parts: the first being a standard deduction for health insurance allowing all citizens to obtain the same tax breaks and the second being an initiative to help states make health insurance more available to its citizens. The standard deduction will be $7,500 for individuals and $15,000 for families should they choose to take advantage of this plan. Simply put, covered individuals and families will not pay any income or payroll taxes up to their standard deduction level. This will result in lower taxes for roughly 80 percent of policies that are provided by employers.

- **Healthy Americans Act:** On January 18, 2007, Senator Ron Wyden (D-OR) introduced S. 334, the Healthy Americans Act. If passed, this bill will provide health insurance to every American citizen by replacing all current health plans outside of Medicare and the military with regional purchasing organizations called Health Help Agencies (HHA). Under this bill, participants would have the option to select their individual plan from a variety of private plans offered through the HHAs. Once a plan is selected, the insurance company would then be required to cover that individual despite existing health problems. In addition, factors such as age, gender and occupation would not affect the price or eligibility for obtaining such insurance. This Act will also help individuals by requiring employers who provide employee health benefits to convert their premiums into higher wages in order for employees to purchase their own individual insurance. Those employers who do not provide health benefits to employees will be required to make “Employer Shared Responsibility Payments.” Under this plan, the participant, and not the employer, is in control of the health plan, where virtually everyone will be guaranteed health care.

  **Current status:** Read twice and referred to the Committee on Finance

- **Durbin/Lincoln Health Plan:** On March 16, 2005, Senators Richard Durbin (D-IL) and Blanche Lincoln (D-LA) introduced S. 637 in the 109th Congress titled the Small Employers Health Benefits Program Act. This bill would have directed Office of Personnel Management (OPM) to administer a health insurance program for employees who were self-employed or employees of a small business with 100 employees or fewer. The rates would have reasonably reflected the costs of the benefits that were provided and the proposal would have mirrored the Federal Employees Health Benefit Program. Another facet of this program would have been that employers were required to sign up all of their employees,
where no member could opt out of the coverage or receive alternative coverage. In addition, businesses with low earning employees would be eligible for refundable tax credits if the organization pays at least 60 percent of the workers' premiums.

**Current status:** Died in committee

**State Plans:**

- **Massachusetts Health Plan:** In April 2006, Massachusetts Governor Mitt Romney signed legislation to ensure that all residents receive health insurance. Massachusetts became the first state to provide its residents with health coverage, requiring all residents to have coverage by July 1, 2007. An important aspect of this legislation was the creation of the Commonwealth Health Insurance Connector. In essence, the Connector helps Massachusetts residents, families and employers find a health plan that meets their needs. Like the Healthy Americans Act, under this law, Massachusetts residents will be able to purchase health insurance from competing health plans. In addition, employed individuals are able to purchase insurance using pre-taxed earnings.

  The law also creates a “Fair Share Contribution”. Under this plan, employers that do not offer insurance will pay fees to the state. If an employer with more than 10 employees does not offer a group health insurance plan, it will pay a fair share employer contribution of no more than $295 per employee per year. Employers with more than 10 employees also must adopt and maintain a “cafeteria plan” of available benefits and allow health insurance premiums to be paid on a pre-tax basis.

- **California Health Plan:** On January 8, 2007, California Governor Arnold Schwarzenegger proposed to provide coverage for nearly all the citizens of his state. Following in the footsteps of Governor Romney in Massachusetts, all Californians will be required to have health insurance coverage. Like the Massachusetts plan, Governor Schwarzenegger plans to mix private initiatives with government oversight in order to appeal to all California residents.

  Under this proposal, employers with 10 or more employees will be required to offer health coverage. Employers who do not offer the coverage will be required to contribute 4 percent of payroll toward the cost of employees’ health coverage. The proposal will also require employers to establish “Section 125” plans in order to provide employees with the option of making tax-free contributions to their health insurance.