

The Obama Plan: Stability & Security for all Americans

If You Have Health Insurance

More Stability and Security

- **Ends discrimination against people with pre-existing conditions.** Over the last three years, 12 million people were denied coverage directly or indirectly through high premiums due to a pre-existing condition. Under the President's plan, it will be against the law for insurance companies to deny coverage for health reasons or risks.
- **Limits premium discrimination based on gender and age.** The President's plan will end insurers' practice of charging different premiums or denying coverage based on gender, and will limit premium variation based on age.
- **Prevents insurance companies from dropping coverage when people are sick and need it most.** The President's plan prohibits insurance companies from rescinding coverage that has already been purchased except in cases of fraud. In most states, insurance companies can cancel a policy if any medical condition was not listed on the application – even one not related to a current illness or one the patient didn't even know about. A recent Congressional investigation found that over five years, three large insurance companies cancelled coverage for 20,000 people, saving them from paying \$300 million in medical claims - \$300 million that became either an obligation for the patient's family or bad debt for doctors and hospitals.
- **Caps out-of-pocket expenses so people don't go broke when they get sick.** The President's plan will cap out-of-pocket expenses and will prohibit insurance companies from imposing annual or lifetime caps on benefit payments. A middle-class family purchasing health insurance directly from the individual insurance market today could spend up to 50 percent of household income on health care costs because there is no limit on out-of-pocket expenses.
- **Eliminates extra charges for preventive care like mammograms, flu shots and diabetes tests to improve health and save money.** The President's plan ensures that all Americans have access to free preventive services under their health insurance plans. Too many Americans forgo needed preventive care, in part because of the cost of check-ups and screenings that can identify health problems early when they can be most effectively treated. For example, 24 percent of women age 40 and over have not received a mammogram in the past two years, and 38 percent of adults age 50 and over have never had a colon cancer screening.
- **Protects Medicare for seniors.** The President's plan will extend new protections for Medicare beneficiaries that improve quality, coordinate care and reduce

beneficiary and program costs. These protections will extend the life of the Medicare Trust Fund to pay for care for future generations.

- **Eliminates the "donut-hole" gap in coverage for prescription drugs.** The President's plan begins immediately to close the Medicare "donut hole" - a current gap in its drug benefit - by providing a 50 percent discount on brand-name prescription drugs for seniors who fall into it. In 2007, over 8 million seniors hit this coverage gap in the standard Medicare drug benefit. By 2019, the President's plan will completely close the "donut hole". The average out-of-pocket spending for such beneficiaries who lack another source of insurance is \$4,080.

If You Don't Have Insurance

Quality, Affordable Choices for All Americans

- **Creates a new insurance marketplace – the Exchange – that allows people without insurance and small businesses to compare plans and buy insurance at competitive prices.** The President's plan allows Americans who have health insurance and like it to keep it. But for those who lose their jobs, change jobs or move, new high quality, affordable options will be available in the exchange. Beginning in 2013, the Exchange will give Americans without access to affordable insurance on the job, and small businesses one-stop shopping for insurance where they can easily compare options based on price, benefits, and quality.
- **Provides new tax credits to help people buy insurance.** The President's plan will provide new tax credits on a sliding scale to individuals and families that will limit how much of their income can be spent on premiums. There will also be greater protection for cost-sharing for out-of-pocket expenses.
- **Provides small businesses tax credits and affordable options for covering employees.** The President's plan will also provide small businesses with tax credits to offset costs of providing coverage for their workers. Small businesses who for too long have faced higher prices than larger businesses, will now be eligible to enter the exchange so that they have lower costs and more choices for covering their workers.
- **Offers a public health insurance option to provide the uninsured and those who can't find affordable coverage with a real choice.** The President believes this option will promote competition, hold insurance companies accountable and assure affordable choices. It is completely voluntary. The President believes the public option must operate like any private insurance company – it must be self-sufficient and rely on the premiums it collects.
- **Immediately offers new, low-cost coverage through a national "high risk" pool to protect people with preexisting conditions from financial ruin until the new Exchange is created.** For those Americans who cannot get insurance coverage today because of a pre-existing condition, the President's plan will immediately make available coverage without a mark-up due to their health condition. This policy will offer protection against financial ruin until a wider array of choices become available in the new exchange in 2013.

For All Americans

Reins In the Cost of Health Care for Our Families, Our Businesses, and Our Government

- **Won't add a dime to the deficit and is paid for upfront.** The President's plan will not add one dime to the deficit today or in the future and is paid for in a fiscally responsible way. It begins the process of reforming the health care system so that we can further curb health care cost growth over the long term, and invests in quality improvements, consumer protections, prevention, and premium assistance. The plan fully pays for this investment through health system savings and new revenue including a fee on insurance companies that sell very expensive plans.
- **Requires additional cuts if savings are not realized.** Under the plan, if the savings promised at the time of enactment don't materialize, the President will be required to put forth additional savings to ensure that the plan does not add to the deficit.
- **Implements a number of delivery system reforms that begin to rein in health care costs and align incentives for hospitals, physicians, and others to improve quality.** The President's plan includes proposals that will improve the way care is delivered to emphasize quality over quantity, including: incentives for hospitals to prevent avoidable readmissions, pilots for new "bundled" payments in Medicare, and support for new models of delivering care through medical homes and accountable care organizations that focus on a coordinated approach to care and outcomes.
- **Creates an independent commission of doctors and medical experts to identify waste, fraud and abuse in the health care system.** The President's plan will create an independent Commission, made up of doctors and medical experts, to make recommendations to Congress each year on how to promote greater efficiency and higher quality in Medicare. The Commission will not be authorized to propose or implement Medicare changes that ration care or affect benefits, eligibility or beneficiary access to care. It will ensure that your tax dollars go directly to caring for seniors.
- **Orders immediate medical malpractice reform projects that could help doctors focus on putting their patients first, not on practicing defensive medicine.** The President's plan instructs the Secretary of Health and Human Services to move forward on awarding medical malpractice demonstration grants to states funded by the Agency for Healthcare Research and Quality as soon as possible.
- **Requires large employers to cover their employees and individuals who can afford it to buy insurance so everyone shares in the responsibility of reform.** Under the President's plan, large businesses – those with more than 50 workers – will be required to offer their workers coverage or pay a fee to help cover the cost of making coverage affordable in the exchange. This will ensure that workers in firms not offering coverage will have affordable coverage options for themselves and their families. Individuals who can afford it will have a responsibility to

purchase coverage – but there will be a "hardship exemption" for those who cannot.