



HEALTH CARE FACTS

Myth v. Fact: The Truth about Health Care Reform

Myth: Health care reform is unconstitutional because it mandates that individuals purchase health insurance or pay a penalty.

Fact: The nonpartisan Congressional Research Service has determined that the law (PL 111-148) is constitutional, and points to two provisions in the Constitution that allow for the individual mandate:

- Article I § 8 cl. 1 provides Congress with the power to lay and collect taxes, ... to ... provide for the ...general Welfare of the United States.
- Article I § 8 cl. 3 provides Congress with the power to regulate interstate commerce

In addition, PL 111-148 contains two Constitutional findings sections - Sec. 1501, and amendments made to that section by Sec. 10106. This language focuses on how the individual mandate will result in improved general welfare, and more broadly, how coverage expansion will impact interstate commerce and the US economy.

Myth: Health care reform is not paid for and we cannot afford it.

Fact: The nonpartisan Congressional Budget Office states that the new health care laws (PL 111-148 and 111-52) will reduce the deficit by \$143 billion in the first decade and by up to \$1.3 trillion in the second decade. See www.CBO.gov (letter dated March 20, 2010).

Without reform, health care costs were projected to reach 20% of GDP, or \$4.3 trillion, by 2017. This trajectory was simply unsustainable. In 1996, the average family premium was \$6,000. Today, it's \$12,000. Without health care reform, premiums were projected to skyrocket to \$24,000 by 2016 – or half of the average North Carolina family income.

This law reigns in out-of-control health care costs, and reduces health care costs for North Carolina's families and small businesses.

Myth: Health care reform requires seniors to undergo mandatory counseling sessions to determine how to die – otherwise known as *death panels*.

Fact: The new law (PL 111-148) contains no language about advanced directives, and absolutely no language about death panels. Earlier versions of the bill contained language that would have required Medicare to pay for voluntary counseling sessions helping seniors to plan for end-of-life medical care, including designating a health care proxy, choosing a hospice and making decisions about life-sustaining treatment. It would not have required doctors to counsel that their patients refuse medical intervention. However, this language was not included in the final bill that was signed into law.

Myth: Illegal immigrants will be allowed to purchase health insurance through the Exchange.

Fact: The law states that only U.S. citizens and those lawfully present in the US are eligible to purchase health insurance through the Exchange. See sec. 1101(d). Sec. 1411 further lays out requirements for proof of status documentation that must be shown when signing up for insurance.

Myth: Health care reform will cut benefits to Medicare.

Fact: This law explicitly states that “nothing in this law shall result in the reduction or elimination of any guaranteed Medicare benefits.” See PL 111-148, sections 3601 and 3602.

Health care reform gradually moves to a fairer payment system for private insurance companies that participate in Medicare Advantage. This will encourage greater efficiency and competition among Medicare Advantage plans. Such changes will lower Medicare costs for the 1.2 million North Carolina seniors *not* enrolled in Medicare Advantage by as much as \$45 in premiums each year.

Health care reform also requires that Medicare Advantage plans spend at least 85% of their revenue on the actual delivery of medical care.

The nonpartisan Congressional Budget Office analysis confirms that health care reform reins in wasteful spending and extends the solvency of Medicare for almost 10 years.

In addition, health care reform means 1.4 million Medicare beneficiaries in North Carolina will be eligible for annual wellness visits and prevention services at no extra cost. The 247,000 North Carolina seniors who hit the Medicare Part D “donut hole” in 2010 will receive a \$250 rebate check this year. Starting next year, these seniors will see a 50% discount on brand-name drugs in the donut hole. Coverage in the donut hole is phased in and will be completely closed by 2020.

Myth: Benefits under Tricare will be changed as a result of health care reform.

Fact: The new health care reform law makes no changes to benefits provided under Tricare or Tricare for Life. Under this new law, Tricare and Tricare for Life programs will not change. Veterans will not be subject to any new penalties under the law, and no services will be cut. In addition, eligibility for Tricare will not change under the new health care law. Sen. Hagan is a cosponsor of S. 3201, which would require Tricare to extend coverage to dependent adult children up to age 26.

Myth: You will go to jail if you don't have health insurance.

Fact: The bill does contain an individual mandate to purchase health insurance, with penalties assessed on those who fail to purchase health insurance. However, the bill explicitly states that “such taxpayer shall not be subject to any criminal prosecution.” See sec. 1501(g)(2)(A)

Myth: Comparative effectiveness provisions in health care reform will lead to rationing of health care.

Fact: Comparative effectiveness is not rationing. Instead it helps doctors to determine the best treatment for their patient. It is personalized medicine. Medical errors kill 100,000 patients per year and cost the system tens of billions of dollars. Moreover, \$700 billion is spent each year on treatments that do not lead to improved patient health. The Institute of Medicine has said that to achieve the best health outcome for

every patient, doctors and hospitals need better evidence on which to base care decisions.

The health care reform law is very clear that comparative effectiveness will not lead to rationing of care. The bill explicitly states that comparative effectiveness research cannot be used to mandate coverage, reimbursement, or other policies for any public or private payer. See sec. 6301.

Myth: Members of Congress are not in the Exchange.

Fact: Members of Congress are in the Exchange. The law states that all Members of Congress and their congressional staffs will be required to purchase health insurance in the Exchange starting in 2014. See sec. 1312(d)(3)(D).

Myth: This law was rushed through Congress and was not passed through an open process.

Fact: In the HELP Committee, on which Senator Hagan sits, Senators debated this bill for four weeks and included 192 amendments, of which 161 were introduced by Republicans. In the Finance Committee, Senator Baucus spent several months working with Republicans to incorporate their ideas and address their concerns.

The Senate voted on dozens of amendments during three weeks of floor debate before Christmas 2009. 60 senators voted for this bill in the Senate. This bill has been debated, discussed, and amended more than most bills in the history of Congress.

Myth: The government will have access to my bank account.

Fact: Section 1104 of the new law (PL 111-148) sets standards for electronic funds transfers between health care providers and insurance companies, but this has nothing to do with the patient's bank account. These transfers, such as benefit eligibility verification, prior authorization and electronic funds transfer payments, are already governed under the Health Insurance Portability and Accountability Act. A national

study found that on average each provider spends 142 hours and \$68,274 annually interacting with health plans. This section of the law merely accelerates adoption of uniform standards and operating rules. The goal of this section is to make the health system more efficient by reducing the clerical burden on providers, patients, and health plans.

Myth: Because consumers will now see the value of their employer-provided health care on their W2 form, the value of their health insurance will be added to their gross income and their taxes will increase.

Fact: The W2 form will only change to show the value of the health care benefits that a person has received so they can better understand the cost of their health care benefits and be an empowered consumer. Americans will absolutely not pay taxes on these benefits. See PL 111-148, sec. 9002.