

State Of The Union: Affordable And Accessible Health Care

In His State Of The Union Address, President Bush Proposed A Comprehensive Agenda To Make Health Care In America More Affordable, Portable, Transparent, And Efficient. Americans enjoy the best health care facilities and medical professionals in the world, but our citizens are concerned about the cost of health care, losing their health insurance if they change jobs, and a lack of information about price and quality. The President believes that Americans deserve high-quality, reasonably priced, reliable health care, and the security of knowing they will have it when they need it.

➤ **The President's Reform Agenda Can Make The Health Care System More Efficient While Continuing To Lead The World In Cutting Edge Medicine.** Americans should be able to choose their health care based on individual needs and preferences and easily obtain understandable information about the price and quality of the care they receive. Insurance should be portable and affordable. The President proposes to improve health care through initiatives to provide increased stability and peace of mind for working families across the country. The President's health care agenda includes:

- ✓ Expanding Health Savings Accounts (HSAs)
- ✓ Making Health Insurance More Portable
- ✓ Improving Information On Price And Quality To Make Health Care More Transparent
- ✓ Leveling The Playing Field For Individuals And Small Business Employees
- ✓ Passing Medical Liability Reform
- ✓ Improving Access To Health Information Technology
- ✓ Assisting Vulnerable Americans

Expanding Health Savings Accounts

HSAs Are Making Health Care More Affordable And Accessible. Established by the Medicare bill signed into law by President Bush in December 2003, HSAs allow Americans to save tax-free dollars in accounts to pay for their health care expenses. These accounts are accompanied by high-deductible comprehensive insurance policies that cover preventive care and larger medical bills. Since January 2004, more than 3 million Americans have enrolled in HSAs, which are helping make health insurance more affordable for individuals and companies while providing greater choices and flexibility in how workers and employers spend their health care dollars.

The President proposed to build on this success and expand HSAs by:

- **Giving Individuals That Purchase HSAs On Their Own The Same Tax Advantages As Those With Employer-Sponsored Insurance.** The President proposes making premiums for HSA-compatible insurance policies deductible from income taxes when purchased by individuals outside of work. In addition, an income tax credit would offset payroll taxes paid on premiums paid for their HSA policies. This will level the playing field for those who currently do not have access to employer health care plans, including the self-employed, unemployed, and workers for companies that don't offer health insurance. For Americans who are not working, especially early retirees, premiums for the purchase of non-group HSA plans would now be allowed tax-free from an HSA account.
- **Eliminating All Taxes On Out-Of-Pocket Spending Through HSAs.** The President proposed allowing Americans with HSAs and their employers to make annual contributions to their accounts to cover all out-of-pocket costs under their HSA policy, not just their deductible as provided under current law. This will allow patients to cover all their out-of-pocket expenses tax-free through their HSA. The new proposal would also provide a credit for payroll taxes paid on HSA contributions made by individuals. The President's HSA proposals are projected to increase the number of Americans with HSAs from the current 14 million to 21 million by 2010, a 50-percent rise.

Making Health Insurance More Portable

Americans Should Be Able To Take Their Health Insurance With Them When They Change Jobs, Move, Become

Self-Employed, Or Leave The Labor Force. Americans should not have to worry about changing doctors, learning a new insurance company bureaucracy, having their premiums go up if a family member is sick, losing their insurance tax advantage when leaving employment-based plans, or being subject to more costly mandates. The lack of portability can lead to "job lock" in which workers are hesitant to leave their job if anyone in the family is in less-than-perfect health.

- **Enabling Portable HSA Insurance Policies.** Employers would have the ability to offer workers a Portable HSA insurance policy that the employees would own, control, and be able to take wherever they went. Their premiums would be tax-free and would not increase based on their health status at the time that they changed jobs, left the labor force, or moved. Employers could contribute to new employees' Portable HSA insurance policies – no matter where the policy was originally purchased. Employers would have the ability to decide whether or how much to contribute to these plans, but whatever they contributed would be tax-free.
- **The President Supports Permitting The Purchase Of Health Insurance Across State Lines.** This would allow Americans to buy the best health insurance, based on their own circumstances, instead of being limited to only the policies available in their state. Allowing Americans to purchase health insurance policies issued in other states will provide much-needed choice and competition, while retaining the consumer protections of enforcement and licensing states currently provide.

Improving Information On Price And Quality To Make Health Care More Transparent

Americans Should Be Able To Easily Obtain Understandable Information About The Price And Quality Of Health Care. The President urges medical providers and insurance companies to make information about prices and quality readily available to all Americans prior to the time of service or treatment.

Leveling The Playing Field For Individuals And Small Business Employees

The Administration Will Work To Make It Easier For Small Businesses To Provide Health Care For Their Employees. Small businesses are at a real disadvantage in providing health benefits for workers. Because they buy coverage for only a handful of workers at a time, small businesses pay much higher costs than large employers or labor unions for similar health benefits. In part because costs go up over time and one sick worker can cause a large premium increase, small employers are less than half as likely to offer health benefits to their workers as large employers.

- **The President Calls On Congress To Allow Small Businesses To Form Association Health Plans (AHPs).** AHPs let small businesses join together to purchase health coverage, giving them the same advantages, administrative efficiencies, and negotiating clout enjoyed by big businesses and labor unions. By purchasing coverage for thousands of employees at a time, association members can pay lower premiums for better coverage.

Passing Medical Liability Reform

The President Calls On Congress To Make The Medical Liability System Fairer And More Predictable While Reducing Wasteful Costs. Frivolous lawsuits and excessive jury awards limit access to health care by driving health care providers out of many communities and increase costs by forcing doctors to practice defensive medicine. Because lawsuits are driving many good doctors out of practice, women in nearly 1,500 American counties are left without a single OB-GYN. Medical liability reforms would secure an injured patient's ability to get quicker compensation for economic losses, while reducing frivolous lawsuits against doctors that raise the cost of health care for all. The President has proposed proven, common-sense reforms that reserve punitive damages for egregious cases where they are justified, limit non-economic damages to reasonable amounts, ensure that old cases cannot be brought to court years after an event, and provide that defendants pay judgments in proportion to their fault.

Improving Health Information Technology (IT)

The Administration Is Working To Expand The Use Of Health IT To Lower Costs, Reduce Medical Errors, And Improve Quality Of Care. In 2004, the President launched an initiative to make electronic health records available to most

Americans within the next 10 years. We have already seen the Veterans Health Administration and private-sector health systems use information technology to increase quality, encourage savings, and reduce errors. With electronic health records, information needed to treat patients effectively will be a computer click away, no matter where the patient is receiving care. The Administration has taken steps towards improving health IT, including: establishing the position of the National Coordinator for Health Information Technology and providing \$100 million to fund projects harmonizing standards for electronic information exchange; developing certification criteria to ensure health IT investments meet proper standards; addressing privacy and security issues; and developing models for a national Internet-based health information system. Through the American Health Information Community (AHIC), the Administration and the private sector are building a common framework for implementing a nationwide electronic health records system.

- **In 2006, The Administration Will Work To Develop Nationwide Health IT Standards To Accelerate Patient Access To Electronic Health Records.** This includes a "medical clipboard" that can only be accessed with the patient's consent, electronic medication history and lab results, and ways to utilize health information tools to monitor potential disease outbreaks such as pandemic influenza.

Assistance For Vulnerable Americans

The President Proposes Extending The Benefits Of HSAs To Low-Income Families And Individuals Through Refundable Tax Credits. A family of four making \$25,000 or less will be able to get a refundable tax credit of \$3,000 from the Federal government to help buy an HSA-compatible policy that covers them for major medical expenses. These families will have the flexibility to put up to \$1,000 of the money directly into an HSA to pay for routine medical expenses. What the family does not spend can be saved in the account and carried over to the next year, earning interest tax-free.

The President Proposes Providing \$500 Million Per Year To Encourage States To Test Innovative Methods For Covering Chronically Ill Residents. Americans who are chronically ill and are not part of an employer or public pool must pay the full burden of their care through high premiums or, in some cases, go without insurance at all. Some states have established high-risk pools to insure chronically ill patients otherwise denied coverage, but there are also other innovative approaches that could provide better coverage at lower costs. The President proposes grants, awarded by the HHS Secretary, that would help cover chronically ill patients by helping up to 10 states build on their existing high-risk pools or test other innovative approaches such as risk-adjusted subsidies or plans designed to manage chronic illnesses such as diabetes.

The President Supports Allowing Employers To Make Higher Contributions To The HSAs Of Chronically Ill Employees. Under current law, employers must contribute the same amount to each employee's HSA. This prevents employers from providing extra help to their chronically ill employees – employees who are more likely to use their HSAs to pay for their higher-than-average out-of-pocket expenses. Permitting employers to make higher contributions to HSAs of chronically ill employees will help those workers fund their HSAs and pay their out-of-pocket expenses tax-free through their accounts.

The President Proposes Expanding AHPs To Allow Civic, Community, And Religious Groups To Purchase Health Coverage For Their Members. This gives individuals and their families, including the most vulnerable Americans, the ability to pool together to buy health insurance outside of their workplace. Giving people more choices to buy insurance at group rates from organizations they already know and trust will help many Americans purchase quality, affordable, and portable health insurance.

The President Supports Increased Funding For Community Health Centers. It is vital to get care to poor communities, where access is often hardest to come by, and basic primary and preventative services could do an enormous amount to raise living standards and well being. The President has worked to expand the number and reach of Community Health Centers. In 2001, there were 3,317 sites serving some 10.3 million patients. The Administration has funded more than 800 new or expanded centers and will fund approximately 400 more in the next two years. This has allowed Community Health Centers to build the capacity to serve more than 3.5 million additional Americans, with nearly 2 million more to be served in the next two years.

- **The President Has Proposed Establishing Community Health Centers In Poor Communities.** To make health care available where it is needed most, the Administration has set out to establish a Community Health Center or rural clinic in every high-poverty county in America that can support one. The President's FY 2007 budget proposes to establish 80 such centers or clinics in poor counties not currently served.