



How Federal Reform Will Help Missouri's Families and Communities

Health reform legislation just enacted by Congress will:

- Provide more than 32 million Americans access to affordable health coverage.
- Reduce the federal deficit by \$124 billion over 10 years.

In Missouri:

- 495,000 uninsured Missourians will gain health coverage.
- More than 1 million Missourians will access coverage through the health exchange.
- 516,000 residents qualify for premium tax credits to purchase health coverage.
- 961,000 seniors will receive free preventive services.
- 171,000 seniors will have their brand-name drug costs in the Medicare Part D "doughnut hole" halved. Within ten years the donut hole will be fully closed.
- 79,900 small businesses could receive a small business tax credit to offset premiums. Small businesses eligible for these tax credits employ more than 303,000 workers.
- 559,000 young adults through age 26 will have the right to keep their family's insurance.
- 180 Community Health Centers throughout MO will receive large increases in funding.
- More than 90,000 Missourians with pre-existing conditions will immediately gain access to affordable coverage.
- The Missouri economy will benefit from \$8.4 billion in new spending as a result of premium and cost sharing credits during the first five years of the Exchange.
- Employers and small businesses will have the ability to create more than 6,000 jobs as a result of stabilizing and reducing health care costs.

Reform Legislation Includes Significant Private Health Insurance Reforms to:

- Prohibit private insurance companies from turning down individuals because of pre-existing medical conditions or rescinding policies.
- Stop insurance companies from charging higher premiums because of pre-existing conditions, gender, or occupation
- Prohibit annual or lifetime limits on coverage. Protect consumers with annual out of pocket spending caps after which the insurance company must pay.
- Cap insurance company administrative overhead and profits, requiring insurers to use premiums to pay for medical care. Insurance companies must spend 85% of premiums on medical care in the group market and 80% in the individual market.
- Strengthen oversight of insurance premium rates and rate increases.
- Allow sales of insurance across state lines, as long as companies comply with minimum requirements created by states participating in compacts authorizing such sales.

If Missouri delays health reform implementation:

- 128,000 more Missourians will lose health insurance by 2019.
- 862,000 Missourians will lack health insurance by 2019
- The average Missourian's family insurance premium will increase by \$8,646 by 2019.
- Missouri's small businesses will pay \$3.3 billion more for health care premiums by 2018, stifling innovation and job growth.

Some common myths and facts:

The “individual mandate” means we’ll all be forced to buy expensive insurance coverage.

The new law requires people to have health insurance coverage. And there are subsidies, tax credits and protections to make coverage affordable for middle income and low income families. Individuals and small businesses may get tax credits to help cover premiums costs. In addition, insurance companies will not be able to impose annual or lifetime benefits caps, and there will be rules that protect us from excessive out of pocket costs.

Missourians are currently spending large percentages of our incomes on health care. In fact, a 2008 study showed nearly one in four non-elderly Missourians—1.25 million Missourians—is in a family that will spend more than 10 percent of its pre-tax income on health care costs. Even more alarming, 341,000 Missourians are in families that will spend more than 25 percent of their pre-tax income on health care costs.

When fully implemented the penalty for those without qualifying coverage will be between \$695 and \$2.5% of taxable income. Exceptions will be given for financial hardship and religious objections and to American Indians, people who have been uninsured for less than three months, those for whom the lowest cost health plan exceeds 8% of income, and people with income below the tax filing threshold.

I’m going to see additional taxes and the amount paid for my health coverage will now be taxed.

Tax related changes in the health reform law include:

- An increase in the Medicare Part A tax rate on wages on earnings over \$200,000 for individual taxpayers and \$250,000 for married couples and the expanded Medicare tax will include unearned income (such as investment income) for higher-income taxpayers.
- Health insurance providers will only be allowed to limit the deductibility of executive and employee compensation to \$500,000 per applicable individual.
- Some industries will be taxed, including pharmaceutical companies, health insurance companies, and indoor tanning services.
- The law creates a new tax on high cost health insurance plans. There is much misinformation about the tax on high cost health insurance benefits. The law imposes an excise tax *on insurers* (not on workers) issuing employer-sponsored health plans with values that exceed \$10,200 for individual coverage and \$27,500 for family coverage. The tax is 40% applied to the *amount of the plan that is above the thresholds*. The entire plan value is not taxed. There are many exceptions for those in high risk employment and for retirees and others.

There will still be 23 million uninsured Americans, even after reform.

The CBO (Congressional Budget Office) predicted that 32 million uninsured Americans will gain coverage under the reform law, and that 23 million Americans will remain uninsured. The number of people who will remain uninsured include some immigrants who will be prohibited from purchasing coverage in the Health Insurance Exchange, and individuals and families who do not purchase coverage or are excepted from the requirement that they purchase coverage.