Consumers Union

NONPROFIT PUBLISHER OF CONSUMER REPORTS

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Dear Member of Congress:

Consumers Union, the nonprofit, independent publisher of *Consumer Reports*, supports H.R. 3962, the Affordable Health Care for America Act.

We believe this bill contains *workable* solutions to the problems that so many Americans face right now – namely, the inability to afford dependable, quality health care. While we anticipate that some reforms will be revised as implementation unfolds, H.R. 3962 is a strong bill that comprehensively addresses the flaws in a health care system that leaves too many families on the brink of poor health and financial ruin.

Attached are our detailed reasons why we believe H.R. 3962 will improve American consumers' health care.

We urge you to support H.R. 3962 to put in place for American consumers the health care system we need.

Sincerely,

Jim Guest

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President

Consumers Union
Headquarters Office
101 Truman Avenue
Yonkers, New York 10703-057
(914) 378-2029
(914) 378-2992 (fax)

Washington Office
1101 17th street N.W. # 500
Washington, DC 20036
(202) 462-6262
(202) 265-9548 (fax)

West Coast Office
1535 Mission Street
San Francisco, CA 94103-2512
(415) 461-6747
(415) 431-0906 (Fax)

South West Office
506 W. 14th, Suite A
Austin, TX 78701-1723
(512) 477-4431
(512) 477-8934 (fax)

Why Consumers Union Supports the House Health Reform Bill (H.R. 3962)

New Protections For Consumers

- Insurance companies will no longer be able to deny you coverage for any pre-existing medical condition.
- You won't face financial ruin due to medical bills. New standards limit annual out-of-pocket costs to roughly $5,000 for a single person and $10,000 for a family. Lower-income families will pay significantly less out-of-pocket, down to $500 for an individual and $1,000 for a family.
- Insurers will be limited in how much they can vary premium rates with age. No longer will premiums vary based on health status, history, or gender.
- Insurers must spend at least 85 percent of your premium on medical care. They must justify premium increases based on this formula, and rebate money to you if they don't meet it.

Meaningful Competition Among Insurers

When consumers can compare their insurance plans on an 'apples-to-apples' basis, it forces insurers to compete on price and quality. H.R. 3962 not only makes it easier for consumers to compare coverage, but makes more choices available.

- Creates a one-stop "exchange" where all insurers present their information in the same format, so you can easily compare the price and quality of different insurance plans. .
- Eliminates insurance policy fine print, and makes sure there is consistent, use of terms like "deductible" and "hospitalization" so you are not tripped up by industry double-speak.
- Offers a public plan option to provide new competition to insurance companies, which is especially important in the many parts of our nation that have few companies offering coverage – especially rural areas. The public plan will compete on a level playing field with the same rules private insurers follow, will negotiate payment rates with providers, and will not rely on taxpayer subsidies.

Affordable Coverage Choices

While worthy, the above reforms by themselves would still leave insurance unaffordable for many Americans. H.R. 3962 provides premium credits for individuals purchasing coverage in the exchange. These credits will lower the cost of coverage for families with incomes below 400 percent of the "federal poverty level" – which is about $43,300 for an individual, and $73,250 for a family of three. The credits to help buy coverage vary by how much an individual or family makes below these income limits.

Coverage That Is Always Available

Even if you have good insurance through your job now, these reforms provide peace of mind if your circumstances change. If you lose your job, change employers, start your own business, go back to school or develop a medical condition, you will always have reliable, affordable insurance options.

Help For Small Businesses

Many small businesses face the same difficulties buying health coverage as individuals: astronomical premiums, coverage denials because of prior medical conditions, too few insurers to pick from, and no way to easily compare the plan options from those who do offer policies. Many firms say they would contribute to coverage for their employees if there were an easy and affordable way to do so. H.R. 3962 would:

- Allows small companies to easily offer their employees coverage through the exchange. The employer can provide a fixed contribution to workers' premiums, and workers can choose from plans in the exchange and pay any remaining premium through payroll deductions.
- Prevent insurers from charging more if someone in the company has a pre-existing medical condition or has a major health crisis while in the health plan.
- Provide a temporary tax credit to small businesses (under 25 employees) that pay employees salaries less than $40,000 a year in order to offset the cost if they haven't offered coverage before.

Improvements To Medicare

- Over time starting in 2010, closes the prescription drug "donut hole" – a $3,454 coverage gap where seniors have to pay for medications totally out of their own pocket. In the meantime, the cost of all brand name drugs in the donut hole will be reduced by 50 percent.
- Allows Medicare to negotiate with the drug companies to get lower prices for prescription drugs. Right now, Medicare is prohibited from negotiating drug prices for seniors.
- Improves hospital care by making sure seniors aren't sent home too soon and then need to be re-admitted. Better hospital discharge practices should help all hospital patients, not just Medicare beneficiaries.
- Makes it easier for seniors to get preventive care and vaccines, like the new shingles vaccine, by eliminating co-pays for preventive services.
- Provides more information to seniors on the relative quality of Medicare Advantage plans, and how they stack up against the other.
- Adds additional consumer protections to Medicare Advantage enrollees to ensure they are not charged higher out-of-pocket expenses than traditional Medicare.

Immediate Relief

It will take a while to put some of these far-reaching reforms in place, so H.R. 3962 allows **important reforms to happen right away:**

- Anyone who has been denied coverage due to a pre-existing medical condition can get coverage through a new, temporary national high-risk pool until the Exchange marketplace is up and running.
- Young adults can get coverage through their parents' policy through age 26. Today, these young people "age off" their parent's policy when they leave high school, or in some cases, college.
- COBRA, our nation's program for those who lose their employer-based coverage, is extended as long as necessary for an individual until the Exchange marketplace opens. Today, this coverage option typically lasts no longer than 18 months after you lose your job.

More Issues Important To Our Health Care

We can't list them all here, but we'd like to note other important features in legislation H.R. 3962:

- Requires public reporting of health care-associated infections that are largely preventable. These infections, which kill nearly 100,000 Americans each year, are currently kept secret by many medical providers and hospitals. Making infection rates public will incentivize providers to implement precautions and prevent their spread.
- Stops brand-name drug companies from paying generic companies NOT to bring lower-cost medicines to market. This is expected to save consumers billions in the years to come.
- Funds research on what medical drugs and devices work the best and are the safest. Consumers will have independent, scientific information about the relative value of new pills, medical implants, and other treatment alternatives.
- Gives you and your loved ones more protection if you need a nursing home, by requiring criminal background checks of workers to weed out potential abusers, by giving you more information about the level of nursing quality in a home, and improving oversight of the safety and quality of nursing homes.
- Takes big steps to address the short-comings in our nation's emergency rooms, such as coordination of care, overcrowding, and lack of on-call staff.