

Health-Care Reform

Confused by the ongoing health-care reform debate? If so, you're not alone. With multiple bills and proposals in play, it's often hard to get a grasp on even the most basic elements of the discussion. While the outcome of the debate is uncertain, here are some of the major issues that are being discussed.

Universal vs. mandatory coverage

One of the main goals of health-care reform is to make affordable health coverage available to all Americans. To help provide coverage to individuals and families who can't afford it, most of the proposals provide assistance in various forms, including new tax credits, an expansion of eligibility for Medicaid, and insurance premium subsidies.

In fact, most of the major proposals currently being discussed actually *require* individuals to obtain health-care coverage (i.e., "mandatory" coverage). Under these proposals, individuals who refuse to get coverage would pay a financial penalty. Similarly, employers would be required to offer health-care coverage or pay a fine.

The "public option"

One of the most significant areas of debate centers on the so-called "public option." The term "public option" generally refers to the establishment of a government-run health-care plan that would compete with private insurers and provide coverage to millions of uninsured Americans. There has also been some discussion of establishing health-care cooperatives (nonprofit organizations that would be completely independent of the federal government) as an alternative to a government-run health-care plan.

Paying for reform

The costs associated with most of the health-care reform proposals being discussed are significant. The nonpartisan Congressional Budget Office (CBO) estimates that the legislation currently being considered in the House would cost more than \$1 trillion over ten years, with a corresponding increase to the federal deficit over that period of time exceeding \$200 billion. To help pay for health-care reform, reductions in Medicare spending are built into the House bill. Other proposals to raise revenue include raising taxes on high-income families, and taxing high-end health plans.

In his address to Congress on September 9, 2009, President Obama proposed a health-care reform plan he estimated would cost \$900 billion over ten years, and pledged that he would not sign legislation that increased the deficit. The President described a plan in which savings within the current health-care system paid for most of the cost, with at least a portion of any shortfall paid by charging insurance companies a fee for their most expensive policies.

An evolving landscape

There are, of course, many specific provisions being discussed that we haven't mentioned here, and not all of them are controversial. For example, any health-care reform legislation is likely to tackle some of the current issues relating to pre-existing conditions. The entire discussion is evolving very quickly, however, with new proposals and ideas coming into play daily. The legislation that emerges will affect all of us in one way or another, so it's important to stay informed.

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