



## **Affordable Coverage Must Be a Priority in Merging the House and Senate Reform Bills**

### **The Political and Operational Success of Health Reform Depends on It**

**Families Must Be Able To Afford Their Premiums and Out-of-Pocket Costs If Health Care Reform Is To Succeed.** Coverage must be affordable to:

**Reach our nation's goal of providing quality insurance to all Americans.** The number one reason millions of Americans lack health insurance is they cannot afford it. Unless health care reform makes premiums affordable for low- and moderate-income families, insurance will continue to remain out-of-reach for too many Americans.

**Provide families with financial security and meaningful access to health care.** Requiring people to buy insurance they cannot afford to use when they are sick would frustrate the goals of reform. Insured Americans who face unaffordable out-of-pocket costs are twice as likely as those with adequate insurance to skip doctor-recommended tests, treatments or follow-up care. They are also significantly more likely to take on medical debt that jeopardizes the financial stability of their families.

**Secure the public's support for health reform.** Polls overwhelmingly show that voters' top concern is whether health care will be affordable *for their families*. Affordability is even more critical in the context of the proposed requirement that all individuals obtain coverage, since support for this requirement swings dramatically based on whether people believe there will be adequate affordability protections.

**We need the strongest parts of both the House and the Senate bills to ensure all families can afford coverage.**

**1. Larger Medicaid expansion from the House bill:** The House bill expands Medicaid to households with income up to 150 percent of the federal poverty level (FPL) instead of 133 percent FPL as in the Senate, and it guarantees a full Medicaid benefits package rather than the scaled-down one in the Senate bill. Because Medicaid typically does not charge premiums, this expansion assures affordable coverage for very low-income households. **In addition, offering Medicaid costs less than providing subsidies, so the larger expansion in the House bill saves money compared to the smaller Senate Medicaid expansion.**

**2. More affordable subsidies and out-of-pocket caps for families earning up to 250 percent FPL from the House bill:** A family of three earning \$27,465 would pay 50 percent more for premiums under the Senate bill than under the House bill. That same family would not spend more than 4 percent of their income on out-of-pocket costs in the House bill, compared to 14 percent of their income the Senate bill (see Table 1).

**3. More affordable subsidies and out-of-pocket caps for families earning more than 250 percent FPL from the Senate bill:** For example, a family of three earning \$73,240 would pay almost 20 percent less for premiums under the Senate bill than under the House. That same family could also spend up to 11 percent in the Senate bill, compared with 14 percent of their income on out-of-pocket costs in the House bill (see Table 1).

**4. Plans with the higher actuarial values from the House bill:** Higher actuarial values translate to lower out-of-pocket costs for average enrollees. The House bill provides plans with more reasonable out-of-pocket costs for enrollees at all income levels with average medical expenses than the Senate bill (see Table 2).

**5. Protect workers from income cuts due to reduction in hours:** The Senate bill creates a steep cliff at 30 hours worked per week below which employers are not required to contribute at all to the costs of coverage for their employees who receive assistance in the exchange. The House bill does not. The final bill should include a pro-rate contribution by employers for part-time workers, similar to the approach taken in the HELP Committee bill.

**Table 1: Comparison of premiums and out-of-pocket caps for subsidized families, by income**

Income		House bill			Senate bill		
Federal Poverty Level	Income (for a family of three)	Premiums (as percent of income)	Annual Out of Pocket Maximum (as percent of income)	Total potential health care costs* (as percent of income)	Premiums (as percent of income)	Annual Out of Pocket Maximum (as percent of income)	Total potential health care costs* (as percent of income)
100	\$18,310	<b>1.5%</b>	<b>5%</b>	<b>7%</b>	2.0%	21%	23%
133	\$24,352	<b>1.5%</b>	<b>4%</b>	<b>6%</b>	2.0%	16%	18%
150	\$27,465	<b>3.0%</b>	<b>4%</b>	<b>7%</b>	4.6%	14%	19%
200	\$36,620	<b>5.5%</b>	<b>5%</b>	<b>11%</b>	6.3%	11%	17%
250	\$45,775	<b>8.0%</b>	<b>9%</b>	<b>17%</b>	8.1%	13%	21%
300	\$54,930	10.0%	15%	25%	<b>9.8%</b>	<b>11%</b>	<b>21%</b>
350	\$64,085	11.0%	14%	25%	<b>9.8%</b>	<b>12%</b>	<b>22%</b>
400	\$73,240	12.0%	14%	26%	<b>9.8%</b>	<b>11%</b>	<b>21%</b>

\*Premiums plus out-of-pocket maximums

**Table 2: Comparison of actuarial values for subsidized families, by income**

Income		House	Senate
Federal Poverty Level	Income (for a family of three)	Actuarial values	Actuarial values
100	\$18,310	<b>97%</b>	90%
133	\$24,352	<b>97%</b>	90%
150	\$27,465	<b>97%</b>	90%
200	\$36,620	<b>93%</b>	80%
250	\$45,775	<b>85%</b>	70%
300	\$54,930	<b>78%</b>	70%
350	\$64,085	<b>72%</b>	70%
400	\$73,240	<b>70%</b>	70%