

The National Health Care Debate: What is being proposed and what does it mean for union members?

Health care premium costs doubled between 2000 and 2009, forcing unions to face a constant trade-off between negotiating for higher wages and maintaining health benefits. Not only have health care costs skyrocketed, but the quality of benefits has gone down. Workers who are laid-off or do not work enough hours to qualify for coverage must choose between paying the high price of COBRA or going without coverage. Today forty-seven million Americans lack health benefits altogether.

The high cost of health care also hurts the competitiveness of union employers. Union employers are much more likely to provide coverage and better benefits than non-union employers. To stay competitive, union employers are forced to look for various ways of cutting labor costs, including demanding wage and benefit concessions, downsizing, outsourcing, and off-shoring.

If no action is taken, health care costs will continue to spiral out of control, which will push wages and benefits down further. The health reform proposals currently being debated in Congress would:

- Guarantee workers' health security in case of layoffs, lost work hours, or job changes
- Control healthcare costs
- Stabilize retiree health plans
- Help level the playing field between union and non-union companies

What do the bills do?

Shared Responsibility

All employers would be required to provide coverage that meets minimum benefit and contribution standards, or to contribute funds to a new Health Insurance Exchange to cover the cost of the uninsured. By narrowing the gap in costs between employers who pay for health care and those who do not, this would help level the playing field between employers and reduce the incentive to drop coverage and shift costs to the public. Individuals would be required to obtain health coverage unless it creates an economic hardship.

Health Insurance Exchange

People who are not offered coverage on the job would be able to purchase health insurance through the Exchange. Health policies offered in the Exchange would need to meet standards for coverage and limit out of pocket costs. These policies would be clearly ranked by costs covered by the insurance company or the individual, so consumers could make educated choices about the policies they are purchasing. The Exchange would be open to individuals and small businesses at the start; some proposals provide for the Exchange to be opened to large businesses after three years.

Public Option

One of the choices available in the Exchange would be a public option similar to Medicare. The public insurance option would hold down administrative costs and provide real competition in places where a small number of insurance companies control the market.

Affordability

Low- and middle-income families that purchase coverage through the Exchange would be eligible for subsidies to make health insurance affordable. In the bills passed by the House committees and the Senate Health Education Labor and Pensions (HELP) committee, the subsidies would be available to those who earn up to 400 percent of the federal poverty level, which is \$43,320 for an individual and \$88,200 for a family of four. All new policies, both for individual and job-based coverage, would cap annual out-of-pocket spending to protect families from bankruptcy. Medicaid would also be expanded.

Insurance Reforms

Insurance companies could no longer turn people down based on pre-existing conditions. Premiums would be community rated: premium rates could only differ within a restricted range on age and geography. Insurance companies would not be allowed to drop coverage or raise premium rates for individuals or small businesses after someone becomes ill or is in an accident. Lifetime and annual limits on benefits would be prohibited. All of the proposals would apply these new rules to individuals and small employers; some would apply the rules to large employers as well.

Cost Control

Expanding coverage would reduce the current cost shift from uncompensated care onto health premiums. The bills would establish a process to reform Medicare reimbursements in order to reduce duplicative services, improve quality of care and reduce costs. The public option would help bring down costs by reducing administrative overhead and providing competition to insurance companies. These changes would help control costs throughout the health care system over time.

Retiree Health Plans

The bills would re-insure employer plans for retirees that are not yet eligible for Medicare for a period of three years. This would be a significant boost to the financing for retiree health plans that have been battered by rising health costs and the drop in trust fund assets due to the declining stock market.

Health Insurance Coverage under the Reform Bills

