HEALTH CARE REFORM
What it Means for You
Throughout your career in the labor movement, you have fought against the special interests that opposed health care reform. Did you ever think Congress would finally pass the bill?
AFSCME was on the frontlines during the health care battles in the early 1990s — it was the right thing to do then, and over the years the need for reform became even more compelling as costs skyrocketed and millions of Americans joined the ranks of the uninsured. Over the last year, AFSCME members fought hard to pass President Obama’s health care reform package. It was the largest issue mobilization campaign in union history. AFSCME members contacted Congress hundreds of thousands of times to let lawmakers know that they had to get the job done. House Speaker Nancy Pelosi and Senate Majority Leader Harry Reid deserve credit for their leadership on this critical issue.

We marched, we lobbied and we rallied. Losing was not an option. We had to fight until we won.

What would you say to AFSCME members in response to the right wing rhetoric that health care reform is a “government takeover” of our health care system and that it will only mean higher taxes for them?
The Patient Protection and Affordable Care Act of 2010 does nothing of that sort. The legislation expands coverage by providing subsidies for Americans to purchase affordable coverage from private insurers. It has cost controls to help make coverage more affordable for everyone.

The truth is, this new law is going to help us at the bargaining table. For too long, we have fought too hard to keep the health care we have. Now that we have additional security, we will have more leverage at the table.
“WE MARCHED, WE LOBBIED AND WE RALLIED. LOSING WAS NOT AN OPTION. WE HAD TO FIGHT UNTIL WE WON.”

One of the most contentious issues during the health care reform battle was the implementation of an excise tax on so-called “Cadillac” health plans. How did labor manage to fight this provision?

First of all, what some pundits refer to as “Cadillac” plans are anything but. Some plans have higher costs because the workforce is older, not because the benefits are somehow more generous. Other plans are more expensive because some areas have higher medical costs. There is nothing “gold-plated” about the good benefits our members won.

This is why we fought so hard: to minimize the impact of the tax on our plans. While there still is an excise tax in the law, we eliminated about 85 percent of it. No AFSCME member’s plan will be taxed before 2018, and it will only affect individual plans valued over $10,200 and family plans valued over $27,500 — not including vision and dental. Plus, we won increases in these amounts for older workers and workers in high-risk jobs.

Some politicians are threatening to repeal the bill and have made it a central plank in their electoral platform. Do you think this will be a big threat in November?

Our politics have become increasingly partisan and many right wing ideologues and Tea Party folks are more determined than ever to stop gains for working families. Make no mistake — they have declared war on the middle-class, and you’d better believe they’ll come after us this November. This is why we need to mobilize and maintain worker-friendly majorities in Congress: to defend what we’ve accomplished, keep fighting for working families, and help turn the economy around.

She Can’t Be Denied | A home care provider and chairperson of the United Domestic Workers (UDW/AFSCME) chapter in El Dorado County, Calif., Amy Day has several pre-existing conditions related to the birth of her son who suffers with cerebral palsy. The mother of two relies mainly on her union contract for her family’s primary care. She has long known that having a pre-existing condition could mean that if she ever switched jobs, an insurance company could refuse to cover her or drop her if she got sick. Reform changes all of that. It prohibits insurers from engaging in these horrendous practices, protecting Amy and millions of Americans like her.

“Before, I felt like my life was hanging on a thread. Now I have peace of mind,” Amy says. Photo: Jean Dixon

REFORM 101

- We keep our health benefits.
- Costs will be under control, which means easier contract negotiations.
- Quality is improved by ending bans on pre-existing conditions and allowing parents to keep dependents on plans until age 26.
- Every American will have access to affordable health care.
- Employers will be required to provide health care or pay into a pot to cover their employees.
- Medicare will be stronger and benefits will be improved.
THE ACHIEVEMENT

FOR EMPLOYEES WITH COVERAGE AT WORK

- Insurance companies can’t deny coverage for pre-existing conditions.
- If you get sick, your insurance company can’t drop you.
- Children with pre-existing conditions can’t be denied coverage. Children covered by a parent’s plan can’t be denied treatment for a pre-existing condition.
- Provided they’re not eligible for their own employer-sponsored coverage, children can stay on a parent’s plan until age 26.
- No more lifetime caps (the dollar limit that insurance companies pay to a beneficiary over a lifetime) for “essential health benefits.”
- Coverage limits — the dollar amount an insurer will pay a beneficiary each year — will no longer be set by insurers, and won’t be used to block access to needed care. By 2014, annual limits will be eliminated.
- Co-payments and deductibles for preventive services, including certain immunizations and screenings, will be eliminated.
- Waiting periods before a person can be insured will not exceed 90 days.
- The impact of an excise tax on high-cost health care plans ($10,200 for individuals and $27,500 for families) is significantly reduced by postponing its implementation until 2018. The threshold is higher where a workforce is older than average or includes more women than average. There are also adjustments for retirees.
- The new law reduces the U.S. deficit by $143 billion in the first 10 years by holding down the growth of health care spending, and by revenue-raising measures.

FOR RETIREEES, MUCH TO LIKE

People who like their employer-provided health plan and doctors can keep them, plus it will be easier for Americans to get and keep coverage. Changes begin with plans starting or renewing on or after Sept. 23, 2010. Reforms will apply once the current collective bargaining agreement ends. For more, visit the Kaiser Family Foundation at kff.org.

Neither Medicare taxes nor trust funds will be used for reform, and there will be no cuts in guaranteed Medicare benefits. In fact, older Americans are among the chief beneficiaries of the Patient Protection and Affordable Care Act. Here’s why:
Under the new law, 32 million Americans who have no insurance now will be able to afford it on their own more easily. Reform means 95 percent of Americans will be insured.

Those without employer-provided coverage will have access to state-run buying pools or “exchanges” that will offer commercial and non-profit health insurance plans. Many AFSCME home and child care providers, early retirees and part-timers are likely to obtain coverage through the exchange and to qualify for tax credits to help cover the cost.

Until 2014, when insurance companies can no longer deny coverage to people with pre-existing conditions, those under the age of 65 with pre-existing medical conditions who are refused coverage by insurance companies will be able to get subsidized coverage through a temporary national high-risk pool.

Beginning in 2014, Medicaid becomes available to all persons under age 65 with income of up to 133 percent of the poverty level.

Employers who have more than 50 workers and don’t offer basic health insurance coverage will be fined.

Community health centers will get $11 billion from the federal government starting in 2011. AFSCME members without employer coverage can utilize these services.

To make it easier for them to provide more affordable health care options for their employees, small businesses will receive approximately $40 billion in tax credits.

In an effort to bring insurance companies under control, rates will be subject to federal regulation to ensure they are justified and that at least 80 percent of premiums are used for medical care.

Seniors who fall in the Medicare Part D “donut hole” in prescription drug coverage will receive a $250 rebate this year and a 50 percent discount on brand name drugs beginning in 2011. The hole will be completely closed by 2020.

Co-payments and deductibles for Medicare preventive services, such as annual check-ups and cancer screenings, will be eliminated starting next year.

The Act creates a $5 billion federal re-insurance program for employer plans that cover retirees age 55 to 64 (workers who retire before they are eligible for Medicare). This will help offset the costs of expensive premiums for employers and retirees and will help preserve benefits.

Savings from new efforts to crack down on fraud as well as reductions in the big subsidies paid to Medicare Advantage (MA) private insurance plans will strengthen Medicare’s stability over the long term.

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STRONG UNION CONTRACTS give AFSCME members quality, affordable health care. So, why did we work so hard to help reform the country’s health care system?

It’s simple: In recent years, rising premiums have forced union members to give up well-deserved wage increases to keep health care benefits intact. And all Americans are paying more and often getting less coverage. We led a national campaign to protect and improve health care for those who have it, and help provide it to millions of Americans who don’t.

Insurance Companies Profited Amid the Crisis
In the last few decades, insurance companies raked in the dollars. In 2009, the industry’s five largest companies registered an all-time high combined profit of $12.2 billion — a 56 percent increase from the previous year. This, in spite of providing coverage to 2.7 million fewer people than in 2008. Out of the five companies, four of them — Cigna, Humana, UnitedHealth Group and WellPoint — saw an increase in profits. Cigna’s take was a whopping 346 percent growth!

In fact, four of the five companies insured fewer people through private coverage. UnitedHealth

Making America Happen
AFSCME’s fight for health care reform generated hundreds of thousands of phone calls, letters and e-mails to Congress. As a founding member of Health Care for America NOW! (HCAN), we provided valuable resources, including an aggressive multi-million dollar television, online and print advertising campaign. Affiliates across the country held events, petitioned and lobbied members of Congress. Here’s a look at our efforts on the frontlines.

Storming the Capitol | Two-thousand AFSCME members and thousands of other union members and community activists gathered near the U.S. Capitol last June for a National Health Care Reform Rally and Lobby Day.

Photo: Luis Gómez

Taking the Fight on the Road | Last summer, AFSCME’s “Highway to Health Care Reform” mobile advocacy center crisscrossed the country urging lawmakers to support reform. The bus stopped at 19 cities, where AFSCME activists signed-up supporters who volunteered to call their representatives to vote for quality, affordable health care for all.

Photo: Tom Strickland
alone insured 1.7 million fewer Americans through employer-based or individual coverage.

**Premiums Soared**
Since 1999, premiums have increased by 131 percent, according to a report by the Kaiser Family Foundation and the Health Research and Educational Trust. These costs threaten the economic security of working families and strain federal and state budgets. Employer-sponsored health insurance for families has grown from an average of $5,791 to $13,375 a year.

This increase was reflected in our nation’s total spending on health care, which doubled between 1996 and 2006. It is currently projected to constitute 25 percent of the gross domestic product by 2025.

We had to act, and we did. Most Americans understand this reality because they experience it every day. Thanks to the hard work of AFSCME activists who helped lead the battle, we can now look to the future with optimism and start putting our health care system on the right track.

**Winning Support**
Going door-to-door in nine key states last fall, dozens of nurses and doctors represented by AFSCME and its affiliates helped build a critical mass of public support for health care reform. Dubbed “House Calls for Health Care,” the event generated increased awareness of the issue.

*Photo: Dan Limke*

**It’s A Crime**
Hundreds of AFSCME activists joined thousands of demonstrators in the nation’s capital last March for a “mass citizens’ arrest” of health insurance executives who were planning to defeat health care reform legislation. AFSCME activists from Maryland, New Jersey, New York and Pennsylvania joined others from Washington, DC — some carrying yellow crime scene tape — to protest in front of a downtown hotel.

*Photo: Jon Melega*
When Reform Will Happen

2010

- Insurers can’t drop you if you get sick.
- Children under the age of 19 who have a pre-existing condition can’t be denied coverage or treatment.
- Dependents can stay on their parents’ insurance plans until age 26.
- No more lifetime coverage limits, and revised annual limits.
- No co-payments or deductibles for some preventive services.
- Some people without employer-provided insurance can get it through a temporary high-risk pool.
- Medicare beneficiaries who hit the big gap in Part D drug coverage (known as the “donut hole”) will receive a $250 rebate.

2011

- Fifty percent discounts on brand-name prescription drugs for those in the Medicare “donut hole.”
- Medicare adds new coverage of annual checkups and eliminates co-pays for some preventive services.

2013

- Medicare begins to gradually close the prescription drug “donut hole” over a seven-year period.

2014

- Almost all citizens and legal residents must now have health insurance, or otherwise pay a tax penalty. Low- and moderate-income families who do not get coverage at work will be eligible for subsidies or tax credits to help make coverage affordable. No denial of coverage for pre-existing conditions.
- No more annual coverage limits.
- Waiting period to receive coverage is limited.
- Medicaid becomes available to more seniors.
- Fees imposed on some employers that don’t offer health insurance.
- State-run buying pools or “exchanges” are established for people without employer-provided coverage and for small businesses.
- Members of Congress begin receiving coverage through the exchanges.

2017

- States can open competitive exchanges to large employers.

2018

- Excise tax is imposed on certain costly health care plans.

2020

- Medicare “donut hole” in prescription drug coverage closes.