October 2009

Benefits of the Affordable Health Care for America Act In the 21st Congressional District of New York

Committee on Energy and Commerce

The Affordable Health Care for America Act will make health care affordable for the middle class, provide security for seniors, and guarantee access to health insurance coverage for the uninsured — while responsibly reducing the federal deficit over the next decade and beyond. This analysis examines the benefits of the legislation in the 21st Congressional District of New York. Congressman Paul Tonko represents the district.

In Congressman Tonko's district, the Affordable Health Care for America Act will:

- Improve employer-based coverage for **439,000** residents.
- Provide credits to help pay for coverage for up to **149,000** households.
- Improve Medicare for **113,000** beneficiaries, including closing the prescription drug donut hole for **7,300** seniors.
- Allow **16,600** small businesses to obtain affordable health care coverage and provide tax credits to help reduce health insurance costs for up to **14,500** small businesses.
- Provide coverage for **22,000** uninsured residents.
- Protect up to **1,100** families from bankruptcy due to unaffordable health care costs.
- Reduce the cost of uncompensated care for hospitals and health care providers by **$129 million**.

Affordable and Improved Health Care Coverage for the Middle Class

Better health care coverage for the insured. Approximately 66% of the district's population, 439,000 residents, receive health care coverage from their employer. Under the legislation, individuals and families with employer-based coverage can keep the health insurance coverage they have now, and it will get better. As a result of the insurance reforms in the bill, there will be no co-pays or deductibles for preventive care; no more rate increases or coverage denials for pre-existing conditions, gender, or occupation; and guaranteed oral, vision, and hearing benefits for children.

Affordable health care for the uninsured. Those who do not receive health care coverage through their employer will be able to purchase coverage at group rates through a health insurance exchange. Individuals and families with an income of up to four times the federal poverty level — an income of up to $88,000 for a family of four — will receive affordability credits to help cover the cost of coverage. There are 149,000 households in the district that could qualify for these affordability credits if they need to purchase their own coverage.

Coverage for individuals with pre-existing conditions. There are 6,900 individuals in the district who have pre-existing medical conditions that could prevent them from buying insurance. Under the bill's insurance reforms, they will now be able to purchase affordable coverage.

Health care and financial security. There were 1,100 health care-related bankruptcies in the district in 2008, caused primarily by the health care costs not covered by insurance. The bill caps annual out-of-

pocket costs at $5,000 for singles and $10,000 for families and eliminates lifetime limits on insurance coverage, ensuring that no citizen will have to face financial ruin because of high health care costs.

Security for Seniors

Improving Medicare. There are 113,000 Medicare beneficiaries in the district. The health care reform legislation improves Medicare by providing free preventive and wellness care, improving primary and coordinated care, improving nursing home quality, and strengthening the Medicare Trust Fund.

Closing the Part D donut hole. Each year, 7,300 seniors in the district hit the donut hole and are forced to pay their full drug costs, despite having Part D drug coverage. The legislation will provide these seniors with immediate relief, covering the first $500 of donut hole costs in 2010, cutting brand-name drug costs in the donut hole by 50%, and completely eliminating the donut hole by 2019.

Helping Small Businesses

Helping small businesses obtain health insurance. Under the legislation, businesses with up to 100 employees will be able to join the health insurance exchange, benefitting from group rates and a greater choice of insurers. There are 16,600 small businesses in the district that will be able to join the health insurance exchange.

Tax credits for small businesses. Small businesses with 25 employees or less and average wages of less than $40,000 will qualify for tax credits of up to 50% of the costs of providing health insurance. There are up to 14,500 small businesses in the district that could qualify for credits.

Covering the Uninsured

Coverage of the uninsured. There are 56,000 uninsured individuals in the district, 10% of the district residents under age 65. The Congressional Budget Office estimates that nationwide, 96% of all Americans will have insurance coverage when the bill takes effect. If this benchmark is reached in the district, 22,000 people who currently do not have health insurance will receive coverage.

Relieving the burden of uncompensated care. In 2008, health care providers in the district provided $129 million worth of uncompensated care. This care was provided to individuals who lacked insurance coverage and were unable to pay their bills. Under the legislation, these costs of uncompensated care will be virtually eliminated.

Deficit Responsibility

No deficit spending. The cost of health care reform under the legislation is fully paid for: half through eliminating waste, fraud, abuse, and excessive profits for private insurers in Medicare and Medicaid and half through a surcharge on the income of the top 0.3% wealthiest individuals. This surcharge will affect only 430 households in the district. The surcharge will not affect 99.86% of taxpayers in the district.

Reducing the deficit. According to the Congressional Budget Office, the bill will cut the deficit by over $30 billion over the next decade and will continue to create a budget surplus over the next 20 years.

This analysis is based upon the following sources: the U.S. Census (data on insurance rates and small businesses); the Centers for Medicare and Medicaid Services (data on Medicare and Part D enrollment) the Department of Health and Human Services (data on health care-related bankruptcies, uncompensated care, and pre-existing conditions); and the House Committee on Ways and Means (data on the surtax).