



Health Care Reform: Lowering Health Care Costs

Health care costs are skyrocketing and American families and businesses simply can't continue to bear that weight. For American families, the cost of insurance has increased nearly 80 percent over the last eight years, while wages have only increased 15 percent. Small business owners know that if current trends continue, health care spending will double in less than 10 years. For these American families and businesses and for the economy, defending the status quo just simply isn't an option. That's why health care reform will take a balanced, common-sense approach to the health care crisis, lowering premiums and reducing health care costs.

Ending Discrimination – Today, insurance companies set rates based on a person's health history. Health care reform will make it illegal to set rates based on health status, lowering premiums for the many people who have pre-existing conditions or have been sick in the past.

Making Coverage Affordable – Health care reform includes a new tax credit that would be available to low- and middle-income Americans and small businesses to help pay for health insurance premiums. The Health Care Affordability Tax Credit would make coverage more affordable for millions of Americans and small businesses.

Ending Medical Bankruptcy – Every 30 seconds, someone files for bankruptcy because of unmanageable medical bills. Health care reform would reduce health care costs for those who get sick, and it would also put a limit on the maximum out-of-pocket expenses insurance companies would be allowed to charge.

Cutting Red Tape – Because insurance companies spend so much time finding ways to discriminate against sick people and deny or drop coverage, administrative costs make up a significant portion of premium costs. Health care reform will lower costs by precluding this kind of discrimination and by creating Insurance Exchanges that will cut administrative costs and force insurers to compete on price and quality. The non-partisan Congressional Budget Office has said that cutting administrative costs will reduce premiums by four to five percentage points.

Reducing Uncompensated Care – When everyone has health coverage, the cost of caring for the uninsured will no longer be passed along to people with insurance in the form of increased premiums. Independent studies have shown that reducing uncompensated care costs could cut premiums by as much as \$1,000 per policy on average.

Providing Affordable Access for Everyone – Health care reform will provide access to the health insurance market to many more Americans. Getting all Americans into the market will bring low-risk young people into the insurance pool, more broadly sharing the risk and reducing the costs for people already buying insurance. In particular, health care reform will create a new, more affordable option that will make it easier for young people to purchase coverage.

Increasing Competition – Health care reform creates Insurance Exchanges that will make it easier for people without employer-sponsored coverage and small businesses to shop and compare plans to find the right coverage. Shopping in the Exchange will encourage consumers to choose the most efficient plans, reducing costs for consumers and putting pressure on insurance companies to offer lower-cost, higher-quality plans.

Reforming the Health Care Delivery System – Health care reform begins to focus the delivery of health care on efficiency and value, rather than just the number of services performed. Over the long run, paying doctors and other health care providers for quality instead of quantity will reduce health care costs.