



## Where we stand ...

### HEALTHCARE REFORM

The time to reform our healthcare system is now. Many Americans are uninsured or struggle to pay the soaring costs of healthcare. Reform is key to regaining economic strength, especially in these difficult times. Rising healthcare costs strain family budgets, burden businesses of all sizes, squeeze state and federal budgets, and are delaying America's economic recovery. Reform can enhance choice and competition in care, while also helping to create jobs, spur innovation, and make an important and timely investment in America.

The AFT strongly supports healthcare reform that will guarantee high-quality, affordable healthcare for all. Successful reform will:

**Establish an effective and comprehensive public plan option that will guarantee high-quality, affordable coverage.** Americans need the assurance and security of coverage that a public health insurance plan option can offer. A public plan option will make private health insurance companies compete for business, bring down costs and guarantee that quality, affordable coverage will be there for everyone. Under this option, Americans will be able to keep their current private plans if they so choose.

**Ensure that employer-provided healthcare benefits are not taxed.** Nearly 160 million Americans get their health benefits through their employers. Working Americans will face a real hardship if these benefits are taxed. Workers already are struggling to pay for their healthcare costs. Taxing their plans will make healthcare unaffordable for many working families.

In negotiating health benefits, workers frequently forgo needed pay increases in exchange for affordable healthcare coverage. Taxing these benefits will unfairly penalize workers who have employer-provided coverage. And it will be an even greater burden for many older workers whose coverage is more expensive.

**Require high-quality staffing standards.** More than 100,000 hospital patients die each year as a result of preventable mistakes. Research shows that having the right number of nurses at the bedside would prevent 86 percent of medical mistakes. Appropriate staffing levels help reduce patient readmissions and expensive complications such as pneumonia, pressure ulcers and urinary tract infections. Adequate staffing not only saves lives but also saves money. We can cut costs and improve quality. To do this, we must engage frontline healthcare workers in the process, and ensure that the ratio of nurses to patients is optimal.



## Healthcare Reform 2009

### TALKING POINTS

The AFT strongly supports a healthcare reform plan that will guarantee high-quality and affordable healthcare for all Americans. Effective reform will:

**Establish a viable and comprehensive public plan option that will guarantee high-quality, affordable coverage that:**

- Makes healthcare accessible and affordable to every person, family and business; and
- Ensures that individuals have a choice between selecting a public plan or keeping their private plans.
- The Facts: According to a survey by the AFLCIO, nearly 75 percent of voters want everyone to have the choice of a public health insurance plan.

**Ensure that employer-provided healthcare benefits are not taxed.**

- Workers, and their unions, weigh the cost of healthcare benefits when negotiating for wages and benefits—frequently forgoing needed pay increases in exchange for maintaining affordable healthcare coverage. An additional tax will unfairly penalize workers who have employer-provided coverage.
- Workers already are struggling to pay for their healthcare costs. Many working families simply cannot afford the additional expense of having their employer-provided coverage taxed.
- The Facts: Nearly 160 million Americans get their health benefits through their employers. Workers will see this tax as a real government threat to their benefits, and they will be right.

**Require quality staffing standards to improve healthcare that:**

- Establishes safe staffing standards that will improve patient safety, reduce medical errors and prevent healthcare workers from leaving the profession.
- The Facts: According to a 2008 Agency for Healthcare Research and Quality research paper, prevention of medical errors would reduce healthcare costs by as much as 30 percent in the inpatient setting.
- In addition, a study published in the *Journal of the American Medical Association* reports that nurses were responsible for intercepting 86 percent of all medication errors before they reached the patient.

**Recognize that tackling healthcare reform is key to regaining and bolstering our economic strength.**

- Family budgets, American businesses, and federal and state governments are being squeezed by the current healthcare system. Rising costs and inefficiencies are straining family budgets, burdening businesses of all sizes and diverting funds that should be invested in efforts to help our economy recover and expand.
- Reform can enhance choice and competition in healthcare, while also creating jobs, spurring innovation, and serving as an important and timely investment in our country.

*Personal stories have the strongest impact on members of Congress. Remember to add personal stories when appropriate.*

# HEALTH CARE FOR AMERICA **NOW!**

## Talking About the Public Health Insurance Plan

Health Care for America Now supports the choice of a public health insurance plan as part of comprehensive health care reform to bring down costs, force private health insurance companies to compete, have a mechanism to make sure disparities in access to care are addressed, and guarantee that quality, affordable coverage will be there for people no matter what happens.

In January 2009, HCAN asked Lake Research Partners to conduct a poll about the public health insurance plan. We wanted to know how people felt about the choice of a public health insurance plan, and we wanted to learn the best ways to talk about it. We found out a strong majority (73%) of the public **supports** the choice of a public health insurance plan and overwhelmingly rejects arguments against it. In fact, it's a clear political asset for elected officials.

Read more about the poll online at [HealthCareForAmericaNow.org](http://HealthCareForAmericaNow.org).

### 3 Tips for Talking about the Choice of a Public Health Insurance Plan

1. **Use the phrase "public health insurance plan."** Saying "public health insurance plan" is the most effective way to describe what we want. Sure, it's a little longer, but it's worth the words. "Public plan" is too general, and people don't understand what it is or what it means. If you always say "public health insurance plan," you will always be describing what you want, and there will be little room for people to misunderstand you. It may take some getting used to, but once you start, it becomes automatic. Public health insurance plan. The whole thing. Every time.
2. **Emphasize choice.** Voters want the choice of a public health insurance plan. The poll found that nearly 3 in 4 voters want everyone to have the choice of a private or public health insurance plan. There is a big difference between wanting everyone **to be** in a public health insurance plan and wanting everyone to have **the choice of being** in a public health insurance plan. When you talk about the public health insurance plan, always talk about it as being a choice people will have. They can keep their private insurance or join a new public health insurance plan.
3. **Talk about the new public health insurance plan as a guaranteed backup that will make sure we have health care no matter what happens.** It's just wrong for people who work hard and pay taxes to go without quality, affordable health care. Many hard-working middle class people are finding it harder to afford health care they can count on for themselves and their families. We need the choice of a public health insurance plan as a guaranteed backup to ensure quality, affordable health care coverage will always be there no matter what happens. It will give millions of hard-working families peace of mind.

### **Why is talking about the Public Health Insurance Plan so important?**

A critical part of real health care reform is having **the choice of a public health insurance plan** that will guarantee quality, affordable health care is always there no matter what happens. A public health insurance plan will also make private health insurance better by forcing private insurance companies to compete and improve the coverage they offer.

Because it's so important, the public health insurance plan is already drawing fire from the insurance industry and other people fighting against our vision of health care reform. Some Members of Congress who are for serious reform aren't yet certain whether the general public will be receptive to a public health insurance plan option and whether we can withstand the attacks from the private insurance industry. We need to counter the inaccurate claims of opponents and provide information to our allies.

A great strength of the 30+ million strong Health Care for America Now (HCAN) coalition is that we have a clear set of principles that define quality, affordable health care for all. These principles are both good policy and well-received by the public. We envision that through health care reform a new public health insurance plan will be set up by the federal government, and it will offer a defined health care benefit package that is affordable and available to individuals and employers across the United States. Individuals and families will have the choice to keep their private insurance if they prefer or to join this new public health insurance plan. A public health insurance plan option is one key part of President Obama's health care reform proposal and is also a key component of health care reform proposals of leading Members of Congress.

### **Referencing Medicare is effective, but there are cautions**

Using Medicare as an analogy for a public health insurance plan helps most when referring to Medicare as a guarantee and providing peace of mind. The Medicare analogy resonates most strongly among women, especially women over 55 and non-college women, as well as with seniors and minority voters. Using a reference to Medicare is less effective with younger voters and men, especially men under 55 and college-educated men. If using the Medicare reference, it is important to say "like Medicare" in order to make clear you are not talking about opening up the current Medicare to everyone, which raises concerns with seniors who are protective of "their" Medicare.

### **The take-away**

The public wants the choice of a public health insurance plan. The results of our recent poll confirm this by even wider margins than we anticipated. Creating a public health insurance plan option is an asset – an asset in the public's mind and an asset to achieving a true guarantee of quality, affordable health care we can all count on. Our elected officials need to hear this message, and we need to ask them to not be hesitant to talk about creating a public health insurance plan option in health care reform.

## **Taxing Health Benefits: The Wrong Prescription**

What they want to do: The Senate Finance Committee is considering capping the current tax exclusion so that some of current health care benefits would be subject to taxes. The committee is considering capping the tax exclusion based on income, benefit amount or a combination of the two. But capping the tax exclusion is the wrong way to go.

### **Taxing health benefits will raise costs for workers when they need relief.**

- One approach would tax health benefits for only the highest income workers. But that won't raise much revenue for health reform.
- Another approach would tax only high cost plans. But the exact same family plan could cost well under \$15,000 in one company and more than \$20,000 in another depending on the age and health status of the workforce or even where the company is located.

### **Capping the tax exclusion based on the cost of the plan will increase costs most for workers in small firms, older workers, workers with more medical problems and workers with family coverage – and that's wrong.**

- Studies show that putting a cap on tax-free health benefits will disproportionately hit workers in small firms and firms with older workers and retirees. That's because insurance companies regularly charge higher rates for coverage for these workers.<sup>1</sup>
- A report earlier this year showed variation in premiums based on geography, with higher than average costs in the Northeast and Midwest.<sup>2</sup>
- Studies confirm that a cap could hit family plans harder than individual coverage since proposed caps don't account for the higher costs associated with a family plan that includes children.<sup>3</sup>

### **Capping the tax exclusion won't make it more progressive.**

- Some will argue that the tax exclusion is regressive, because higher income workers get a bigger tax advantage out of making health benefits tax-free. Economists have united around this traditional tax code view. But that's only part of the story.
- A recent report points out that while households in higher tax brackets may get a bigger benefit from the tax exclusion in absolute dollar amounts, low and moderate income workers will see their taxes increase by a bigger share than higher income workers. The report found that workers with employer-provided health benefits making between \$40,000 and \$50,000 would see their tax liability increase on average 28 percent and those making between \$50,000 and \$75,000 would see their tax liability increase on average 20 percent. In contrast, those making more than

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<sup>1</sup> Elise Gould and Alexandra Minicozzi, "Who Loses If We Limit the Tax Exclusion for Health Insurance," Tax Notes, March 2009.

<sup>2</sup> Paul Fronstin, "Capping the Tax Exclusion for Employment-Based Health Coverage: Implications for Employers and Workers," Employee Benefit Research Institute Issue Brief, January 2009.

<sup>3</sup> Elise Gould,

\$200,000 would see an average increase in their tax liability of only one tenth of one percent.<sup>4</sup>

**Taxing benefits won't bring down costs; it will just shift more costs onto workers.**

- Economists say the tax exclusion leads workers to get too much coverage. If that were true, our benefits would keep getting better. Instead, we've fought to hold onto the benefits we have and in many cases we've seen benefits cut back. But our costs just keep going up.
- Capping the tax exclusion won't do anything to address a key cost driver: 20 percent of the population consumes 80 percent of health care spending. That won't change by taxing health benefits; it just means sick people will pay more.

**Taxing health benefits will be so unpopular, it could doom health care reform.**

- In an environment where health costs are already crippling families, taxing health benefits is wildly unpopular. In a 2009 national survey, 80 percent of likely voters said they are opposed to taxing health benefits.<sup>5</sup>
- Congress and the President have said health reform will build on what works and have assured Americans they can keep the coverage they have if they like it. This makes good political and policy sense. But a cap on the tax exclusion threatens to disrupt the primary source of health coverage and financing for most Americans because employers may either substantially change or even eliminate benefits.
- If workers have to pay more in taxes because some of their co-workers have costly medical conditions, health coverage will change from a workplace benefit that everyone supports to one that will split workforces between the healthy and the sick.
- We hope and expect health reform will lower costs and make coverage available to uninsured workers through new private and public plan options. But until health reform has been proven successful and sustainable on both fronts, we should not undertake changes that might threaten the source of coverage for 160 million Americans.
- Health care was a deciding factor for many voters last year and taxing health benefits was the clear dividing line between Obama and McCain. If voters expect health reform will make their costs go up rather than down, they may turn their backs on health reform.

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<sup>4</sup> The Commonwealth Fund, "Progressive or Regressive? A Second Look at the Tax Exemption for Employer-Sponsored Health Insurance Premiums," May 2009.

<sup>5</sup> Lake Research Partners, March 2009.