

## For Public, Affordability A Key Issue In Health Bill

by JULIE ROVNER

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Lawmakers debating health care on Capitol Hill have spent months worrying about the potential cost. But mostly it's been the total cost of the bill, not how much individual families who could soon be required to buy insurance for the first time might have to pay.

That could be a costly miscalculation, says health economist Jonathan Gruber of the Massachusetts Institute of Technology. "Let's put it this way: It is 10 times as important as the public option and has received one one-hundredth of the coverage," he says.

### Defining Affordability

That's because, in the end, whether or not people can afford health insurance may have a bigger impact on the bill's political popularity than whether the final price tag exceeds a trillion dollars. Joan Alker is co-director of the Georgetown University Center for Children and Families. Her group commissioned a survey of what voters want most in a health care overhaul bill and found, "by a 2 to 1 margin, the priority was to make coverage more affordable for families, rather than making sure health reform doesn't cost the country too much money."

Gruber says economists have different ways of defining exactly what is and is not affordable for people. One way is by looking at disposable income, or whether people have money left over after paying for other necessities. "We think no one should have to go without food or shelter to have health insurance," he says.

Another test is whether people would buy something voluntarily. "And if they would then clearly it's affordable," Gruber says.

But there's also a third test — and it's that affordability is in the eye of the beholder. And for a lot of beholders in the real world, health insurance costs are quickly becoming unaffordable.

### Keeping Costs Reasonable

Eric and Cynthia Cathcart are good examples. They're self-employed musicians from Silver Spring, Md. A pretty normal family, says Eric, "with two kids and two cats."

Eric owns a music talent agency and production business, and the family has been buying its own coverage for 14 years. But with costs going up every year and the complications of some pre-existing conditions, the family now pays a \$1,000 a month for two separate plans.

"I've got two deductibles," Cynthia told a Capitol Hill news conference. "If Eric and I are in a common accident, he's got to meet his deductible and I've got to meet mine. We're looking at an \$8,000 deductible," she said.

Both the bill that passed the House and the one now before the Senate seek to help families like the Cathcarts.

In both cases, people would be required to buy insurance if they don't already have it. But they'd get government help to pay for plans if they earn up to four times the poverty level. That's about \$88,000 for a family of four.

Plus, no family would have to spend more than 10 percent of its income on health insurance premiums; poor families wouldn't have to spend more than 2 percent on premiums.

### Will People Be Able To Pay?

But premiums are only the start of what people spend on health insurance. There are also deductibles, copayments and other out-of-pocket costs. And Gruber says that when it comes to that sort of spending, the House bill is far more generous than the Senate bill.

For example, someone making two times the poverty level, or about \$22,000 a year, in the House bill would get "something like a \$500 deductible plan," he says. "On the other hand in that same range in the Senate ... now we're talking a \$2,500 deductible plan."

Gruber says he's a "big believer" in the concept that people should pay more for their health care so they'll know what it really costs and have an incentive to save money. "I'm a believer in consumer skin

in the game," he says. "But a \$2,500 deductible is a lot to ask for someone making \$22,000 a year."

And it brings Gruber to the ultimate test of affordability, which he says is a political test — "which is, do people revolt if you say, 'I'm going to mandate you to pay this much?'"

That revolt hasn't materialized in Massachusetts, the only state that currently requires everyone to have health insurance. Gruber serves on the board that oversees that plan. But he concedes that Massachusetts was a lot less divided about imposing the requirement in 2006 than the rest of the country is today.

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@ Agustina: You are absolutely right. The public option is a control on runaway costs. If you pass a bill that makes it law for people to buy insurance, the insurance companies will have a field day because their customers HAVE to have coverage. They've got a captive audience.

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**Eugene Carroll (Eugene\_C)** wrote:

This is exactly why you need a public option, because then the government has some control over offering an affordable plan.

Without the public option, all the bill is is a giant corporate welfare bill that will be a windfall for insurance companies.

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**Agustina Novillo (Agus)** wrote:

I think Congress is totally missing the point of having health reform. The goal should be to bring costs down and not provide subsidies to those who cannot afford increasing premiums. If the government provides subsidies, insurance companies and drug companies will feel no pressure to reduce costs and sooner than later subsidies will not be enough and people will continue paying higher and higher fees. Neither democrats or republicans have a plan that will be sustainable and that will benefit the public rather than corporations.

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