

## What You Need to Know About the Health Insurance Reform September 2009

*This factsheet answers questions about the health insurance reform debate; includes basic definitions for terminology used in the debate; and provides ways for South Asians to get involved in the discussion. To learn more about the health insurance reform debate and the South Asian community, contact SAALT at [saalt@saalt.org](mailto:saalt@saalt.org).*

### What is “health insurance reform” and why is it important?

Health insurance reform refers to policies about **who should receive health insurance; what type of health insurance patients should receive; how health insurance companies should treat patients; and who should pay for health insurance**. This issue is important because health insurance costs are rising, often making vital health care unaffordable. In addition, an estimated 45 million Americans, including 1 in 5 South Asians, lack any form of health insurance, making life-saving treatment out of reach for many.

Congress is currently considering various pieces of legislation that would reform how health insurance works in this country. Various issues are being debated as part of health insurance reform efforts, including:

- **Public Option:** Various reform proposals include a “public option”, which is a public, government-run health insurance program. Those in favor of the program argue that this low-cost option would increase competition among private insurance companies, thus driving down health insurance costs across the board.
- **Mandates:** Various proposals would require that all individuals or employers obtain health insurance or else pay a penalty or fine.
- **Pre-existing Conditions:** A pre-existing condition is a medical condition that a patient has before his/her health insurance actually begins. Often, insurance companies deny coverage to those who have a pre-existing condition or revoke coverage once a patient gets sick and most needs it. Reforms are being discussed that would make it illegal for insurance companies to deny or revoke coverage based upon a patient having a pre-existing condition.
- **Cost:** Current proposals are estimated to cost between \$500 billion and \$1 trillion. Various proposals also include ways for the government to help support the cost of health insurance for those who cannot afford it. Those in favor of reform argue that savings can be made if health insurance systems are made more efficient. In addition, decreasing the uninsured population could save health care costs in the long-term by increasing access to primary and preventive care, rather than resorting to expensive emergency room procedures.
- **Inclusion of Immigrants:** Many immigrants are unable to access the health care system. Low-income green card holders must wait five years before becoming eligible for Medicaid. In addition, despite many paying taxes, undocumented immigrants are entirely ineligible for government-funded health coverage, including Medicaid and Medicare.

## What do some of the terms being used in the health insurance debate mean?

### What is an “individual mandate”?

- An individual mandate is a **legal requirement that all Americans must have some type of health insurance**. If an individual does not have insurance, they will be in violation of the law and face some type of fine or penalty.
- Those who cannot afford insurance may be given money to purchase it through government subsidies.
- Most of the health care reform bills currently under serious consideration by Congress contain this requirement.
- Those in favor of individual mandates argue that this is the only way to ensure universal coverage. They also argue that it solves the problem of “free riders”, who are patients that can afford insurance but who choose not to have it.

### What is an “employer mandate”?

- An employer mandate is a **legal requirement that all employers over a certain size must give health insurance** to their employees.
- If the employer does not provide insurance, they face fines, penalties, or increased taxes.
- Small businesses who meet certain requirements could receive money from the government through subsidies to help them comply.

### What is a “health insurance exchange”?

- A health insurance exchange (also known as a “gateway”) is a **marketplace where consumers can compare and choose health insurance plans**. The exchange would be set up as a governmental or non-profit entity.
- Most of the exchanges currently under consideration in Congress **would only be available to those currently uninsured and small businesses meeting certain requirements**.
- The exchange would include all private insurance companies and, potentially, a public option or cooperative plan.
- Those in favor of an exchange argue that insurance companies would be required to comply with consumer protection and oversight laws; could participate in a more competitive and transparent market; and allow greater expansion of insurance coverage.

### What is the “public option”?

- The public option is a **government-run, government-funded health insurance option offered as an alternative to private insurance plans** in a health insurance exchange.
- Anyone who would qualify for the health insurance exchange would be able to choose a public option.
- As of September 2009, various proposals under consideration by Congress and presented by the Administration include the public option.
- Those in favor of a public option argue it will make health care more affordable, because patients would pay cheaper premiums than they would in a private insurance plan. Private insurers would then possibly reduce their premiums so that they could remain in competition.

### What is a “health insurance cooperative”?

- A health insurance cooperative is a group whose goal is to provide health insurance through a network of medical providers.

- The cooperative would be **owned by patients who negotiate payment rates**.
- As of September 2009, the Senate Finance Committee’s version of health insurance reform legislation includes this as an alternative to the public option.

### What is “Medicare”?

Medicare is a health insurance program paid for by the government for those who meet one of the following conditions: (1) Aged 65 or older; (2) Aged under 65 with certain disabilities; or (3) Suffer from permanent kidney failure that requires dialysis or a transplant (End-Stage Renal Disease or ESRD).

There are four parts to Medicare:

- **Part A is Hospital Insurance.** This helps cover inpatient care in hospitals as well as nursing facilities, hospice and home care. This applies if the Medicare enrollee or their spouse paid Medicare taxes while working.
- **Part B is Medical Insurance.** This helps cover doctor’s services and outpatient care as well as certain preventive services. Those eligible for Medicare pay a deductible and monthly premium that depends upon their monthly income.
- **Part C is Medicare Advantage Plans.** These allow recipients to get benefits including those through private companies, Part A and Part B benefits and, in most cases, Part D prescription drug coverage (see below).
- **Part D is Medicare Prescription Drug Coverage.** This helps cover the cost of drugs. Those eligible may have to pay a copayment, coinsurance or deductible if charged under their plan of choice.

For additional information about Medicare eligibility, visit [www.medicare.gov/MedicareEligibility](http://www.medicare.gov/MedicareEligibility).

### What is “Medicaid”?

Medicaid is government health insurance program for certain low-income individuals and families. Medicaid programs are run by states and each state determines its own eligibility requirements that can include age, disability, pregnancy, blindness, income, resources and citizenship/immigration status. In many states, green card holders wait five years before becoming eligible to join Medicaid. To check your eligibility for Medicaid, visit [www.cms.hhs.gov/MedicaidEligibility](http://www.cms.hhs.gov/MedicaidEligibility).

### What are the health insurance proposals being considered by Congress?

Over the past several months, Congress and the Administration have been focusing their attention on what should be included in health insurance reform legislation. The details of the legislation and the Administration’s proposals are constantly changing. Below is basic information about what is included in the House and Senate versions of reform and the legislative process moving forward:

- **House of Representatives:** Three House committees (Energy and Commerce; Ways and Means; and Education and Labor) have written separate reform bills. These three bills have been combined to create the **America’s Affordable Health Choices Act of 2009** (H.R. 3200).
- **Senate:** Two committees (Health, Education, Labor and Pensions, or HELP; and Finance) committees have written separate reform bills. The Finance Committee still needs to be voted upon by the committee.
- **The White House:** The Obama Administration has presented a set of principles and recommendations that it would like to see in a health insurance reform bill. These principles include setting up a health

insurance exchange; eliminating restrictions based upon pre-existing conditions; and ensuring that the deficit does not increase as a result of reforms.

- Both the House and Senate will combine, debate, and vote upon their respective bills. If both the House and Senate pass different bills, a committee of members of both chambers of Congress will negotiate the differences to create a final bill. This will then be voted upon in both the House and the Senate. If it passes both, it will then be sent to President Obama who can either sign or veto the bill. If he signs the bill, it becomes law.

## **Are issues affecting immigrants included in the health reform debate?**

### **Medicaid 5-Year Waiting Period for Green Card Holders**

Currently low-income green card holders, despite paying taxes, must wait five years to access Medicaid and many other government health benefits. Advocates are hoping that health insurance reform proposals could waive the five-year waiting period and treat legal immigrants the same as citizens. The House Tri-Caucus (Congressional Asian and Pacific American Caucus, Congressional Black Caucus and the Congressional Hispanic Caucus) bill, which is endorsed by SAALT, supports removal of the five-year waiting period and also addresses health disparities that occur in minority communities.

### **Coverage for Immigrant Children and Pregnant Women**

Earlier this year, Congress removed the five-year waiting period for legal immigrant children and pregnant women under the State Children Health Insurance Plan (SCHIP). Yet, the choice was left up to states on whether or not to honor it. The waiting period affects children and pregnant women of various immigration statuses who may be unable to access adequate, affordable health care. Healthcare reform proposals could make coverage of children mandatory regardless of immigration status.

### **Access to Health Insurance Subsidies for Immigrants**

Various health reform proposals provide subsidies, or financial assistance in various forms from the government, to ensure low-income individuals and their families can afford coverage. Low-income immigrants who pay into the system and may lack affordable insurance should be eligible for such subsidies to get the health care that they need without facing obstacles, such as waiting periods.

## **How can South Asians get involved in the health insurance reform debate?**

Health insurance reform will have a tremendous impact on the South Asian community, including on patients, doctors and nurses, and small business owners. It is important that community members weigh in as the debate continues. Below are a few simple ways that you can get involved:

- **Call your Member of Congress:** Let them know that you support health insurance reform that is affordable and accessible to all. Highlight issues affecting South Asian immigrants, including removing the 5-year waiting period on Medicaid and equal treatment for immigrants. You can find out how to contact your member of Congress by visiting [www.house.gov](http://www.house.gov) or [www.senate.gov](http://www.senate.gov)
- **Write an Op-Ed:** South Asian community voices – particularly from doctors and other medical professionals – are vital to the debate. Contact SAALT if you are interested in writing an op-ed in ethnic media about the importance of affordable and accessible health insurance for all.
- **Stay Updated:** The debate is constantly changing. Join SAALT's listserv at [www.saalt.org](http://www.saalt.org) to get up-to-date information on the health care debate and what it means for the South Asian community.