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## STATEMENT BY ROBERT GREENSTEIN, EXECUTIVE DIRECTOR, ON THE PRESIDENT'S HEALTH REFORM PROPOSAL

The President's proposal represents the last hope, perhaps for years to come, to enact comprehensive reforms that extend coverage to over 30 million uninsured Americans, provide important consumer protections to tens of millions of insured Americans whose coverage may have critical gaps, and begin to slow the growth of health care costs.

If enacted, this legislation would represent a historic accomplishment. Not only would it produce the greatest gains in health coverage in over 40 years, but it would also represent one of the few times in modern U.S. history that Congress enacted large-scale legislation that improved the lives of tens of millions of low- and middle-income Americans while *reducing* the deficit.

This opportunity may not come again in the lifetimes of many of the people who read this statement.

The President's plan makes a number of notable improvements in the Senate health care bill:

- It makes insurance more affordable than under the Senate bill for families and individuals with incomes between 133 percent and 400 percent of the poverty line — that is, those between \$29,000 and \$88,000 for a family of four. Most people with incomes below 133 percent of the poverty line would qualify for Medicaid, which does not charge premiums and requires only modest co-payments.
- It extends important consumer protections to existing employer-based and individual market plans — for instance, giving enrollees the option of keeping their adult children covered under their policy until the children reach age 26, prohibiting annual and lifetime benefit limits, and, by 2018, requiring coverage of preventive services without co-payment charges.
- It completely closes the gap in Medicare prescription drug coverage (the “doughnut hole”) over the next decade.
- It fixes shortcomings in the Senate bill's excise tax on costly insurance plans by adjusting the excise-tax threshold upward by the full amount that a health plan has higher costs because its enrollees are older than average or are disproportionately women. Due to this and other adjustments, the excise tax would target only very generous or inefficient plans; the vast majority of plans would not face any tax. Moreover, the excise tax's beneficial effects in helping to slow health cost growth over the long term would remain.

- It offsets the loss in revenue (relative to the Senate bill) from these excise tax changes by broadening the base of the Medicare tax — that is, by applying the tax to capital gains, dividend, and other investment income received by people with incomes of over \$250,000 a year. This raises substantial revenue while affecting only about the top 2 percent of Americans.

This change would make Medicare fairer by ending an aspect of current law that enables many of the wealthiest Americans to escape paying the Medicare tax on much of their income even as lower- and middle-income people pay the tax on virtually all of their income. It also should modestly reduce unproductive tax sheltering schemes by slightly narrowing the differential between the tax rates on ordinary income and on capital gains income.

- It increases federal financial support for state Medicaid programs and makes that support more equitable across the states.
- It strengthens oversight of insurance companies, makes the “playing field” more level between firms that offer insurance and those that don’t, contains stronger mechanisms to reduce Medicare overpayments to insurance companies, adds new policies to fight fraud, waste, and abuse in both Medicare and Medicaid, and closes several egregious corporate tax loopholes.

All in all, the proposal represents a marked improvement over the Senate bill. (If the White House and Congress can further strengthen the measure’s affordability provisions — without causing the package to unravel — that would make the measure even better.)

Most important, while the proposal is certainly not perfect, it represents a dramatic improvement over the *current* health care system. There is an enormous chasm between this plan and the status quo, under which the ranks of the uninsured will continue to grow and health care costs will continue to rise inexorably.

More than 50 years ago, Senator John F. Kennedy wrote *Profiles in Courage*, which described the courageous actions of eight senators across American history. Unless Thursday’s summit produces an unexpected bipartisan breakthrough, senators and House members will face their own tests of courage in the weeks ahead — whether they will muster the courage to enact this proposal into law. For most members of Congress, this will likely be one of the most important votes of their careers. They may never have another opportunity to help current and future generations of Americans, and to benefit the nation as a whole, to the same degree as they will do if they pass this historic measure.

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