

AFL-CIO Key Points on Senate leadership Health Care Bill:
The Patient Protection and Affordable Care Act
November 20, 2009

- The Senate has taken a significant step toward passing quality, affordable health care for America by introducing the Patient Protection and Affordable Care Act. This legislation includes far stronger provisions to bring down health care costs than other bills, it covers more Americans and it holds insurance companies accountable.
- Senator Harry Reid has worked to create a good bill. But it is not a perfect bill.
- A tax on middle class health benefits is the wrong way to finance health care reform. The bill raises the threshold for taxation to \$8,500 for individuals and \$23,000 for families (and \$1350/individual and \$3000/family higher for coverage of workers in high-risk occupations, for retirees 55 years old and up, and for residents in 17 highest-cost states for a period of three years.) We will work hard to eliminate this provision as the bill heads to the Senate floor. The House bill, which does not include a tax on health benefits, gets it right.
- The Senate bill does include an alternative that we believe gets us closer to the fair financing plan in the House bill. It provides for a Medicare tax increase on the wealthiest Americans. While the .5 % increase in the Medicare tax for those making \$250,000 and up is a modest start at more progressive funding, it breaks the Senate's months long opposition to new taxes.
- It also requires employers, with at least 50 full time employees, that offer no health coverage to pay a penalty of \$750 per employee, if one or more full-time workers qualifies for a government subsidy in the health insurance exchange. We continue to press for a full employer mandate covering all workers in all firms, but this at least creates a serious penalty for free rider employers.
- The legislation would cover 94 percent of Americans while reducing the deficit by \$130 billion over the next 10 years.
- The legislation includes a public insurance plan option that will help bring down costs by keeping insurance companies honest and forcing them to compete. The inclusion of the public option in both the House and Senate bills shows that Members of Congress believe the public option is an essential part of any final health care legislation.
- The legislation would also hold insurance companies accountable by ending the practice of denials and raising premiums because of preexisting conditions or gender.
- It includes a provision that will cut the rate of growth in Medicare spending in half, according to the Congressional Budget Office, through a powerful new Medicare Commission. Besides being a strong mechanism for controlling Medicare costs, the

Commission will set a path that private purchasers can, and likely will, follow to control private health care spending.

- The next step is for the Senate to get 60 votes. We will be working hard – mobilizing working families, calling and writing Senators in support of genuine health care reform.
- We are optimistic that we are closer than ever to achieving the goal of health care for all in America.