



THE HEALTHY AMERICANS ACT (S. 334)

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Status Quo

The comprehensive bill introduced by Senator Ron Wyden (D-OR) and Senator Robert Bennett (R-UT) seeks to address several shortfalls in the status quo of health coverage in America.

The market consists of public and private third-party arrangements in which employers, individuals and families are key decision makers. Currently, the tax preference for employment-based health insurance system remains regressive due to marginal income tax rates that disproportionately distribute subsidies to higher income workers. Public health programs for low-income communities pay less and are perceived to deliver lower quality healthcare.

Changes

The Wyden-Bennett bill (S. 334), also known as the “Healthy Americans Act,” will eliminate the employer-sponsored health care system and replace it with a system in which individuals would purchase private health coverage through state-run purchasing pools.

The bill requires all residents to obtain coverage (individual mandate enforced by the Internal Revenue Service), increasing access and providing financing to insure nearly everyone in the short-term.

The bill will shift enrollees in public programs such as Medicaid and the State Children’s Health Insurance Program (SCHIP) from their primary coverage to a private system.

The bill allows heavy regulation from the federal government in order to standardize the health insurance market.

The bill also focuses on maximizing preventative care and chronic disease management while emphasizing quality of care and cost effectiveness.

Finances

The Healthy Americans Act is projected be fully paid for by spending the \$2.2 trillion currently spent on health care in America. The act is estimated to cover over 246.8 million people and over 99% of Americans would have health insurance.

\$812.9 billion (new federal funds) is required to implement the Healthy Americans Act. However, savings are expected to occur: \$22.4 billion savings in safety-net programs, \$309.8 billion reduction in employer healthcare spending, and \$4.5 billion in national health expenditures.

Implementation

During the first two years of transition, employers initially would shift funds currently used to pay for coverage to higher employee wages.



After two years, employers will be required to pay a tax based upon their size and revenue per employee (with a sliding scale of 3%-26% of the cost of basic health insurance).

Those with incomes less than 400% of the federal poverty level would receive federal subsidies. Subsidies would be tied to the lowest cost policy available.

The plan is projected to be operational in 2012 and fully implemented and budget neutral in 2014, while changes to the tax code related to health insurance and other provisions would generate surpluses.

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