

Health Care Reform Can't Wait!

Why? How Will It Affect You?

Big insurance companies have created a health care system that costs too much, covers too few and excludes too many. That's true if you work in the private sector or if you're covered by the Federal Employees Health Benefits Program (FEHBP). If we continue down the current path, health care costs will crush families, business and government at all levels.

In short, the health of our family budgets, our federal budget and our economy depends on the success of health care reform this year. Letting the big insurance companies decide on their own whether to change their ways hasn't worked. Now it's time for working families to take charge by demanding that Congress enact health care reform now. Given the failures of the current health insurance system reform should have four key components:

- A quality Medicare-style public health insurance option that will keep private insurance companies honest;
- A requirement for all employers to pay their fair share;
- Strong regulations that prevent insurance companies from denying coverage or refusing to pay for care; and
- Effective measures to bring costs down for everyone, including federal employees and retirees in FEHBP.

FEHBP: Paying More for Less

In the last eight years, your average FEHBP premiums have risen by 69.3%, faster than the average growth of national health care costs. In addition there have been:

- Huge increases in out-of-pocket costs, especially for “out of network” care;
- Reductions and shifts in covered benefits from year to year;
- Elimination of popular plans (in the 2007-08 cycle, 14 plans dropped out, forcing 29,000 enrollees to find entirely new coverage); and
- Deceptive practices like the introduction of tax-shelter alternatives to insurance that promise to undermine standards and put further inflation pressures on those with traditional coverage.

There's no doubt that Congress needs to fix FEHBP. And we have some ideas for doing that which are described below. But it's going to be very hard to fix FEHBP without broader health care reform. We can't significantly drive down costs and improve coverage while the private insurance companies are in control.



Federal employees and taxpayers paid private insurance companies \$34 billion in FEHBP premiums last year, a price that does not include the additional enormous out-of-pocket charges paid exclusively by enrollees and their families.

over for more

The Bigger Picture

Out of pocket costs for all workers more than doubled between 1999 and 2008. Over 25.2 million non-elderly adults are underinsured, meaning their insurance doesn't cover many of the costs of necessary care. The number of uninsured exceeds 46 million.

Union members generally have employer-based health care coverage – and we need to protect and improve that coverage. At the same time, improving coverage and reducing costs in employer based systems requires comprehensive reform for everyone. You can't control costs or prevent cost shifting until everyone is in the health care insurance system. And we won't reach that goal without taking on the private insurance industry which has perfected the practice of rationing care and driving up costs.

Health Care Reform that Works for Working Families

The history of health care in America has made it very clear that real health care reform will only be achieved by passage of comprehensive legislation that:

1. Requires employers to assume responsibility for contributing to the cost of health care by providing health insurance or paying a fee for not doing so – a so-called “play or pay” requirement;
2. Prohibits insurance companies from denying coverage for pre-existing conditions and from increasing costs or changing coverage because of your health status;
3. Creates a public health insurance plan, modeled on Medicare, for the purpose of containing costs by promoting competition with private insurers, lowering administrative costs, and providing an affordable option for the uninsured and those having trouble obtaining insurance; and
4. Rejects schemes to tax health benefits because putting a tax on health care coverage will result in increased premiums or reduced coverage for working families.

And What About FEBHP?

None of the major health care reform bills already passed by Congressional Committees would affect federal employees in FEBHP for at least five years. The first five years after enactment essentially leaves employer-based private plans alone and FEBHP falls under that category. The exception would be any future bill that proposes to tax insurance companies who offer the most comprehensive health insurance options. AFGE opposes such an approach because the cost will be passed on to employees in the form of higher premiums

But in the longer term, health care reform that controls costs, increases access, promotes competition and keeps private insurance companies honest could produce huge benefits including lower premiums, better coverage and insurance you can never lose. And what would happen if you leave federal employment?. Without health care reform, pre-existing conditions, employers who don't provide health insurance and skyrocketing costs could prevent you and your family from receiving the health care you deserve. In addition, AFGE supports legislation, introduced in the last two Congresses by House Majority Leader Steny Hoyer (D-MD) that would change the financing formula for FEBHP so that agencies would pay a minimum of 80% of the weighted average of premiums. AFGE will also work to pass legislation that extends FEBHP family coverage to dependents up to age 25 and will work to ensure that federal employees and retirees have a seat at the table when OPM negotiates benefits and premiums with insurance companies.

The Time Is Now

Today, we have the best chance of winning comprehensive health care reform since national health insurance was proposed in the wake of World War II. It's past time to enact health care reform that works for working families.

