

Health Care Will Still be Unaffordable for Many under the Federal Health Care Law

The federal Patient Protection and Affordable Care Act, which was signed into law on March 23, 2010, will provide health insurance for 32 million Americans who currently lack it. Unfortunately, it is estimated that 23 million will still lack health insurance and many others will be paying a high percentage of income for health care.

There are definitely cost savings for consumers in the Affordable Care Act, but even with those cost savings many Americans will find that paying for health care is a great financial hardship. **Under a national single payer program**, such as that proposed in House Bill HR 676, **all medical costs would be capped at 4.75%** of income and would be well under the 10% hardship figure put forth by the Institute of Medicine.

Under HR 676 employed persons would be taxed 4.75% of their income, and all health care would be free. There would be no charges for drugs, co-pays or deductibles; and there would be no health insurance premiums.

Let's review a few examples based on the Kaiser Family Foundation calculator <http://healthreform.kff.org/SubsidyCalculator.aspx>.

Under the Affordable Care Act a single person age 26 with an income of \$15,000 would be enrolled in Medicaid and have minimal out of pocket costs.

Under the Affordable Care Act, a single 26 year old with an annual income of \$22,000 would pay \$1,297 for their annual health insurance premium and a maximum of \$2,083 for out of pocket costs. That comes to 5.90% of annual income for insurance and, up to 15.36% of income for out of pocket costs if they get sick. There is a savings of \$6,271 under the federal law from the full market price health insurance, co-pays, and deductibles.

It doesn't look so good, however, for the single 26 year old who makes \$47,000 per year. Because his or her income is 409% of the federal poverty level, they would not be eligible for a subsidy under the Affordable Care Act. Hence, they would pay 7.21% of income for a health insurance premium and up to 20.53% of income for out of pocket costs. **Under a single payer system, a single 26 year old earning \$47,000 per year would be taxed 4.75% of income and would pay \$2,232.50 in tax that would cover all medical expenses, and would save \$7,418.50, per column 14, above what they would pay out under the federal health care law.**

Let's review the costs for 50 and 60 year olds. The Patient Protection and Affordable Care Act allows insurers to charge up to 3 times more for older persons. **A sixty year old with a 4 person family with family income of \$93,934 would pay \$36,542 per year for health care or 38.90% of income. Under single payer that same 60 year old would pay \$4,461.87 for all health care costs or 4.75% of income.**

Perhaps the cost figures on this chart explain why 60% of Americans oppose the mandate in the federal health care law to purchase insurance. Americans with incomes just over 400% of the poverty level probably couldn't afford to pay health insurance and would probably qualify for a waiver from buying it. The problem then would be that if they or a family member got sick, they might not get timely access to care, might suffer a premature death, and might go bankrupt. Under HR 676, everyone would have access to timely and affordable health care regardless of income or health condition.

(Upon request a spreadsheet, based on the Kaiser Family Foundation calculator, can be e-mailed that compares consumer costs under the federal health care law vs. consumer costs under a national single payer health care system, such as would be established by HR 676, The Medicare for All Act. The spreadsheet details costs for one and four person families with a wide range of incomes.)