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# Health Reform Hits Main Street

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The YouToons explain  
the new health law.

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Let's face it folks, the new health care reform law is complex. It runs about a 1,000 pages even in tiny print.

So it's no surprise that very few Americans have actually read it.

But it's about to affect all of us, and many have been wondering what it will mean for our health, our wallets and our country.

Let's say we take all 310 million Americans and squish us down to just 25 people.

Yep, each of these folks would represent about 12 million of us. And this is pretty much what we'd look like.

Polls show about three out of ten of us say health care reform will make us better off, a similar number say worse off, and a similar number again say it won't make much difference at all. Some of us don't know what to think. I guess you could say we're kinda split on this one.

But no matter where you stand on the issue, it's likely you're thinking, "Hello? I got some basic questions still unanswered here."

And you deserve real answers, not the partisan rhetoric and spin we've been flooded with.

So let's break down what the reform law does and doesn't do and what it will cost. If you want to read the whole law, go ahead. But watching this video is the next best thing.

Ready to jump in?

Let's begin with the problems in our current health care system. Problem number one is, what problem number one usually is, money.

Most people agree that health insurance policies are too expensive.

For a family, the average premium is almost \$14,000 dollars a year...and growing. Premiums have doubled over the last nine years, ballooning way faster than inflation!

Plus, our population is aging, meaning more people with more health problems. So, health care costs are the fastest growing part of the federal budget.

The second problem is that the system is full of holes. Like the fact that people buying insurance on their own can be turned down for having a pre-existing health condition. Small businesses may be charged extra if some of the workers are sick, making insurance unaffordable. And some insurance policies have a lifetime limit on benefits. After that, you're out of luck.

That means some of the people least likely to have coverage are the ones who need it most. Nice, huh?

High costs and holes in the system mean more than one in seven of us have no health insurance to protect us at all. Many more struggle to pay their bills and can only afford bare minimum policies that may not cover much.

High costs to households, strain on the federal budget and people with no protection. It's easy to see why many people were looking for something different.

So here's what the health reform law plans to do in its first phase, between now and 2014.

To start dealing with costs, insurers will be limited in how they spend our premium dollars. If they use too much for administrative costs or profits, they'll be forced to give some of it back through rebates. This won't stop premium increases, but it may help some.

Some services will become free in all new private insurance policies, and in Medicare -- preventive care like screenings and vaccinations.

People on Medicare, because they're over 65 or disabled, will get more help with their drug costs. Young people can save money and stay insured by remaining on their parents' policies up to age 26. And some small businesses will get tax breaks to help them pay for health insurance for their workers.

And the holes? Well, some will be closed starting now too. Lifetime limits on health coverage will be gone, whether you buy insurance on your own or get it from your employer. And it will be illegal to turn kids down for having a pre-existing health condition, like asthma or diabetes.

Of course, some adults who buy insurance on their own will still be getting rejected between now and 2014. But those who do can enter something called a high-risk pool, run by the government.

No, it's more like a policy that covers the sickest uninsured people, meaning it's riskier for insurance companies. That's why the government will chip in some money to bring down the cost.

Some say these high-risk pools will help a lot of people. Others say these pools will still be too expensive, and may not have enough government money to stay in business until they're replaced by something better, in Phase II.

On New Year's Day 2014, some big changes kick in.

First, let's look at how the law makes health care more affordable.

Medicaid will be expanded to cover all low-income individuals and families in every state.

And depending on what you make, if you lose your job or your employer doesn't provide decent coverage, you may get a health insurance tax credit.

And while most of us will continue to get health insurance at work just like now, if you don't have that option, you'll be able to buy coverage in what's called an "Exchange." You'll be hearing a lot about them, so let's stop and look at how they work.

An exchange is like a virtual insurance mega-mall. Based on where you live, you'll get an easy-to-understand menu of options to compare plans in plain English. And the exchange makes sure insurance companies compete fairly under strict rules.

The idea is that by giving consumers good information, a fair playing field and access to lots of choices, competition among insurers will keep rates competitive.

Now, onto plugging the holes. In 2014 insurers will no longer be able to turn people down or charge them more if they're sick.

You might say, hold on a minute, if I can't be turned down or charged more, why not just wait until I get sick or injured to buy insurance at all?

Not so fast buddy. See, with few exceptions, people will be required to have insurance or pay a special tax. Same with larger businesses, who will pay fines if they don't insure their workers.

Of course, nobody likes being told they have to buy anything. But without this rule, experts say you can't require that everyone be eligible for coverage. Imagine telling home insurers they have to cover people whose houses are already on fire!

So the government will provide credits, expanded programs and new rules. They say that by 2019, 32 million of us who don't have health insurance will have it. Some of those who will still be uninsured: undocumented immigrants, who aren't eligible for coverage under the law.

No surprise, all this is going to cost money. 938 billion dollars over the next ten years, according to the Congressional Budget Office, the impartial referee when Congress debates these kinds of things.

It's a lot of money, sure, but if you look at it another way, it's 2% of our federal budget, and 3% of what we'll be spending on health care overall.

Now, the President and Congress insisted these new costs will be paid for so they don't push the budget deficit up any further. That means money will come out of someone's pocket. That's where the tough politics come in.

A lot of the savings will come from health care providers and insurers in the Medicare program.

The fees the government pays to hospitals under Medicare won't be allowed to rise as fast as they have been.

And, insurance companies that provide services to people on Medicare will be paid less.

Medicare will also create a bunch of experiments around the country to test different ways of paying doctors, hospitals and other providers to make the health care system more efficient,

and improve the quality of care. With luck some of these experiments will work, and then be adopted by the private sector and help lower costs for employers and families too. Plus, a new federal advisory board will make recommendations about other ways to deal with increases in health care costs.

Some taxes will go up too. People with high earnings will pay higher Medicare taxes. There will be new taxes on insurers and businesses who offer high-end benefit plans, and on companies that make medical devices and drugs. And oh, anyone who visits a tanning salon now has to pay a new tax too.

With these new cost-cutting measures and new taxes, the Congressional Budget Office says the whole package will actually reduce the federal deficit over the next ten years. Of course, the total federal deficit is expected to run into the trillions, so the health reform law isn't going to solve that problem.

Well, that's the reform law. Do you love it, hate it, still don't know? Either way, there's still a lot of work ahead. You'll be hearing lots of different things about this law. Some people support reform, and if anything want to expand it and increase government oversight of insurers and the health care industry. Others oppose it, and think it creates too big a role for the government. Some states have even gone to court claiming the requirement that everyone buy insurance is unconstitutional.

Politicians and pundits will be talking to you as if you've got no idea what's in that thousand-page law. But by watching this, you're on your way to getting informed. And you can make sure your friends and family are too, just by passing this little video around.