

PPI Proposes New Plan to Expand Health Coverage:

A Third Way Toward Universal Health Care for a New Administration and a New Congress

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OUTLINE OF PPI PROPOSAL FOR HEALTH INSURANCE COVERAGE

1. Refundable Tax Credits for Individual and Employer-Sponsored coverage
 - a. \$1,000 individual/\$2,500 family if no employer-sponsored coverage
 - b. \$400 individual/\$1,000 family if employer-sponsored coverage
 - c. Phased out between \$20,000 and 30,000 for individual coverage; \$40,000 - \$60,000 for families
2. Grants to States, Purchasing Groups/Market Improvements
 - a. State responsibility to ensure that all employees get a menu of choices
 - b. If state declines, Federal Employees Health Benefits (FEHB) menu available
 - c. Performance-based grants (improvements in coverage rates/health outcomes)
3. Employer-Focused Coverage
 - a. Presentation of menu (at least) and enrollment
 - b. Payroll deduction of premium
 - c. Payroll adjustment of tax credit (\$10 an hour individual, \$15 a hour family)
 - d. Help employee with expanded W-4 for those with multiple jobs etc.
4. Coordination with other Federal/State programs
 - a. States may use SCHIP funds to further help families with qualifying kids
 - b. States may use unemployment funds (in addition to tax credit) to help unemployed workers afford/arrange COBRA etc.
5. Decline Affirmatively:

Employee must choose insurance or decline in writing, stating reason why and signing. Employer forwards declines to state.
6. Small Tax Penalty for Remaining Uninsured
 - a. Children: after 3 years
 - b. Adults: at some point (when deemed appropriate and feasible)
 - c. Enforcement: Lose personal exemption (for non-covered person) on tax return
7. Federal Information Initiatives
 - a. Quality and outcomes of health plans and providers
 - b. Benefits (research on standards/conventions, impact of benefit mandates etc.)
8. Other
 - a. No employer mandate to finance coverage
 - b. No change in Medicaid law; SCHIP expanded to allow use with tax credits
 - c. No change in ERISA or state insurance regulation

Federal Cost:

Probably \$25-\$40 billion a year for tax credit; perhaps \$5 billion a year for grants; small increase in SCHIP funding; appropriations for information initiatives.

Coverage:

Uncertain. Probably would reduce number of uninsured by anywhere from 10-25 million, but would certainly shore up health coverage for as many as 75 million more.