

Appendix I

MEDICARE/OLDER AMERICANS

Under the Health Security Act, people who get Medicare will receive all the benefits they do today and see little difference in how, where or from whom they receive their care. In addition, there will be an expansion of Medicare benefits to include the cost of prescription drugs. A new program will also be established to provide home and community-based long-term care. The savings from reduced growth in Medicare spending will be rechanneled into those new benefits.

Americans eligible for Medicare will automatically qualify for prescription drug coverage when they enroll in the Part B benefit, which covers physician visits and other outpatient services. Monthly part B premiums will increase by about \$11 to cover the cost of this new benefit. However, Medigap policies, the extra coverage many seniors buy to pick up where Medicare leaves off, should decline by a proportionate amount since those policies will no longer cover as much, if any, of the cost of drugs.

With the new prescription drug coverage there is a \$250 annual deductible for each person. Individuals on Medicare also pay 20 percent of the cost of each prescription. The maximum amount a person can pay however, is \$1,000 over the course of a year. The prescription drug benefit covers drugs and biological products, including insulin, approved by the Food and Drug Administration.

Today, all people covered by Medicare pay 25% of the actual cost of coverage. Under the Health Security Act, higher-income beneficiaries -- those individuals who earn more than \$100,000 per year -- will be asked to pay 75% of the actual cost of coverage.

As health care reform moves forward, Medicare recipients will have more options -- with the opportunity to join fee-for-service or other types of health plans, including health maintenance organizations and

preferred provider networks. As Americans enrolled in health plans turn sixty-five, they can choose between remaining in their health plan or getting coverage through Medicare.

MEDICAID

The Health Security Act will integrate Medicaid beneficiaries into the new system, relieving pressures on state budgets and on those who need care but simply cannot afford it.

Under reform, state and federal governments will continue to pay for people receiving cash assistance. Just as private sector employers will make payments for their health coverage, state and federal governments will pay to cover the costs of providing benefits to cash assistance recipients.

Once the state where a person lives enters the new system, people who get Medicaid will enroll in health plans like other Americans, and be able to choose among plans. They will carry the same Health Security card that other Americans carry, providing guaranteeing the comprehensive package of benefits. Medicaid will also offer the services it has now — such as transportation, translation and interpretation, and child care during clinic visits.

People now on Medicaid who do not receive cash assistance will no longer rely on Medicaid. They will be covered like everyone else. Families with incomes less than 150 percent of poverty — less than \$22,200 for a two-parent family — will be eligible for discounts on the cost of insurance.

The Health Security Act will enable those people who now stay on welfare to keep their Medicaid benefits to seek employment.

THE DEPARTMENT OF DEFENSE

Under the Health Security Act, the Department of Defense maintains its commitment to military readiness as its first priority while fulfilling its obligation to provide health care to military personnel, their dependents and retirees.

The Secretary of Defense will develop a plan for implementing

health reform and may establish military health plans centered around military hospitals and clinics in the United States. People who are now eligible for CHAMPUS will have the added choice of selected civilian health plans.

Military health plans will meet the same requirements and standards that all health plans meet. They will provide the comprehensive benefits package, and in addition, any other services they currently provide.

In areas in which a military health plan is established, active-duty personnel will automatically enroll. Family members of active duty personnel and retirees who are under the age of 65 will have the opportunity to choose a military health plan or a civilian plan.

Employers of individuals enrolled in military health plans will pay the employer share of the premium, as they do in civilian health plans.

VETERANS HEALTH CARE

Health care reform will honor the nation's commitment to continue providing comprehensive health care to its veterans. Reform will give veterans more choices about how and where they receive care. It will also preserve veterans' benefits and increase the flexibility of the VA health care system.

Under the Health Security Act, the Department of Veterans Affairs will either organize its health centers and hospitals into health plans or allow them to act as health providers and contract with health plans to deliver services.

Health plans organized within the VA system must meet the standards for all health plans.

All veterans may choose to join a VA health plan if one exists in their area. If the health plan can serve only a limited number of people, veterans with service-connected disabilities have first priority for enrollment, followed by low-income veterans.

The Department of Veterans Affairs will continue to provide services that have become its specialty — for example, treatment of spinal cord injuries and post-traumatic stress syndrome, as well as long-term care for elderly and disabled veterans.

THE FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM

The Health Security Act is based on a principle embodied in today's FEHB program: broad consumer choice of plans. Under the Health Security Act, federal employees and retirees will join with other members of the communities where they live and choose from among the health plans offered by the regional health alliance.

Federal employees and retirees, like other Americans, will be guaranteed the security of knowing that if they change jobs, lose their job or move, they will still be covered. The benefits package provided in the Health Security Act is based on today's best plans, including several of the type now offered through FEHBP.

Under reform, government contributions will increase for federal workers to 80 percent of the average premium, up from the maximum of 75 percent today.

For current federal retirees, including those eligible for Medicare, the Office of Personnel Management (OPM) will administer a Medigap option to continue the additional protection they currently receive.

INDIAN HEALTH SERVICE

Under the Health Security Act, the Indian Health Service will operate outside the regional alliance system; tribal governments will exercise their full autonomy to devise health care delivery that works for them.

When health reform is implemented, American Indians and Alaskan Natives will have the option to choose whether they want to receive care through the Indian Health Service or through a health plan in a regional alliance.

The Indian Health Service will expand public health and prevention activities, and for the first time may provide some service to non-Indian residents living near reservations. During a five-year period, the Indian Health Service will renovate and expand its clinics to provide all of the services guaranteed in the comprehensive benefits package.