



**THE PRESIDENT'S PLAN FOR HEALTHCARE:  
*Not a Solution***

**February 22, 2010**

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Today the President released his proposal for national healthcare reform. The 11 page document contains conceptual language, not legislative text, and it works off of the Senate's "Patient Protection and Affordable Care Act," which was passed by the Senate in December. Here is our first take on the President's plan:

**Abortion:** The President's plan does not appear to address the issue of abortion, thus leaving intact the existing Senate language, which does not adequately prevent federal funds from paying for abortion. We had hoped that the President would adopt the abortion language from the House bill, including the Stupak amendment, which does adequately prevent federal funds from paying for abortion. It also appears to keep the existing Senate language on school health clinics.

**"Cornhusker Kickback":** According to the summary released by the White House and the White House website, the so-called "Cornhusker Kickback" has been removed from the President's plan, and "[a]ll states will be treated equally and will not receive any special matching rates under this provision." The White House also states that the President's plan would "provid[e] significant additional Federal financing to all States for the expansion of Medicaid." Although the President's plan levels the playing field between the states, it appears that this level playing field is accomplished by moving a greater portion of the cost-share to the federal government, and thus, to federal taxpayers. According to the White House website, "[t]he Federal Government will support States by providing 100% of the cost of newly eligible people between 2014 and 2017, 95% of the costs between 2018 and 2019, and 90 percent matching for subsequent years."

**Individual Mandate:** The President's plan retains the unconstitutional requirement that nearly every American will be required to purchase an approved level of health coverage. As with the Senate Health Bill, any person who fails to meet this requirement will be subject to a flat-rate fine or, in the alternative, a penalty set at a portion of the individual's income. While the President's plan lowers the flat-rate penalty, it ultimately does so by only fifty-five dollars annually and actually increases the percentage of a person's income which must be paid, under the alternative penalty form. In addition, the President's plan indexes the individual insurance mandate to the federal tax filing requirement rather than the national poverty line. Under the

Senate plan, individuals or families with income below the established national poverty line would be exempt from the penalty associated with failure to comply with the coverage mandate. The President's plan, however, would tie this exemption to the federal tax filing requirement. This could be detrimental, as it may greatly expand the number of individuals affected by the mandate. For instance, using 2009 numbers, the poverty line for an individual is set at \$10,830 and \$14,570 for a married couple with no children. Also for 2009, an individual is required to file a tax return, and would have to maintain coverage under the President's plan, if their annual income exceeded \$9,350 (\$18,700 for married couples). This automatically increases the number of individuals subject to the mandate by lowering the income level threshold for those affected. Further, while it seems that more married couples would qualify for the exemption, the true outcome of this provision is unclear. While fewer childless married couples would be affected because of the higher income level, the poverty line increases based on the number of children within a family, but it is unclear whether this will hold true for the tax-filing requirement under the President's plan. For example, if the tax filing requirements do not scale based on number of dependants, a married couple with three children would have to exceed \$25,790 annually to be subject to the Senate mandate, but presumably the same couple would only have to earn \$18,700 in annual income to be subject to the President's mandate.