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Prescriptions

Making Sense of the Health Care Debate

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Baucus Proposes New Limits on Insurance Premiums

By [David M. Herszenhorn](#)

Stephen Crowley/The New York Times Senators John D. Rockefeller IV and Max Baucus during the opening session of the Senate Finance Committee mark-up of health care legislation.

We've said it before and we'll say it again: affordability of insurance is the central question in the health care debate on Capitol Hill.

And Senator Max Baucus, the chairman of the Senate Finance Committee, has just released details about changes to his bill aimed at making insurance more affordable by making government subsidies for moderate-income people more generous.

For Americans earning between 300 percent and 400 percent of the federal poverty level — \$66,150 to \$88,200 in 2009 — Mr. Baucus would now limit the cost of insurance premiums to a maximum of 12 percent of household income, or from \$7,938 to \$10,584. If insurance premiums end up costing more than that, government subsidies would then kick in and pay the balance.

At the lower end of the income scale, Mr. Baucus would reduce the limit on premium costs to 2 percent of income from 3 percent.

But it is not clear that these changes will satisfy progressive-leaning Senate Democrats who wanted to push the income caps even lower.

Several Senate Democrats, including Robert Menendez of New Jersey and Charles E. Schumer of New York, had been pushing for a cap on premiums at 10 percent of income for people earning between 300 percent and 400 percent of the poverty level. And Senator Debbie Stabenow of Michigan proposed an amendment to put the cap at 6.5 percent of income.

Mr. Baucus had said he wanted to get the cap lower than the Senate health committee's proposal, which set it at 12.5 percent, and lower than the House version of the health care legislation, which set the cap at 12 percent.

According to an analysis by the Center for Budget and Policy Priorities, a liberal-leaning research and advocacy group, [the concern among liberal Democrats is likely to focus at the lowest end of the income spectrum](#) where, proportionally, the Senate Finance bill seems to place a far bigger burden on the families to pay insurance premiums compared with the other legislative proposals.

If It's Good Enough for Congress

In any event, as the debate over the affordability of health insurance simmers, there's been plenty of rhetoric both inside and outside Washington about giving average Americans access to the same health benefits available to members of Congress.

A lot of people wonder what sort of health benefits lawmakers get and how much it costs.

Full details on the Federal Employees Health Benefits Program can be found [here](#). And there are additional benefits that members of Congress enjoy, like the ability to get treatment in the Capitol Physician's Office or at Bethesda Naval Hospital.

But here's a quick snapshot of federal employee health benefits:

Two of the most popular options are national, fee-for-service Blue Cross plans. There is a "basic" option that requires the use of in-network doctors, hospitals and other providers, and a more expensive "standard" option that covers some out-of-network charges.

The basic plan costs employees \$92.44 a month or \$1,109.28 a year for individuals, and \$216.48 a month or \$2,597.76 a year for families. The government pays \$277.32 a month or \$3,327.84 a year for individuals, for total annual individual premiums of \$4,437.12; the government pays \$649.45 a month or \$7,793.40 a year for families, for total annual family premiums of \$10,391.16. The out-of-pocket maximum is \$5,000.

The standard plan costs employees \$152.06 a month, or \$1,824.72 a year for individuals, and \$356.59 a month or \$4,279.08 a year for families. The government pays \$337.26 a month or \$4,047.12 annually for individuals, and \$763.08 per month or \$9,156.96 annually for families. Total annual individual premiums are \$5,871.84 and total annual family premiums are \$13,436.04. The out-of-pocket maximum is \$5,000 for in-network services and \$7,000 for out-of-network costs.

So using the newly updated numbers put forward today by Mr. Baucus, the Montana Democrat, the Senate Finance proposal would potentially leave a family of four with current annual income between 300 percent and 400 percent of the federal poverty level — \$66,150 to \$88,200 — on the hook for health insurance premiums totaling 12 percent of income, or as much as \$7,938 to \$10,584, before government subsidies kick in and cover the balance. The Baucus plan would also cap out-of-pocket costs at \$5,950 for individuals and \$11,900 for families.

In comparing the proposal to the Blue Cross plans currently available to federal employees, keep in mind that insurers have not developed the plans that might be offered through the new government marketplaces, or exchanges, proposed in the legislation. To attract customers, those plans could well offer substantially lower premiums and lower limits on out-of-pocket costs than the caps set forth in the legislation.

But for now, the math under the Baucus proposal seems to be this: for the basic plan, a family of four earning just over \$66,150 in 2009 would theoretically pay \$7,938, and government subsidies would cover the balance of \$2,453.16. Federal employees today get a much better deal. They now pay about 25 percent of the insurance cost and the government pays 75 percent, while under the Baucus proposal, a similar family would pay \$7,398, or roughly 76 percent of the insurance cost, and the government would pay 24 percent.

Federal employees currently pay about 38 percent of the cost of the standard plan for family coverage; while the Senate Finance bill would have our theoretical family earning just over \$66,150 pay about 59 percent of the cost of the standard plan.

Of course, it's not clear that the federal Blue Cross plans — as they now exist — would meet all of the new requirements in the proposed health care legislation, and any changes to the plans could result in a change in premium prices, either higher or lower.

Still, this rough back-of-the-envelope comparison leaves a question: If all Americans are offered the same health benefits as members of Congress, should they be offered at the same price? Share your thoughts in the comments area.