



Health Care Policy: Glossary of Terms

- **Bending the Curve:**

- Slowing the growth in health-care spending as a percentage of GDP, which at its current rate would exceed 20% of the U.S. gross domestic product by 2018. [Source: <http://www.time.com/time/healthcaredebate>]
- Comment: Bending the curve should mean more than just cutting total spending but also setting in place real market forces in order to improve the efficiency with which Americans spend their health care dollars. Only when patients have direct control over dollars and decisions will they have the ability to demand better value for the money.

Additional Resources:

<http://brookings.edu/es/research/projects/budget/fiscalsanity/2007chapter8.pdf>

- **Employer Mandate:**

- A requirement that employers either provide health care benefits to their workers or pay a fee that contributes to the cost of covering their workers under a public (government-run) plan. Such proposals are also called "pay or play." [Source: <http://www.allhealth.org/sourcebookcontent.asp?CHID=79>]
- Comment: Although an employer mandate is intended to target employers, most labor economists agree that employees ultimately bear the cost of the mandate. It's simple: the cost is passed through in the form of less cash compensation. So the result is lower future pay and higher job losses, especially for low-income workers.

Additional Resources:

<http://www.heritage.org/Research/HealthCare/wm2552.cfm>

<http://www.heritage.org/Research/HealthCare/bg2312.cfm>

- **Guaranteed Issue**

- A rule that health insurance companies must sell coverage to anyone who applies for it, regardless of medical condition. (<http://www.time.com/time/healthcaredebate>)
- Comment: It is important for all Americans to have access to affordable health care coverage, especially those with pre-existing health conditions that involve high health care costs. But allowing people to buy insurance at any time gives individuals an incentive to wait until they are already sick to obtain coverage. The incentive is even stronger if insurers are not able to adjust the premium price. (See Community Rating). Thus guaranteed issue destabilizes insurance unless other steps are taken.

Additional Resources:

<http://www.heritage.org/Press/Commentary/ed082809a.cfm>

<http://www.heritage.org/Research/HealthCare/wm2558.cfm>

- **Health Care Co-Op**

- Private, nonprofit organizations, run for the benefit of their members. The Co-Ops proposed in the current health care debate differ in that they are federally chartered institutions designed to compete with private insurance companies.

[Source: <http://www.webmd.com/a-to-z-guides/health-care-reform-glossary#co>]

- Comment: If the government runs an organization, funds it, chooses or controls it, than it is not a real consumer-based co-op—it is nothing more than a public plan by another name. True Co-Op need to be run by its members, funded by its members or other private entities, and selected and controlled by its members.

Additional Resources:

<http://www.heritage.org/Research/healthcare/wm2493.cfm>

<http://www.heritage.org/Research/HealthCare/bg2290.cfm>

- **Health Exchange**

- A mechanism that creates a single marketplace facilitating the buying and selling of private health insurance. Similar to a stock exchange or a farmers market where buyers and sellers are brought together, the system is intended for individuals, small businesses, their employees, while maintaining existing employer-based access to health insurance.

[Source: <http://www.allhealth.org/sourcebookcontent.asp?CHID=79>]

- Comment: If properly designed, a state-level health insurance exchanges would provide the architecture to give individuals and families more choice, allow portability of coverage, and increase employers' flexibility in offering health benefits.

Additional Resources:

<http://www.heritage.org/Research/HealthCare/wm1230.cfm>

<http://www.heritage.org/Press/Commentary/ed111308c.cfm>

- **Health Savings Accounts**

- A tax-exempt savings account that can be used to pay for current or future qualified medical expenses. Employers may make HSAs available to their employees or individuals can obtain HSAs from most financial institutions. In order to open an HSA, an individual must have health coverage under an HSA-qualified high deductible health plan. These HSA-qualified high-deductible health plans must have deductibles of at least \$1,150 for an individual and \$2,300 for a family in 2009.

[Source: <http://www.kff.org/healthreform/upload/7909.pdf>]

- Comment: Low-premium HSA qualified health plans are an important insurance option, and offer an affordable alternative to traditional high cost first dollar coverage. But HSAs are only one part of the solution. Individuals and families should be able to pick the type of health insurance plan of their choice, with tax relief, and keep it with them from job to job without loss of tax benefits.

Additional Resources:

<http://www.heritage.org/research/healthcare/wm1127.cfm>

<http://www.heritage.org/research/healthcare/wm1239.cfm>

- **Individual Mandate**

- A law requiring individuals to obtain health care coverage, and in some cases, forcing individuals to pay a penalty if they choose not to participate.
[Source: <http://www.allhealth.org/sourcebookcontent.asp?CHID=79>]
- Comment: An individual mandate requires the government to determine what qualifies as insurance for meeting the mandate requirement. Such a process risks opening a flood of special interest lobbying to ensure certain benefits are included in the health care package. An individual mandate is largely meaningless without a penalty, yet imposing such a penalty would adversely impact low-income individuals.

Additional Resources:

<http://fixhealthcarepolicy.com/in-the-news/moffit-in-national-review/>

<http://www.heritage.org/Research/HealthCare/bg2325.cfm>

- **Medicare Advantage**

- A part of Medicare designed to offer beneficiaries a choice of managed care and other private plan options. Medicare Advantage encompasses health maintenance organizations (HMOs), preferred provider organizations (PPOs), Medicare HSAs, regional PPOs, and other options. (partial definition)
[Source: <http://www.allhealth.org/sourcebookcontent.asp?CHID=79>]
- Comment: One in five seniors is enrolled in these private alternatives to traditional Medicare. The program is popular among seniors, especially low income and minorities, because it funds an integrated benefit package that gives better benefits.

Additional Resources:

<http://www.heritage.org/Research/HealthCare/bg2142.cfm>

<http://www.heritage.org/Research/HealthCare/wm1836.cfm>

- **Public Option**

- A government-run health plan, perhaps similar to Medicare, that would compete with private insurance plans in a marketplace or exchange. A major point of contention between supporters and opponents of Obamacare.
[Source: <http://www.webmd.com/a-to-z-guides/health-care-reform-glossary#co>]

- Comment: Proponents of a public health care plan use descriptive language like “competition,” “choice,” and a “level playing field” to give a false impression that a public option is somehow consistent with market principles. But in reality, a government-sponsored public plan is certain to be favored by the government agency setting the rules of competition. Moreover, the public plan is likely to be artificially cheap, since many costs would be hidden and passed on to others, often to providers in administrative costs and lower reimbursements, resulting in a huge cost-shift to private payers to make up the difference.

Additional Resources:

<http://www.heritage.org/Research/HealthCare/bg2301.cfm>

<http://www.heritage.org/Research/HealthCare/bg2224.cfm>

- **Single Payer**

- A financing system in which doctors and hospitals would bill a single entity, such as the federal government, for services.

[Source: <http://www.webmd.com/a-to-z-guides/health-care-reform-glossary#co>]

- Comment: A single-payer means government-run health care. The establishment of such a system would inevitably mean lower payments for physician and other health care providers. Ultimately, lower payments for physicians and health care providers would result in reduced access and lower quality health care and, if Medicare is any guide, to large unfunded costs passed on to future generations.

Additional Resources:

<http://www.heritage.org/Research/HealthCare/wm2381.cfm>

<http://www.heritage.org/Research/HealthCare/bg1973.cfm>

- **Uninsured**

- People who lack health insurance of any kind.

[Source: <http://covertheuninsured.org/content/glossary#u>]

- Comment: The uninsured are a complex and ever-changing group. There were an estimated 46.3 million individuals without health insurance coverage in 2008. While there are a variety of ways to count the uninsured, in general, most are young, low-income, and are in working households. One of the biggest barriers to coverage is the current tax treatment of health insurance, which gives tax relief only to those who get coverage at the place of work.

Additional Resources:

http://www.heritage.org/Research/Healthcare/upload/bg_2115.pdf

<http://www.heritage.org/press/newsreleases/nr082807a.cfm>