

Financing Healthcare Reform

July 30, 1965



“During your working years, the people of America – you - will contribute through the social security program a small amount each payday for hospital insurance protection. For example, the average worker in 1966 will contribute about \$1.50 per month. The employer will contribute a similar amount.”

Lyndon Johnson

“If it has a few defects - such as the method of payment of certain specialists - then I am confident those can be quickly remedied...”

Lyndon Johnson

“So I would like to ask this Nation tonight, through you, to lay down a challenge to the future: Let us declare that the American goal in the next 10 years is modern, competent, medical care for every person of every age, whatever his means.”

Lyndon Johnson

Current tax = 2.9% of wages

How is the President's Plan Financed?

Medicare tax on high earners

0.9% on family incomes above \$250,000

Investment tax on high earners

If income is greater than \$250,000, 2.9% of investment earnings

“Cadillac” plan tax

Excise tax on high-cost insurance plans

Individual penalties

**Financial penalties (up to 2.5% of income)
for not electing to take insurance, unless
hardship is demonstrated**

Employer assessment

Required if employees are Federally subsidized

Drug maker fees

\$33 billion over 10 years

Reduction of Waste, Fraud, & Abuse

Large array of new tools

What will it cost?

White House	\$950,000,000,000
Heritage Foundation	\$2,500,000,000,000
Congressional Budget Office	?