



Pelosi Fights for More Low Income Subsidies in Healthcare

By Kent Garber

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In most states, if you drive, you have to have car insurance. Coverage, in other words, is mandated.

There's a similar requirement making the rounds with healthcare reform. It's called an "individual mandate," and it basically means that all Americans have to buy [health insurance](#) or face a penalty. The House's bill has it, as does the Senate's. For lawmakers, this mandate has double appeal. It'll push tens of millions of uninsured Americans to get insurance, a major goal of healthcare reform, and since the healthy as well as the unhealthy will have to buy insurance, it should make the average cost of healthcare cheaper.

But as the House and Senate work to combine their bills amid a stream of criticism about a lack of transparency, they're still struggling to address questions about its impact, namely, if you're forcing people to buy insurance, how do you make sure they can afford it? How do you make a mandate work—and make it humane at the same time?

The mandate won't take effect until 2013 at the earliest, and even then, really poor people would qualify for free Medicaid. But pretty much everyone else would have to buy insurance. To keep people honest, the bills would require Americans to state on their tax returns whether they have health insurance. The IRS then would electronically cross-check that information with [insurance companies](#). In most cases, people who don't have insurance would get slapped with a penalty, which could eventually be several hundred [dollars](#) or more.

Democrats, of course, don't want healthcare reform turning into a massive penalty campaign with the IRS going after millions of Americans for playing hooky. The whole point of the mandate, after all, is to get more people covered, not to ding people for not being covered. And that means Democrats, in the next week or two, have to decide how much the government should be doling out to make insurance affordable.

"It's important to see the mandate as a commitment from the government to help people get insured," says Peter Harbage, who wrote the healthcare reform proposals for former presidential candidate John Edwards's campaigns and has advised California Gov. Arnold Schwarzenegger. "The burden really is on the government."

This question is at the center of the negotiations between the House and Senate. Both bills would give help, in different amounts, to individuals making up to about \$43,000 a year or a family of four making up to about \$88,000. But the House bill is way more generous, and House Speaker Nancy Pelosi is fighting to see that her chamber, after ceding so much already, wins out on this provision.

But more aid means a bigger price tag, so Democrats need to walk a fine line between what people need and what the government can provide. One place to look for reference is Massachusetts. In 2006, as part of the state's healthcare overhaul, it put in place an individual mandate and started giving out subsidies to lower-income residents. In the first two years, the state cut its uninsured population by about 75 percent and successfully enforced the mandate by using its Department of Revenue. "Massachusetts clearly brought down the rate of uninsured people," says Carol Pryor, a Massachusetts-based health policy analyst. "But you have to go a step further and look at the affordability." There are still many people, she says, who don't qualify for help but struggle to pay for insurance. Nationally, lawmakers are grappling with the same concern.