

CATASTROPHIC HEALTH COVERAGE ACT

Frequently Asked Questions

Version 1.5 — January 2026

Fast Answers

The following table provides quick answers to the most common questions. Detailed explanations by stakeholder group follow.

Question	Fast Answer
Who is covered?	Anyone with a catastrophic condition beyond their control: genetic disorders, workplace injuries, environmental exposures, accidents caused by others.
What does it cost patients?	Nothing. First-dollar coverage with no deductibles, copays, or coinsurance for covered conditions.
How is it funded?	~1.2% contribution on wages and investment income, offset by reduced private insurance premiums.
Does it replace my insurance?	No. CHCA covers catastrophic costs for agency-decorrelated conditions; private insurance continues for routine care.
How do I qualify?	Automatically, based on your doctor's diagnosis. No separate application required.
What if someone else caused my injury?	You receive immediate coverage. CHCA then pursues the responsible party to recover costs.
Does CHCA track my behavior?	No. Coverage is based solely on medical diagnosis codes, not lifestyle monitoring.
What happens if costs exceed projections?	Contribution rates adjust automatically based on experience. The system self-corrects.
How is this different from the ACA?	ACA subsidizes comprehensive premiums (politically dependent). CHCA removes catastrophic risk structurally (permanent).
Who benefits most?	Families with genetic disease, injured workers, entrepreneurs, small employers, rural hospitals.
Does CHCA cover mental health?	Yes, for mental health conditions related to covered conditions—hereditary psychiatric disorders, occupational mental health, or consequences of covered injuries.
Why should healthy people support CHCA?	Genetic diseases, accidents, and workplace injuries can strike anyone. CHCA insures against uninsurable misfortune.

1. Executive Overview

1.1 Core Concept

The Catastrophic Health Coverage Act (CHCA) provides federal coverage for catastrophic medical costs arising from conditions beyond your control—conditions you did not cause through your own choices. These include genetic disorders and hereditary diseases, occupational injuries and illnesses, environmental exposures like contaminated water or industrial pollution, and accidents caused by others. The legislation consolidates existing fragmented spending streams into a unified federal program while preserving private insurance for routine care and individual responsibility for lifestyle-related health costs.

Q: I'm healthy now—why should I support CHCA?

A: Because conditions beyond your control can strike anyone, at any time. Genetic conditions can emerge at any age—many rare diseases don't manifest until adulthood, and you may carry BRCA mutations or other hereditary risks without knowing it. Accidents happen to careful people: a drunk driver can cross the median regardless of how safely you drive. Workplace hazards affect workers in every industry, and environmental contamination like PFAS in drinking water may already affect you without your knowledge.

CHCA provides insurance against the uninsurable: misfortune you cannot predict, prevent, or control. The 58% of Americans who fear a major health event could cause bankruptcy aren't irrational—they recognize that current insurance leaves catastrophic gaps. CHCA closes those gaps for conditions where you had no choice and bear no fault.

1.2 Key Financial Parameters

Q: What is the baseline spending that CHCA consolidates?

A: CHCA consolidates \$575–645 billion annually in existing catastrophic expenditures for conditions beyond individual control. This represents current spending across Medicare, Medicaid, private insurance, and other payers. CHCA redirects these existing streams rather than creating new spending.

Q: What fiscal improvement does CHCA generate?

A: CHCA generates approximately \$538–758 billion in ten-year fiscal improvement (nominal dollars) through two primary mechanisms: administrative efficiency savings from consolidating fragmented systems (estimated 7% reduction in administrative overhead, or \$41–46 billion annually), and systematic cost recovery from responsible parties (estimated \$23–38 billion annually post-implementation).

Q: What contribution rate funds CHCA?

A: The CHCA contribution rate is approximately 1.0–1.2% of covered wages and investment income. This new contribution is approximately offset by reduced private insurance premiums (as insurers no longer bear catastrophic risk) and reduced Affordable Care Act tax rates. The net effect for most taxpayers is approximately neutral.

Q: How much does CHCA recover through cost recovery from responsible parties?

A: CHCA projects annual cost recovery of \$23–38 billion through systematic pursuit of responsible parties—drunk drivers, negligent employers, polluting corporations. This compares to current Medicare Secondary Payer (MSP) recovery of \$9.04 billion in FY2024. The increase reflects expanded scope across all conditions beyond individual control and systematic government pursuit with professional contractor resources.

1.3 Self-Correction and Stability

Q: What happens if costs are higher than expected or recoveries are lower than projected?

A: CHCA is designed to self-correct annually. The contribution rate is formula-derived based on actuarial projections, not legislatively fixed. The statute mandates 80th percentile (conservative/pessimistic) expenditure projections to ensure adequate funding even under adverse scenarios. Reserve requirements of 5–10% of projected annual expenditures absorb short-term shocks. Benefit scope is explicitly bounded by clinical categories, not open-ended promises.

Unlike programs that rely on political intervention during crises, CHCA adjusts before imbalances accumulate. Rate adjustments of up to 0.25 percentage points are treated as ministerial calculations not subject to Congressional Review Act procedures, ensuring timely correction without political gridlock.

Q: How stable is CHCA across political changes?

A: CHCA consolidates existing spending rather than creating a new discretionary program, embeds automatic funding adjustment into statute, and preserves private insurance for routine care. These features reduce political pressure and make abrupt repeal or destabilization costly for all stakeholders—patients, providers, employers, and states. The program's bounded scope and self-correcting finances mean it does not accumulate the hidden imbalances that create political crises in other healthcare programs.

1.4 Structural Comparison with Other Approaches

Q: How does CHCA differ from the ACA subsidy approach to affordability?

A: The ACA attempts to make comprehensive coverage affordable through premium subsidies that require continuous political renewal. When subsidies expire or shrink—as occurred in January 2026—premiums spike dramatically. CHCA takes a fundamentally different approach: it removes catastrophic risk from the insurance system entirely for conditions beyond individual control. This creates permanent structural savings rather than temporary political subsidies—premiums fall because the underlying risk is gone, not because the government is writing checks to insurers. The ACA approach depends on annual appropriations; CHCA's approach is embedded in statute with automatic adjustment.

Q: How does CHCA differ from HSA-based catastrophic coverage proposals?

A: Current HSA-catastrophic proposals give individuals tax-advantaged savings accounts and high-deductible plans, then ask them to save enough to cover \$7,500+ deductibles. This shifts catastrophic risk to individuals—the same people least able to bear it. CHCA does the opposite: it removes catastrophic risk for conditions beyond individual control from individuals entirely. A cancer patient with a genetic predisposition doesn't need a savings

account under CHCA—they have coverage. The distinction is fundamental: HSA proposals help you save for catastrophe; CHCA prevents catastrophe from becoming financial disaster.

Q: How is CHCA different from healthcare proposals that divide Americans politically?

A: Americans agree on more than headlines suggest. Polling consistently shows 62–66% believe government should ensure healthcare coverage (Gallup/Pew 2023–2024). But Americans split on how: 35% prefer a single national program, 31% prefer a mix of government and private programs, 26% want only Medicare/Medicaid expansion. Only 13% want single-payer with no private insurance option.

CHCA threads this needle. It provides government coverage for catastrophic conditions beyond individual control—the domain where private markets fail and where Americans across the political spectrum agree protection is needed. It preserves private insurance and individual responsibility for routine care and lifestyle-related conditions—maintaining the market mechanisms and personal accountability that many Americans value.

This isn't a compromise that leaves everyone unhappy. It's a recognition that different problems require different solutions. Genetic diseases, not-at-fault accidents, and workplace injuries are fundamentally different from routine checkups and lifestyle-related chronic conditions. CHCA applies the right tool to each problem rather than forcing a one-size-fits-all approach.

2. Patients, Families, and Victims

This section addresses questions from individuals who would receive care under CHCA and their families. Plain language is used throughout this section.

2.1 Coverage and Eligibility

Q: What conditions does CHCA cover?

A: CHCA covers serious medical conditions beyond your control—conditions you did not cause through your own choices. This includes: genetic disorders and hereditary diseases (such as cystic fibrosis, sickle cell disease, Huntington's disease, and hereditary cancers); workplace injuries and illnesses (where your job or your employer's negligence caused the harm); environmental exposures (such as contaminated drinking water, lead poisoning, or industrial pollution); and car accidents where you were an innocent victim of another driver's negligence.

Q: How do I know if my condition qualifies?

A: Coverage is determined automatically based on your doctor's diagnosis. When your healthcare provider diagnoses a qualifying condition, they submit the claim with the appropriate diagnosis code, and CHCA determines eligibility. You do not need to apply separately or prove that someone else caused your condition—the diagnosis itself triggers automatic screening. The Department of Health and Human Services publishes and maintains the list of covered conditions with an annual review cycle.

Q: What does 'first-dollar coverage' mean for me?

A: First-dollar coverage means no deductibles, no copayments, and no coinsurance for covered conditions. When you receive care for a condition beyond your control, CHCA pays the full cost from the first dollar. You will never receive a bill for covered care, and you do not need to meet any spending threshold before coverage begins.

To put this in perspective: the average bronze marketplace plan has a \$7,186 deductible (2025), and even 'good' employer plans typically have \$2,000–\$4,000 deductibles. For a genetic disease diagnosis under current insurance, you could face thousands in cost-sharing before your insurance pays anything. Under CHCA, for conditions beyond your control, there is no cost-sharing barrier whatsoever.

Q: What happens if I have a pre-existing condition?

A: Pre-existing conditions are fully covered. If you were diagnosed with a qualifying condition before CHCA started, you receive coverage immediately. There are no waiting periods, no exclusions, and no penalties for conditions diagnosed before the program began.

Q: Will anyone ever lose coverage they have today because of CHCA?

A: No. CHCA adds a new payer for catastrophic costs; it does not remove existing coverage for routine care. If your condition qualifies, your costs are covered by CHCA. If it does not qualify, your insurance works exactly as it does today. CHCA supplements the existing system for catastrophic conditions beyond your control—it does not replace or reduce coverage for anything else.

Q: Will CHCA cover expensive medications for my genetic disease?

A: Yes—completely. Genetic diseases are explicitly covered under CHCA, and coverage includes prescription drugs and biologics with no cost-sharing.

This matters enormously for rare disease patients. Many genetic conditions require specialty medications costing \$10,000 to \$50,000+ per month—prices that can exceed annual out-of-pocket maximums even with good insurance. Some enzyme replacement therapies exceed \$300,000 annually.

Under CHCA: no deductible to meet before coverage begins, no copays on medications regardless of tier, no coinsurance percentage you must pay, and no annual or lifetime limits on drug coverage. If your genetic disease is on the Code List (maintained by HHS based on NIH rare disease registries and ICD-10 genetic disorder codes), your medication costs are covered from the first prescription through ongoing maintenance—for life.

Q: Does CHCA cover mental health conditions?

A: CHCA covers mental health services related to covered conditions—not general mental health care. Specifically, CHCA covers:

Hereditary psychiatric conditions included on the Code List (such as genetic forms of schizophrenia, bipolar disorder with established hereditary etiology, or Huntington's disease psychiatric manifestations).

Occupational mental health disorders where workplace conditions caused the condition (such as PTSD from workplace trauma, anxiety disorders from documented workplace harassment, or depression caused by occupational injury).

Mental health consequences of CHCA-covered physical conditions (such as depression following a catastrophic accident injury, anxiety related to genetic disease diagnosis, or psychological support during cancer treatment for hereditary cancers).

CHCA does not cover general mental health treatment unrelated to agency-decorrelated conditions. Routine mental health care, therapy for life circumstances, or psychiatric treatment for conditions without documented hereditary, occupational, or environmental etiology remains covered through private insurance or other programs.

2.2 Access and Experience

Q: Will I still see my current doctors?

A: Yes. Your relationship with your healthcare providers does not change. Providers continue billing through the same systems used for Medicare and Medicaid. CHCA changes how catastrophic care is paid for, not who provides it or where you receive it.

Q: How quickly will my care be authorized?

A: For covered conditions, there is no prior authorization requirement. Your doctor decides what care you need based on medical necessity, not coverage disputes with insurance companies. Your doctor prescribes the care you need, and CHCA pays for it. This eliminates the delays that currently occur when patients and providers must fight insurance companies over coverage.

Q: What if I disagree with a coverage decision?

A: CHCA includes an appeals process through the Department of Health and Human Services. If your condition is not covered but you believe it should be, you can request a review. The appeals process includes medical review by qualified professionals, and there is a feedback process for identifying gaps in coverage.

Q: Does CHCA track my behavior, lifestyle, or personal choices?

A: No. CHCA does not collect lifestyle data, monitor behavior, or evaluate personal choices. Coverage determinations are based solely on standard medical diagnosis codes already used for billing today—the same ICD-10 codes your doctor already submits to Medicare, Medicaid, and private insurers. CHCA receives no new personal data beyond what insurers and Medicare already process. The 'agency' determination is made by your doctor based on clinical diagnosis, not by government review of your personal habits.

2.3 Financial Protection

Q: Will CHCA protect me from medical bankruptcy?

A: Yes, for covered conditions. Approximately 66.5% of bankruptcies involve medical bills—and crucially, 78% of those who filed bankruptcy due to medical expenses had health insurance when their illness struck. Having insurance is not enough when facing catastrophic costs.

For catastrophic costs arising from conditions beyond your control—the unexpected disasters that currently devastate working families—CHCA provides complete protection. You will not face the choice between necessary medical care and financial survival when the underlying condition arose from circumstances beyond your control.

Q: What if someone else caused my condition—do I still get covered?

A: Yes. CHCA provides immediate coverage regardless of who caused your injury or illness. If a drunk driver injured you, if your employer's negligence caused your illness, if a corporation's pollution caused your cancer—CHCA pays for your care immediately. You do not wait for lawsuits to resolve or settlements to be reached. After paying for your care, CHCA pursues the responsible party to recover the costs. You receive care; wrongdoers pay.

Q: Can I still sue the person who harmed me?

A: Yes. You retain all rights to pursue compensation for your injuries—including pain and suffering—plus any penalties against the wrongdoer, through private attorneys. CHCA's cost recovery covers only the medical bills for your care. Your ability to hold wrongdoers accountable for the full harm they caused remains intact.

Q: How does CHCA address 'financial toxicity' for serious illnesses like cancer?

A: 'Financial toxicity'—the medical term for the financial side effects of treatment—devastates cancer patients. Research shows 49% of cancer patients carry cancer-related debt, and cancer patients are 2.5 times more likely to declare bankruptcy than healthy individuals.

CHCA provides complete financial protection for cancers arising from circumstances beyond individual control: hereditary cancers (BRCA-related breast and ovarian cancer, Lynch syndrome colorectal cancer, Li-Fraumeni syndrome cancers, and other cancers with

documented genetic etiology); occupational cancers (mesothelioma from asbestos exposure, lung cancer from occupational carcinogens, bladder cancer from industrial chemical exposure); and environmental exposure cancers (kidney and testicular cancers from PFAS contamination, cancers from documented environmental pollution exposure).

For these cancers, CHCA eliminates financial toxicity entirely—\$0 out-of-pocket from diagnosis through complete treatment.

Important limitation: CHCA does not cover all cancers. Cancers without documented hereditary, occupational, or environmental etiology—including most sporadic cancers and smoking-related lung cancers—remain covered through private insurance. Coverage depends on whether the cancer's cause meets the agency-decorrelation criteria.

Q: How would CHCA help victims of environmental contamination like PFAS 'forever chemicals'?

A: Under current law, PFAS victims must wait years for litigation to resolve before receiving compensation for medical costs—if they receive any at all. Over 15,000 lawsuits are pending in federal court, with bellwether trials repeatedly postponed. Under CHCA, every person diagnosed with kidney cancer, thyroid cancer, or other PFAS-linked conditions from contaminated water would receive immediate, complete coverage for their care. CHCA would then pursue DuPont, 3M, and other responsible parties systematically for cost recovery, with the government's superior litigation resources and no statute of limitations pressure. Victims receive care today; polluters pay tomorrow. This applies equally to lead contamination, industrial pollution, and other environmental exposures.

3. Healthcare Providers

This section addresses questions from hospitals, physicians, clinics, and other healthcare delivery organizations. Professional terminology appropriate for this audience is preserved.

3.1 Billing and Reimbursement

Q: How does CHCA billing work?

A: CHCA uses existing CMS claims processing infrastructure. Providers submit claims with ICD-10 diagnosis codes through the same systems currently used for Medicare and Medicaid. When a claim includes a CHCA-qualifying diagnosis code, it is automatically routed to the CHCA Trust Fund. No new billing systems, no new portals, no new training required.

Q: What reimbursement rates does CHCA pay?

A: CHCA pays at the rate appropriate to the patient's original coverage: Medicare rates for Medicare beneficiaries, commercial rates for previously privately insured patients. This maintains revenue expectations while transferring catastrophic risk to the federal program. For uninsured patients, CHCA pays at negotiated rates based on regional Medicare benchmarks.

Q: Will I get paid faster than current insurance?

A: CHCA leverages CMS infrastructure, which currently processes Medicare claims within 14–30 days. Unlike private insurance, there are no prior authorization delays for qualifying conditions and no coverage disputes to resolve. Providers should experience faster payment for catastrophic care compared to current private insurance processes.

3.2 Administrative Impact

Q: How does CHCA affect prior authorization requirements?

A: For CHCA-qualifying diagnosis codes, there is no prior authorization requirement. Clinical decisions are based on medical necessity as determined by the treating physician. This eliminates the administrative burden of coverage disputes for catastrophic conditions, allowing clinical staff to focus on patient care rather than paperwork.

Q: Will I need to learn new billing codes?

A: No. CHCA uses existing ICD-10 codes. HHS publishes a list of qualifying codes, but these are standard ICD-10 codes already in use. No new coding systems, no new documentation requirements. Billing staff simply submit claims as they do today; the routing is automatic.

Q: How does this affect our payer mix and coordination of benefits?

A: Catastrophic cases route to CHCA regardless of the patient's original insurance status. This simplifies high-cost case administration by consolidating catastrophic payment under one payer with consistent rules. Coordination of benefits complexity decreases significantly for qualifying conditions.

Q: What happens if diagnosis coding changes during a course of treatment?

A: Coverage determination follows the qualifying diagnosis at the time catastrophic treatment begins. Coding updates do not retroactively affect coverage for ongoing care. If a patient is admitted with a CHCA-qualifying diagnosis, treatment for that episode remains covered even if subsequent diagnostic refinement changes the primary code. This prevents administrative disruption to ongoing care and provides billing certainty for providers.

3.3 Specific Provider Types

Q: How does CHCA work in emergency departments?

A: Treat first, code later. Emergency care is always covered. CHCA determination happens post-stabilization based on discharge diagnosis. ED staff have no role in liability determination or subrogation—that process occurs separately after the patient receives care. This aligns with EMTALA requirements and current emergency care practices.

Q: What about rural and safety-net hospitals?

A: Rural and safety-net hospitals gain significantly from CHCA. These facilities often absorb catastrophic care costs when patients cannot pay and insurance coverage is inadequate. With CHCA, catastrophic care for agency-decorrelated conditions is reliably reimbursed, improving financial stability for facilities serving vulnerable populations.

Q: How does CHCA address the rural hospital financial crisis?

A: Rural hospitals lose money on catastrophic care because reimbursement is inadequate and collections are uncertain. A single uninsured trauma patient can devastate a rural hospital's annual margin—and 46% of rural hospitals currently operate at a loss. CHCA provides reliable, adequate reimbursement for all catastrophic care arising from conditions beyond individual control, regardless of the patient's insurance status before injury or illness. This transforms catastrophic care from a financial liability into a stable revenue source. For the 432 rural hospitals currently vulnerable to closure, CHCA directly addresses the leading cause of financial distress.

4. Health Insurance Companies

This section addresses questions from health insurance executives, actuaries, and operations staff. Professional terminology appropriate for this audience is preserved.

4.1 Business Model Impact

Q: How does CHCA affect insurance company profitability?

A: CHCA improves profitability by transferring catastrophic risk—the most unpredictable and loss-generating segment—to the federal program. Industry data shows catastrophic claims generate the largest losses and greatest actuarial uncertainty. By eliminating catastrophic coverage obligations, insurers retain profitable routine care coverage while reducing capital requirements, reinsurance costs, and claims volatility.

Q: What happens to our catastrophic care premiums?

A: Premium adjustments reflecting CHCA coverage are expected, with HHS guidance coordinated through state insurance commissioners. Insurers should reduce premiums to reflect the transfer of catastrophic risk, which reduces both expected claims and required reserves. The exact reduction varies by current plan design and population characteristics.

Q: How does this affect our administrative costs?

A: Administrative costs for catastrophic coverage should decrease significantly. Insurers currently maintain expensive functions for catastrophic coverage determination, utilization review, and dispute resolution. With CHCA handling agency-decorrelated catastrophic conditions, these administrative functions can be reduced or eliminated, improving operating margins.

Q: Does CHCA reduce the need for reinsurance?

A: Yes. By removing catastrophic tail risk, CHCA reduces or eliminates the need for high-cost reinsurance layers, lowering capital requirements and freeing reserves for competitive pricing. Reinsurance is purchased precisely to protect against the low-frequency, high-severity events that CHCA covers for agency-decorrelated conditions. With that risk transferred to the federal program, insurers can reduce or eliminate reinsurance purchases for those exposures, improving capital efficiency and reducing operating costs.

4.2 Market Dynamics

Q: Will CHCA create new competitive opportunities?

A: Yes. With catastrophic risk removed, insurers can compete more effectively on routine care coverage, customer service, and wellness programs. Premium competition intensifies as the catastrophic tail risk that previously differentiated insurers by capital capacity is eliminated. Smaller insurers may gain competitive position as capital requirements decrease.

Q: What about supplemental catastrophic coverage?

A: CHCA covers agency-decorrelated conditions—those beyond individual control. Insurers may offer supplemental coverage for lifestyle-related catastrophic conditions not covered by CHCA, creating a new product category. This preserves consumer choice while ensuring universal coverage for conditions arising from circumstances beyond individual control.

5. Employers

This section addresses questions from employers offering health insurance benefits and human resources professionals. Professional terminology appropriate for this audience is preserved; acronyms expanded at first use.

5.1 Benefits Costs

Q: How does CHCA affect my health insurance costs?

A: Employer health insurance costs should decrease as catastrophic risk transfers to CHCA. Insurance now covers only routine care and lifestyle-related conditions, eliminating the actuarial tail risk that drives premium volatility. Employers can expect more predictable, lower premiums with reduced year-to-year variation.

Q: What is the CHCA contribution requirement for employers?

A: Employers contribute to CHCA through a payroll contribution similar to existing Medicare contributions. The rate of approximately 1.0–1.2% is shared between employers and employees. This new contribution is approximately offset by reduced private insurance premiums, making the net cost impact approximately neutral for most employers.

Q: How does this affect small businesses differently from large employers?

A: Small businesses gain disproportionately. Currently, small employers face the highest premium volatility because a single catastrophic case can devastate a small risk pool. With CHCA, that volatility disappears. Small businesses gain access to the same catastrophic protection as large employers, leveling the competitive playing field for employee benefits.

5.2 Workforce Implications

Q: How does CHCA affect employee retention and recruitment?

A: CHCA fundamentally changes workforce dynamics. Currently, 16% of workers stay in jobs primarily for health insurance ('job lock'), rising to 28% for lower-income workers. With portable catastrophic coverage through CHCA, workers can pursue optimal employment opportunities without fear of losing catastrophic protection. This increases labor market efficiency and may increase voluntary turnover as workers previously locked in jobs seek better opportunities.

Q: What about employees with chronic conditions or disabled family members?

A: These employees gain the most from CHCA. Currently, an employee with a child who has a genetic disorder may be trapped in a job solely because the employer's plan covers that condition. Under CHCA, genetic disorders are covered regardless of employment status. That employee can take a better job, start a business, or stay home to provide care—without losing coverage for their child's condition.

Q: Does CHCA help or hurt worker bargaining power?

A: CHCA dramatically helps worker bargaining power. Workers can no longer be coerced through healthcare fear. Leaving a bad employer or organizing a union doesn't risk

catastrophic exposure. Portable coverage is worker empowerment. For employers, this may reduce Employee Retirement Income Security Act (ERISA) compliance complexity for catastrophic coverage while improving actuarial stability and allowing plan resources to focus on routine care benefits.

5.3 Workers' Compensation Integration

Q: How does CHCA interact with workers' compensation?

A: CHCA provides immediate coverage for occupational injuries and illnesses, then pursues reimbursement from workers' compensation carriers, employers, or liable third parties as appropriate. Employers and states may adjust workers' compensation arrangements on their own timeline. The key change is that injured workers receive immediate, complete coverage—no waiting for workers' compensation disputes to resolve.

6. Legal Professionals

This section addresses questions from attorneys, law firms, and legal service providers involved in personal injury, workers' compensation, and related practice areas. Professional terminology appropriate for this audience is preserved; acronyms expanded at first use.

6.1 Practice Model Changes

Q: How does CHCA change personal injury practice?

A: CHCA creates a new, larger market for medical cost recovery while preserving the existing market for non-catastrophic medical, non-economic, and punitive damages. For subrogation work (recovering medical costs from responsible parties), attorneys contract with the government under Cost-Plus-Fixed-Fee (CPFF) arrangements. Attorneys receive auditable direct costs plus an incentive fee. For non-economic damages, traditional contingency practice continues unchanged.

Q: What does 'loser-pays' mean for defendants?

A: Under CHCA subrogation, defendants found liable pay all costs: medical costs recovered, plus direct litigation costs (audited), plus attorney fees. This eliminates cost leverage as a settlement tactic—defendants can no longer force victims to settle by threatening litigation costs. The expected cost of negligent conduct increases, creating appropriate deterrence incentives.

Q: Can I still take cases on contingency?

A: For CHCA subrogation work (medical cost recovery), no—those cases operate under CPFF contracts. For non-economic damages (pain and suffering, punitive damages), yes—traditional contingency practice continues. Many cases will involve both components: CPFF recovery of medical costs through CHCA subrogation, plus contingency pursuit of additional damages.

Q: Does CHCA eliminate jury trials?

A: No. CHCA subrogation actions proceed under existing civil liability standards, including jury trials where applicable. The change is who brings the medical-cost claim—not how liability is adjudicated. Defendants retain all procedural rights, including jury trial on liability and damages questions. CHCA does not create administrative tribunals or limit access to courts; it simply substitutes the government as plaintiff for medical cost recovery while preserving victims' independent claims for non-catastrophic medical, non-economic, and other compensatory damages.

6.2 Market Dynamics

Q: How does CHCA affect the legal market for injury cases?

A: CHCA expands the total market significantly. Currently, over 75% of personal injury practitioners are solo or small-firm attorneys who lack capital to compete with larger firms for major cases. CHCA eliminates capital barriers—attorneys compete for government contracts based on skill rather than firm size. Cases are assigned through merit-based

selection rather than advertising-driven client acquisition. Contracts follow Federal Acquisition Regulation (FAR) standards for transparency and auditability.

Q: What happens to large plaintiff's firms?

A: Large firms face increased competition but access to a larger market. The current system advantages firms with capital for case financing and advertising. Under CHCA, skill-based competition intensifies. However, the systematic pursuit of all recoverable claims expands total market volume. Efficient firms with strong recovery track records can build substantial government contracting portfolios.

6.3 Fee Structure

Q: How do attorney fees work under CHCA?

A: CHCA subrogation uses Cost-Plus-Fixed-Fee (CPFF) contracts following Federal Acquisition Regulation (FAR) standards. Attorneys bill auditable direct costs (documented time, expenses) plus an incentive fee calibrated to achieve compensation parity with traditional practice. This provides stable, guaranteed compensation without contingency risk. Current systems deliver only 53 cents per dollar to victims; CHCA's efficient structure targets 75–85% of non-medical recovery flowing to victims.

7. Government Programs

This section addresses questions about CHCA coordination with existing federal health programs. Acronyms expanded at first use.

7.1 Medicare and Medicaid

Q: How does CHCA coordinate with Medicare?

A: For agency-decorrelated conditions, CHCA is the primary payer for Medicare beneficiaries. Medicare claims with CHCA-qualifying diagnosis codes are automatically routed to the CHCA Trust Fund through existing CMS claims processing infrastructure. The transition is seamless for providers and beneficiaries—no change to claims submission procedures.

Q: What about Medicaid beneficiaries?

A: CHCA is the primary payer for Medicaid beneficiaries with agency-decorrelated conditions. States receive CHCA reimbursement for qualifying claims processed through Medicaid programs, improving state fiscal positions while maintaining continuous coverage for beneficiaries. This affects Federal Medical Assistance Percentage (FMAP) calculations favorably for states.

Q: How does this affect Medicare and Medicaid solvency?

A: Both programs benefit significantly. Medicare and Medicaid currently bear substantial costs for catastrophic conditions that CHCA would cover—genetic disorders, environmental exposures, occupational illnesses. Shifting these costs to the CHCA Trust Fund improves Medicare Hospital Insurance Trust Fund solvency and reduces state Medicaid expenditures.

7.2 Veterans Affairs and TRICARE

Q: How does CHCA coordinate with VA and TRICARE?

A: For agency-decorrelated conditions, CHCA is the primary payer for VA and TRICARE beneficiaries. Veterans retain full access to VA facilities and services; CHCA provides the payment mechanism for qualifying catastrophic conditions. This coordination improves VA fiscal sustainability while maintaining veteran healthcare access.

7.3 Medicare Secondary Payer Enhancement

Q: How does CHCA build on the Medicare Secondary Payer program?

A: CHCA extends the proven Medicare Secondary Payer (MSP) model across all agency-decorrelated conditions. MSP recovered \$9.04 billion in FY2024 through systematic pursuit of responsible parties. CHCA applies this successful approach to motor vehicle accidents, workplace injuries, environmental exposures, and other situations with identifiable responsible parties—generating projected recovery of \$23–38 billion annually.

8. Workers, Entrepreneurs, and Economic Freedom

This section addresses questions about CHCA's impact on labor market mobility, entrepreneurship, and economic opportunity. Plain language used for public accessibility.

8.1 Job Lock and Labor Mobility

Q: What is 'job lock' and how does CHCA address it?

A: Job lock occurs when workers remain in jobs they would otherwise leave primarily to maintain health insurance coverage. Gallup/West Health survey data (2021, n=3,870) shows 16% of American workers stay in jobs primarily for health insurance, with the rate rising to 28% for workers earning less than \$48,000 annually compared to 10% for those earning over \$120,000.

The disparity extends to race: Black workers are 50% more likely to experience job lock (21% vs. 14% for White workers), reflecting both income disparities and historical patterns of employer-based coverage access.

CHCA breaks job lock for catastrophic coverage—workers can pursue better opportunities without fear of losing protection for genetic disorders, accidents, or other conditions beyond their control.

Q: What happens to workers who want to change careers?

A: Career changers gain substantial freedom. Currently, a mid-career professional considering a career change must evaluate not just salary and opportunity but health insurance implications—particularly if they or family members have chronic conditions. With CHCA coverage of conditions beyond individual control, career transitions become feasible without risking family health security.

8.2 Entrepreneurship and Small Business

Q: How does CHCA affect entrepreneurship?

A: Research shows business ownership increases 13.8% the moment workers gain catastrophic coverage through Medicare at age 65 (Fairlie et al. 2011, n=102,027). Workers don't stay trapped in jobs worried about routine care costs; they stay worried about \$100,000+ exposure for cancer, major accidents, or genetic disorders. CHCA addresses exactly this fear by providing universal catastrophic coverage for conditions beyond your control—genetic diseases, accident injuries, workplace illnesses, environmental exposures—at any working age, not just after 65.

Q: How does the ACA subsidy expiration affect entrepreneurship, and what would CHCA change?

A: The ACA subsidy expiration in January 2026 created a new entrepreneurship crisis. Self-employed individuals who were paying \$100/month for coverage in 2025 now face premiums of \$700–2,500/month—increases of 114% on average. Many are abandoning businesses or forgoing coverage entirely. CHCA addresses this structurally: by removing catastrophic risk entirely for conditions beyond individual control, entrepreneurs no longer need subsidies to afford catastrophic protection. The fear that drives job lock—'what if I get cancer and have no coverage?'—disappears when catastrophic coverage for genetic

diseases, accidents, and environmental exposures is guaranteed regardless of employment status.

Q: What does this mean for startup formation?

A: Startup formation should increase significantly. Small innovative firms (under 500 employees) produce 16 times more patents per employee than large firms. Startups create over 15% of new jobs. Yet potential entrepreneurs often remain in corporate employment because starting a business means losing group health coverage with its catastrophic protection. CHCA removes this barrier, enabling risk-taking and innovation that drives economic growth.

8.3 Environmental Justice

Q: How does CHCA address environmental justice concerns?

A: Communities of color and low-income communities bear disproportionate exposure to environmental hazards—and currently bear both the health consequences and the financial costs. CHCA provides comprehensive coverage for pollution-related illness while systematic cost recovery ensures polluters pay for the harm they cause. This creates both immediate financial protection for affected communities and economic incentives for pollution reduction.

9. Document Information

9.1 Source Documents

Primary sources for this FAQ include:

- CHCA Legislative Draft Phase 4 v4.3
- CHCA Policy Paper Rev 5.8
- CHCA Executive Summary v1.7
- CHCA Subrogation White Paper v1.3
- CHCA Operational Baseline v1.5
- CHCA Quantitative Data Repository v1.23
- CHCA Job Lock Topic Note v3.1
- CHCA Technical Evidence Compendium v1.3

9.2 Verification Statement

All quantitative claims in this document have been verified against primary sources as documented in the CHCA Quantitative Data Repository v1.23. Source citations with pedigree classifications are available in the repository.