

# A Review of Current Health Care Reform Legislation

Summaries provided by:



# Current Health Care Reform Bills

- Senate HELP Committee:  
“Affordable Health Choices Act”
- Senate Finance Committee:  
“America’s Healthy Future Act”
- House “H.R. 3962, Affordable Health Care for America Act,”  
Passed on 11/09/09.

# *Individual Mandate – requires individuals to have health coverage.*

<b>Senate HELP Committee</b>	<b>Senate Finance Committee</b>	<b>House</b>
<p data-bbox="78 476 453 753">Yes, requires individuals to have coverage or pay a \$750 annual penalty.</p> <p data-bbox="78 876 453 1039">Subsidies for those up to 400% poverty level</p>	<p data-bbox="523 476 1216 1325">Yes, requires individuals to have coverage or pay a penalty. The penalty would be \$750 per adult household, and the penalty would be phased in as follows: For 2013, \$0; \$200 for 2014; \$400 for 2015; \$600 in 2016 and \$750 in 2017. Exemptions from the tax will be made for individuals where the full premium of the lowest cost option available to them (net of subsidies and employer contribution, if any) exceeds 8% of their adjusted gross income.</p>	<p data-bbox="1254 476 1833 868">Yes, requires individuals to have coverage or pay a penalty of 2.5% of their adjusted gross income above the filing threshold or the average premium on the Exchange.</p> <p data-bbox="1254 1031 1785 1130">Subsidies for those up to 400% poverty level.</p>

# *Employer Mandate – requires employers to offer insurance and penalizes those who don't.*

<b>Senate HELP Committee</b>	<b>Senate Finance Committee</b>	<b>House</b>
<p>Yes; exempts employers with 25 or fewer employees.</p>	<p>No requirement to offer coverage, but all employers with more than 50 employees that do not offer coverage would be required to reimburse the government for those employees who receive tax credits for health insurance.</p>	<p>Yes. Small employers with an annual payroll that does not exceed \$500k are exempt from this requirement. Requires employers to pay 72.5% of the premium for individuals and 65% of the premium for families. Employers offering coverage would be subject to an 8% payroll tax for employees who decline qualified employer coverage that would cost more than 12% of the employee's income.</p>

# *Employer Penalty – penalty for those employers not offering coverage.*

<b>Senate HELP Committee</b>	<b>Senate Finance Committee</b>	<b>House</b>
<p>Failure to offer coverage would result in a penalty of \$750 per full-time employee per year and \$375 for part-time employees per year.</p>	<p>Reimbursement “fee” would require employer to pay the lesser of the flat dollar amount (established by the Secretary of HHS and equal to the national average tax credit) multiplied by the number of fulltime employees receiving a tax credit or a fee of \$400 per employee paid on its total number of fulltime employees.</p>	<p>Employers not offering coverage would be subject to a penalty equal to 8% of average total wages paid annually.</p>

# *Employee Retirement Income Security Act (ERISA) Changes*

<b>Senate HELP Committee</b>	<b>Senate Finance Committee</b>	<b>House</b>
<p>Maintain state regulation of insurance health plans and federal regulation of self-insured plans; adds federal requirements under ERISA on employer-sponsored health coverage.</p>	<p>No ERISA changes.</p>	<p>Applies state law remedies to health insurance coverage purchased by employers in a state health insurance exchange; prohibits reductions in employer-sponsored retiree health benefits, unless the reduction is also made to benefits for active participants; requires all employer-sponsored coverage to meet detailed federal requirements.</p>

***Benefits – requires plans to offer a specific benefits package.***

<b>Senate HELP Committee</b>	<b>Senate Finance Committee</b>	<b>House</b>
<p>Requires essential benefits package covering broad range of medical, mental health, prescription drug, and rehabilitative services.</p>	<p>No minimum benefit requirements.</p>	<p>Requires essential benefits package covering broad range of medical, mental health, prescription drug, and rehabilitative services.</p> <p>Benefits determined by Health Benefits Advisory Council.</p>

***Public Plan – a government run health insurance plan designed to compete with private plans.***

<b>Senate HELP Committee</b>	<b>Senate Finance Committee</b>	<b>House</b>
<p>Yes; the government would negotiate payment rates with providers.</p>	<p>Does not include a public plan option.</p>	<p>Yes. Creates a new public health insurance option as part of the health insurance exchange and allows for negotiated rates.</p>

# *Health Insurance Exchanges*

## **Senate HELP Committee**

Amends the Public Health Service Act to establish state-based health insurance exchanges, called “gateways”. States could charge insurers who list their coverage plans on the gateways a nominal fee to defer administrative costs. Three tiers would be offered through the exchange.

## **Senate Finance Committee**

Insurers would be required to offer a choice of four plans that differ by level of benefit: bronze, silver, gold and platinum. In addition, states would be allowed to form health care choice compacts to allow for the purchase of individual health insurance policies across state lines. Also, a “young invincible” catastrophic plan would be offered for individuals under age 25.

## **House**

The House proposal would create a national exchange under the direction of the Health Choices Administration. Four tiers of coverage would be offered through the exchange: basic, enhanced, premium, & premium plus.

# *Health Care Cooperative – owned and controlled by its members.*

<b>Senate HELP Committee</b>	<b>Senate Finance Committee</b>	<b>House</b>
<p>Does not include health care cooperatives.</p>	<p>Authorizes the formation of the Consumer Owned and Oriented Plan (COOP), to be operated at the state, regional or national level to serve as a non-profit, member-run health plans to compete in the non-group and small group market.</p>	<p>Yes. Requires the Health Choices Commissioner to establish a “Consumer Operated and Oriented Plan Program” to assist organizations that wish to start up a non-profit health insurance cooperative and provides start up loans for these organizations.</p>

# Cafeteria Plans

## Senate HELP Committee

## Senate Finance Committee

## House

No specific provisions.

Caps FSA contribution at \$2,500 and excludes over-the-counter medications without a doctor's prescription. Increases penalties on non-medical HAS distributions; creates a safe harbor from nondiscrimination rules for cafeteria plans sponsored by eligible small employers. Allows pre tax premiums for long term care policies.

Limits salary reduction contributions to health FSAs to \$2,500. Prohibits FSA, HSA and HRA reimbursements for over-the-counter medications (unless doctor prescribed or insulin). Increases the 10% penalty on distributions from HSAs that are not used to pay for health related expenditures to 20%.

# *Wellness Provisions*

## **Senate HELP Committee**

Permits employers to establish premium discounts or rebates or modify co-pays or deductibles up to 30% to encourage participation in wellness programs.

## **Senate Finance Committee**

Codifies and enhances provisions of the HIPAA non-discrimination regulations, which allow rewards to be provided to employees for participation in or for meeting certain health standards related to a wellness program; provides that wellness programs that provide rewards based on an individual satisfying a standards that is related to a health factor do not violate the HIPAA non-discrimination rules if the program satisfies certain requirements. For these programs, the bill would cap the reward at 30% of the employee-only coverage under the plan while providing protections for plan participants.

## **House**

Creates a grant program to help small and mid-sized employers establish or strengthen workplace wellness programs. Requires the Secretary to develop and periodically update a national strategy designed to improve the nation's health through evidence-based clinical and community-based prevention and wellness activities. Wellness programs offered through grant programs cannot mandate participants to enroll in the program, nor can they use participation as a condition to receiving financial incentives.

# *Health Care Quality Improvements*

## **Senate HELP Committee**

Calls for a national strategy to improve the quality of the U.S. health care system; establishes health quality initiatives to reduce medical errors, reduce hospital admissions, improve patient safety, promote evidence-based medicine and disseminate best care practices.

## **Senate Finance Committee**

Moves Medicare to pay for quality and value, including hospital, physician, home health and skilled nursing facility value-based purchasing; quality reporting for other providers. Expands Medicaid and increases low income subsidies to those on Medicare.

## **House**

Includes reforms in Medicare that will reward the quality of care delivered; establishes Center for Comparative Effectiveness Research; includes provisions on quality measurements. Expands Medicare for newborns. States would take over financial responsibility in 2015. Medicare spending cut \$500 billion.

# *Subsidies – tax credits to help employers or individuals buy health coverage.*

## **Senate HELP Committee**

Tax credits available for individuals who purchase plans through the gateways on a sliding scale up to 400% of FPL; employers with 50 or fewer full-time employees who pay 60% or more of their employees' health insurance premiums receive tax credit up to \$2,000 per employee to subsidize coverage.

## **Senate Finance Committee**

Tax credits available on a sliding scale for individuals and families between 134-300% of the federal poverty level (FPL) to help offset cost of private health insurance; tax credit to small employers who offer health insurance to their employees.

## **House**

Tax credits available on a sliding scale for individuals and families between 133-400% of FPL. Small business tax credits are available for businesses with 10 or fewer employees and \$20k or less in average wages.

# *Financing – how health reform is generally paid for.*

<b>Senate HELP Committee</b>	<b>Senate Finance Committee</b>	<b>House</b>
<p>The HELP Committee does not have jurisdiction over tax policy. However, financing of health reform would encompass delivery system &amp; insurance market reforms as well as an employer and individual mandate.</p>	<p>New 40% excise tax on insurers and self-insured employers if the aggregate value of the plan (including major medical, tax-free accounts, vision, dental, &amp; other supplementary health coverage) exceeds \$8,000 for an individual or \$21,000 for a family in 2013 – the tax is equal to 40% of the aggregate value that exceeds these thresholds; the threshold amount is increased by \$1,850 for individual coverage &amp; \$5,000 for family coverage for retired individuals over the age of 55 &amp; for plans that cover employees engaged in high risk professions (firefighters, law enforcement, construction, etc.); new taxes on medical devices, insurance companies, &amp; pharmaceuticals; limits FSA contributions.</p>	<p>Health care “surcharge” on taxpayers with adjusted gross income in excess of \$1 million (married filing a joint return) and \$500k (single) at a rate of 5.4%; excise tax of 2.5% on medical devices &amp; health spending account limitations.</p>

# Retiree Health Care

<b>Senate HELP Committee</b>	<b>Senate Finance Committee</b>	<b>House</b>
No provisions.	No provisions.	Prohibits employers from reducing retirees' health benefits after those retirees have retired, unless the reduction is also made to benefits for active participants. Eliminates the tax deduction for employers who receive a government subsidy for providing retiree prescription drug coverage.

