SJR 35: HEALTH CARE

Comparison of Selected Elements of the Major Federal Health Care Reform Proposals

Prepared for the Children, Families, Health, and Human Services Interim Committee

UPDATED: December 2, 2009

The following comparison is updated to reflect changes made by the House to the Tri-Committee Bill released over the summer and changes made by either the Senate Finance Committee or Senate Majority Leader Harry Reid to the reform framework released by Finance Committee Chairman Max Baucus in September. The original provisions of the Senate Health, Education, Labor, and Pensions bill are provided to offer additional information on how the original Senate proposals differed from the version being debated by the Senate in December 2009. Text that has been stricken indicates the provision is no longer included; new provisions are underlined.

	House Bill	Reid/Senate Finance Changes to Baucus Framework	Senate HELP Bill
Individual Insurance Mandate	• Everyone must obtain "acceptable health coverage" • Exemptions: dependents, financial hardship, religious objections, taxpayers with incomes below the filing threshold	• Everyone must obtain health insurance with a minimum level of benefits • Exemptions: Native Americans, hardship, religious objections, incarcerated individuals, individuals without coverage for less than three months, individuals for whom affordable coverage isn't available or whose income is below 100% of poverty	• Everyone must obtain health insurance with a minimum level of benefits • Exemptions: tribal members, individuals for whom affordable coverage isn't available, residents of states without a health insurance exchange
Penalties for Individuals	• Penalty of 2.5% of modified adjusted gross income up to the cost of the average national premium under a basic plan in the health insurance exchange	• Penalty ~~for taxpayers between 100% and 300% of poverty:~~ of $750 per person, phased in over three years, up to a family maximum of ~~$1,500~~ $2,250; the penalty would be $95 per person in 2014 and $350 per person in 2015. The penalty would be indexed to inflation after 2016. • ~~Penalty for taxpayers above 300% of poverty: $950 per person up to a maximum of $3,800~~	• Minimum tax penalty: $750/year • Maximum tax penalty: $3,000/year • Penalties to be adjusted for inflation in future years
Subsidies for Individuals	• Affordability credits for individuals and families with incomes up to 400% of the federal poverty level to subsidize premium costs and cost-sharing requirements • Assistance provided on a sliding scale, so people with lower incomes receive a higher subsidy than those with higher incomes • The amount the qualifying individual or family must contribute to their premiums ranges from ~~3%~~ 1.5% to 12% of their income • Credits available only to U.S. citizens and legal immigrants	• Tax credits for individuals between ~~134%-300%~~ 100-400% of poverty on a sliding scale beginning in ~~2013~~ 2014, to offset premium costs • Amount that qualifying individuals must contribute to their premiums ranges from ~~3%~~ 2.8% of income for individuals at 100% of poverty to ~~13%~~ 9.8% for those ~~at 300%~~ between 300% and 400% of poverty • Tax credits are refundable and advanceable • Employees offered coverage through their jobs are ineligible for tax credits if they purchase a policy through the exchange unless the actuarial value of the employer's plan is less than 60% or the employee share of the premium exceeds 9.8% of income • Cost-sharing assistance available to people with incomes of 100% to ~~300%~~ 200% of poverty • ~~Individuals between 300% and 400% of poverty eligible for a premium credit~~	• Premium credits for individuals and families with incomes up to 400% of poverty • Assistance provided on a sliding scale, so people with lower incomes receive a higher subsidy than those with higher incomes • Assistance limited to individuals who are not eligible for employer-based coverage that meets minimum benefit levels and affordability standards • The amount the qualifying individual or family must contribute to their premiums ranges from 1% to 12.5% of their income

Topic	House Bill	Reid/Senate Finance Changes to Baucus Framework	Senate HELP Bill
Employer Insurance Mandate	• Employers with an annual payroll of more than $500,000 must offer insurance coverage or pay a penalty • Employers must contribute at least 72.5% of the premium for single coverage and 65% of the premium for family coverage • Penalty: ranges from 2% to 8% of payroll, depending on size of payroll • Employers must enroll employees in the lowest-cost plan if employee does not enroll and does not opt out	• Employers not required to offer insurance • Firms employing 50 or more workers must pay a fee ~~for employees who receive tax credits~~ if any full-time employee receives a subsidy for buying insurance through an exchange • Per-employee assessment ~~based on amount of tax credit but capped at $400 per employee~~ is the lesser of $3,000 for each employee receiving a premium credit or $750 for each full-time employee • Per-employee assessment for employers who impose a waiting period of 30 to 60 days before full-time employees may enroll in an insurance plan or a waiting period of 60-90 days before any employee may enroll • Employers with 200 or more employees must enroll employees into plans they offer unless employee has basis for opting out	• Employers with more than 25 employees must offer insurance coverage or pay a penalty • Employers must contribute at least 60% of the premium cost • Penalty: $750 for each uninsured full-time employee and $375 for each uninsured part-time employee • First 25 workers exempted from the assessment
Tax Credits for Employers	• Employers with fewer than 25 workers earning an average wage of less than $40,000 would receive a tax credit for up to two years based on number of employees and average annual wages • Maximum credit of 50% of premiums costs available to employers with 10 or fewer employees and an average annual wage of $20,000 • Credit phases out as firm sizes increases; not permitted for employees earning more than $80,000 • Create a $10 billion, 10-year reinsurance program for employers that provide insurance to retirees over age 55; the program will reimburse employers for 80% of retiree claims of $15,000 to $90,000	• Employers with fewer than 25 employees and average wages below $40,000 would qualify for tax credits • Credits of up to 35% temporarily available for ~~two years~~ tax years 2011 through 2013 if the employer contributes at least 50% of the premium cost • Credits of up to 50% of premium costs ~~permanently~~ available for two years after small group reforms are implemented; available to ~~new businesses and firms newly offering coverage~~ eligible small businesses that buy insurance through a state health insurance exchange • Tax-exempt businesses meeting the size and wage requirements may receive up to 35% of their contribution toward employees' premiums • Create a $5 billion, 5-year reinsurance program for employers that provide insurance to retirees over age 55; the program will reimburse employers for 80% of retiree claims of $15,000 to $90,000	• Employers with fewer than 50 full-time employees may receive a tax credit of $1,000 for each employee with single coverage and $2,000 for each with family coverage • Credit adjusted for firm size and number of months of coverage provided • Employers must pay an average wage of less than $50,000 and pay at least 60% of employees' health expenses to qualify • Credits limited to three consecutive years

	House Bill	Reid/Senate Finance Changes to Baucus Framework	Senate HELP Bill
Medicaid Expansion	• Expands coverage to childless adults • Increases eligibility to ~~133%~~ 150% of poverty • ~~Eligible childless adults may enroll in an exchange plan if they had qualified health coverage in the six months before they were eligible for Medicaid~~ • Federal government will pay for expansion through 2014 • States will be required to pay ~~10%~~ 9% of the costs of the expansion beginning in 2015 • Increase Medicaid payments to primary care providers to 100% of Medicare rate • ~~Medicaid beneficiaries could enroll in an exchange program after the exchange has been operating for four years~~	• Expands coverage to childless adults • Increases eligibility to 133% of poverty • Income disregards eliminated; income eligibility measured by modified adjusted gross income • States would share in the costs of the expansion after 2016 • States would be required to provide premium assistance to Medicaid beneficiaries who are offered employer-sponsored insurance, if cost effective • Prescription drugs a mandatory benefit; smoking cessation drugs must be covered	• Expands coverage to childless adults • Increases eligibility to 150% of poverty • Individuals eligible for Medicaid are not eligible for tax credits if they buy coverage through an exchange
CHIP	• CHIP enrollees with incomes above 150% of poverty must obtain coverage through the exchange in the first year its available if the exchange has the ability to cover them, beginning in 2014 • CHIP enrollees with incomes between 100% and 150% of poverty would transition to Medicaid and the federal government would provide the higher CHIP matching rate for services for these enrollees • Eliminates CHIP when current authorization expires in 2013	• States must maintain current CHIP eligibility levels through ~~2012~~ 2019 • CHIP eligibility guidelines, benefit packages, and cost-sharing rules will continue as under current law • States will receive a 23 percentage point increase in the CHIP match rate beginning in 2014, up to a cap of 100% • CHIP-eligible children who cannot enroll in the program because of enrollment caps would be eligible for tax credits for buying insurance through the exchanges • ~~CHIP beneficiaries enroll in exchange plans beginning in 2013; states would provide supplementary benefits to CHIP children, including early periodic screening, diagnosis and treatment~~ • ~~Federal eligibility floor set at 250%~~ • ~~Income disregards eliminated; eligibility based on modified adjusted gross income~~	• Individuals eligible for CHIP may enroll in CHIP or may purchase a policy through the exchange
Health Insurance Exchanges	• A national or state-run health insurance exchange • Coverage initially available to individuals and small employers • Over time, opened to all employers as a choice for covering employees • Plans offered through the exchanges must be licensed by the state in which they're offered • Authorizes creation of regional health insurance compacts if approved by participating states and the federal government	• States to establish a health insurance exchange ~~in 2010~~ by 2014 • Separate exchanges for individuals and for small group policies • Exchanges must be self-sustaining after the first year • Beginning in ~~2015~~ 2016, states may form compacts to allow for purchase of individual policies across state lines; insurers selling policies through a compact would only be subject to the laws of the state where the policy is written or issued • American Indians with incomes at or below 300% of poverty would be exempt from any cost-sharing requirements of policies sold through the exchange	• States to establish health insurance exchanges for individuals and small employers • Exchanges administered by a government agency or nonprofit entity • States may form regional exchanges • Coverage through exchanges is available only to individuals who are not eligible for employer plans • Insurers may sell policies outside of the exchange; states will regulate these plans

	House Bill	Reid/Senate Finance Changes to Baucus Framework	Senate HELP Bill
Insurance Market Reforms	• Guaranteed issue and no exclusions for pre-existing conditions beginning in 2013 • No annual or lifetime limits on benefits • Premium variations based on age (2:1), family size, and geographic differences • Caps out-of-pocket costs • Reduces the time period an insurer can "look back" at pre-existing conditions from six months to 30 days • Reduces the time period for which a policy may exclude coverage of certain benefits from 12 months to three months	• Guaranteed issue and no exclusions for pre-existing conditions beginning in 2014 • No limited benefit plans or lifetime limits on benefits; no unreasonable annual limits on benefits • No rescission of coverage • Premiums may vary based on tobacco use (1.5:1), age ~~(5:1)~~ (3:1), family composition, and geographic differences. • ~~Premium variations capped at 7.5:1~~	• Guaranteed issue and no exclusions for pre-existing conditions • No annual or lifetime limits on benefits • Premiums may vary based on tobacco use, age (2:1), family size, and geography
Benefit Plans	• Four benefit packages offered in the exchange • Lowest-cost plan must include a core set of covered benefits • Plans must cover preventive care with no cost-sharing requirement • Out-of-pocket limits of $5,000 for individuals and $10,000 for families; lower limits are established on a sliding scale for people with incomes under 400% of poverty	• Four benefit options offered in exchange; actuarial values range from ~~65%~~ 60% to 90% • Minimum creditable coverage plan has actuarial value of ~~65%~~ 60% • Plans must cover preventive care with no cost-sharing requirement • Out-of-pocket limits for all benefit categories tied to current Health Savings Account standards ($5,950 for an individual and $11,900 for families) • ~~"Young invincible"~~ "Catastrophic" policy available to young adults under the age of 30 who want less expensive catastrophic coverage • ~~Young invincible~~ "Catastrophic" policy must cover preventive services but may require cost-sharing: plan must cover three primary care visits	• Three benefit options offered in exchange; actuarial values range from 76% to 93% • Creates an essential health care benefits package that must be included in all plans offered through an exchange • Plans must cover preventive care with only minimal cost-sharing requirements
State Role	• Option to operate own health insurance exchange • Pay ~~10%~~ 9% of Medicaid expansion costs, beginning in 2015 • May be required to determine eligibility for affordability credits for people receiving subsidies to purchase insurance	• Must establish an ombudsman office by 2010 to act as a consumer advocate • Must establish an exchange ~~in 2010~~ by 2014 • Will receive additional federal funds for high-risk pools in 2010 • Must pay a portion of Medicaid expansion costs • Optional establishment of automatic enrollment of families and individuals into policies	• Establish health insurance exchanges • Create temporary programs to provide uninsured with immediate access to preventive and chronic disease care • For individuals receiving tax credits for buying insurance in the exchange, cover the costs of state mandates that are included in a benefit package but are above the standards of the national benefits package

	House Bill	Reid/Senate Finance Changes to Baucus Framework	Senate HELP Bill
Alternative to Private Insurance	• Creates a government-run insurance plan to offer insurance through the exchanges • Plan must meet the same benefit requirements and insurance market reforms as private insurers • Must be financially self-sustainable • Medicare providers would be providers in the public plan unless they opt out • Provider rates can't be lower than Medicare rates or higher than the average rates paid by other insurers • Authorizes grants or loans to create nonprofit, member-run health insurance cooperatives similar to the CO-OP provisions of the Senate Finance Committee bill	• Creates a government-run insurance plan to be offered through state insurance exchanges; states may choose not to offer the government-run plan. Each state must establish an advisory council to provide recommendations on policies and procedures for the plan • Authorizes a "Consumer Operated and Oriented Plan" (CO-OP) to create nonprofit, member-run insurance companies by July 1, 2013, that: • may receive federal loans for start-up costs • may receive federal grants to meet state solvency requirements • may not be an existing organization that was providing insurance on July 16, 2009, or affiliated with such an organization • may not be sponsored by a governmental entity of any type	• Creates a "community health insurance option" offered through exchanges • Plan must offer same essential benefits as plans offered in exchange • Provider participation is voluntary • Provider rates may not be higher than the average for of reimbursement rates offered by all plans in the exchange • Provides loans for initial operations • Subject to federal solvency standard
Workforce Issues	• Reform the Sustainable Growth Rate for Medicare physicians with incentive payments for primary care • Change the Graduate Medical Education program to increase training of primary care providers • Support training of health professionals who will practice in undeserved areas	• Primary care providers and general surgeons in shortage areas would receive 10% Medicare bonus payments for 5 years • Increase in graduate medical education slots for primary care	• National Health Care Workforce Commission to make recommendations on workforce priorities, goals and policies including medical education and training • Change the Graduate Medical Education program to increase the supply, education and training of doctors in primary care • Increase funding for community health centers and school-based health centers

	House Bill	Reid/Senate Finance Changes to Baucus Framework	Senate HELP Bill

Revenue Sources	• Savings in Medicare and Medicaid programs
	• Surcharge on families with incomes above ~~$350,000~~ $1million and individuals with incomes above ~~$280,000~~ $500,000 (effective Jan. 1, 2011)
	• Surcharge is ~~1% to~~ 5.4%~~, depending on income level~~
	• Limit contributions to health Flexible Spending Accounts to $2,500 per year (effective Jan. 1, 2013)
	• Over-the-counter drugs not prescribed by a doctor will not be reimbursed through Flexible Spending Accounts (effective Jan. 1, 2011)
	• Increase the tax on HSA withdrawal for non-medical expenses from 10% to 20% (effective Jan. 1, 2011)
	• Impose a tax of 2.5% on the price on the first taxable sale of any medical device (effective Jan. 1, 2013)
		• Tax of ~~35%~~ 40% on insurance companies for policies valued at more than ~~$8,000~~ $8,500 for an individual or ~~$21,000~~ $23,000 for a family. Threshold amounts indexed to inflation plus 1 percentage point. Amounts adjusted for employees engaged in high-risk professions and for 17 states with the highest health care costs (effective Jan. 1, 2013)
		• Increase the Medicare Part A tax rate by 0.5% for individuals earning more than $200,000 and married couples earning more than $250,000 (effective Jan. 1, 2013)
		• Tax of 5% on elective cosmetic surgical and medical procedures (effective Jan. 1, 2010)
		• Limit contributions to health Flexible Spending Accounts (FSAs) to ~~$2,000~~ $2,500 per year; over-the-counter drugs not prescribed by a doctor will not be reimbursed through the accounts (effective Jan. 1, 2011)
		• Increase the tax on HSA withdrawal for non-medical expenses from 10% to 20% (effective Jan. 1, 2011)
		• Increase the threshold for itemized deductions for unreimbursed medical expenses from 7.5% of adjusted gross income to 10% of AGI (effective Jan. 1, 2013)
		• Immediately effective annual fees of:
		  • $2.3 billion on pharmaceutical manufacturers
		  • ~~$4~~ $2 billion on medical device manufacturers
		  • ~~$6~~ $6.7 billion on health insurance providers, allocated by market share
		  ~~• $750 million on clinical laboratories~~
			• No financing mechanisms included because the Health, Education, Welfare, and Pensions Committee does not have jurisdiction over Medicare or Medicaid and does not have revenue-raising authority; revenue options to be developed in conjunction with the Senate Finance Committee

Sources: Compiled from the *Framework for Comprehensive Health Reform* released by Sen. Max Baucus on Sept. 8, 2009; The Kaiser Family Foundation's side-by-side comparison of the House Leadership and Senate Leadership bills; HR 3962; SR 3590; and materials from the Web sites of the Senate HELP Committee and House Education and Labor Committee.

Cl0425 9336soxa.