IMPLICATIONS FOR COUNCIL PRIORITY ISSUES

- **ERISA**
  
  - Does not explicitly address ERISA preemption of state regulation of employer-sponsored group health plans.

- **Mandated Coverage**
  
  - Once market reforms and affordability credits are in effect to ensure access and affordability, individuals are responsible for having health insurance with an exception in cases of hardship.
  
  - Employers subject to a “pay or play” mandate: must choose between providing coverage for their workers or contributing funds on behalf of their uncovered workers.
  
  - Small businesses and low-wage firms exempted from employer mandate and offered a new small business tax credit for providing health coverage.

- **Public Health Insurance Plan Option**
  
  - Establishes a new Health Insurance Exchange to create a transparent marketplace for individuals and small employers to comparison shop among private insurers and a new public health insurance option.
  
  - The public health insurance option is self-sustaining and competes on “level field” with private insurers in the Exchange.
When individuals “enter” the Exchange, whether on their own or as employees of a business that is purchasing in the Exchange, they are free to choose among available public and private options.

### Tax Policy and Financing

- Does not indicate whether proposal changes current tax policy for employer-sponsored health coverage. (Note: only House Ways and Means Committee has jurisdiction in this area.)
- Includes sliding scale affordability credits in the Exchange to support individuals and families with incomes between Medicaid eligibility levels and 400% of the federal poverty level (FPL).

### ADDITIONAL HIGHLIGHTS

- Invests in health care workforce to improve access to primary care.
- Invests in prevention and public health programs.

### SUMMARY OF KEY PROVISIONS

#### Individual and Group Insurance Market Reforms

- Prohibits insurers from excluding pre-existing conditions or similar practices.
- Prohibits rating based on gender, health status, or occupation and strictly limits premium variation based on age.
- Introduces administrative simplification and standardization to reduce administrative costs across all plans and providers.

#### Establishment of Insurance Gateways

- Establishes a new Health Insurance Exchange to create a marketplace for individuals and small employers to comparison shop among private insurers and a new public health insurance option.
- When individuals “enter” the Exchange, whether on their own or as employees of a business that is purchasing in the Exchange, they are free to choose among available public and private options.

#### Levels of Benefits for Qualified Health Plans

- Establishes independent public/private advisory committee to recommend benefit packages based on standards set in statute.
- Creates various levels of standardized benefits and cost-sharing arrangements, with additional benefits available in higher-cost plans.
- Phases-in requirements relating to benefit and quality standards for employer plans.

**Premium Subsidies**

- Includes sliding scale affordability credits in the Exchange to support individuals and families with incomes between Medicaid eligibility levels and 400% of the federal poverty level (FPL).

**Expansion of Medicaid Eligibility**

- Expands Medicaid for the most vulnerable, low-income populations and improves payment rates to enhance access to primary care under Medicaid.

**Small Business Credits**

- Small businesses and low-wage firms offered a new small business tax credit for providing health coverage.

**Individual Coverage Mandate**

- Once market reforms and affordability credits are in effect to ensure access and affordability, individuals are responsible for having health insurance with an exception in cases of hardship.

**Employer “Pay or Play” Coverage Mandate**

- Employers subject to a “pay or play” mandate: must choose between providing coverage for their workers or contributing funds on behalf of their uncovered workers.
- Small businesses and low-wage firms exempted from employer mandate.

**Affordable Access Plan (Public Health Insurance Plan Option)**

- The public health insurance option is self-sustaining and competes on “level field” with private insurers in the Exchange.
- When individuals “enter” the Exchange, whether on their own or as employees of a business that is purchasing in the Exchange, they are free to choose among available public and private options.
Prevention and Wellness

- Uses federal health programs (Medicare, Medicaid and the new public health insurance option) to reward high quality, efficient care, and reduce disparities.
- Expands Community Health Centers.
- Waives cost-sharing for preventive services in benefit packages.
- Creates community-based programs to deliver prevention and wellness services.
- Targets community-based programs and new data collection efforts to better identify and address racial, ethnic and other health disparities.
- Strengthens state, local, tribal and territorial public health departments and programs.

Health Care Quality Initiatives

- Uses federal health programs (Medicare, Medicaid and the new public health insurance option) to reward high quality, efficient care, and reduce disparities.
- Institutes a program in Medicare to reduce preventable hospital readmissions.

Medicare Reform

- Adopts innovative payment approaches and promotes better coordinated care in Medicare and the new public option through programs such as accountable care organizations.
- Replaces the currently flawed Sustainable Growth Rate (SGR) formula that determines physician pay rates in Medicare.
- Increases reimbursement for primary care providers, improves the Part D program and implements many other MedPAC recommendations.
- Extends solvency by eliminating overpayments to Medicare Advantage plans and refining payment rates for certain services.
- Creates new consumer protections for Medicare Advantage beneficiaries.
- Improves low-income subsidy programs to ensure Medicare is truly affordable and accessible for those with lower incomes and eliminates cost-sharing for all preventive services.