



AMERICAN BENEFITS COUNCIL

June 10, 2009

SUMMARY OF THE JUNE 9, 2009 OUTLINE OF HEALTH CARE REFORM LEGISLATION FROM THE CHAIRMEN OF THE COMMITTEES OF JURISDICTION IN THE HOUSE OF REPRESENTATIVES

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.