

HEALTH CARE REFORM • December 2009

	SENATE Patient Protection & Affordable Care Act HR 3590	HOUSE The Affordable Health Care For America Act HR 3962	AMAC Low Cost Solution
Health Care Controlled By	Controlled by: Federal Government Creates State Exchanges by Jan. 2014 Director of office of personal management given unprecedented power and authority Creates dozens of new agencies and bureaucracies	Controlled by: Federal Government Creates a new "National Health Insurance Exchange" administered by new federal agency "Health Choices Administration", option to develop a state or regional exchange in lieu of the national exchange. Phased-in eligibility for Exchange plans, starting with small employers (up to 100 employees) and uninsured individuals Creates dozens of other agencies and bureaucracies	Keeps the present system where the states control insurance regulations No new agencies created States adopt reforms formulated by National Association of Insurance Commissioners (NAIC) -See Below-
Information For Citizens On Content Of Bill	Bill text is 2,074 pages Written in legalese Difficult for lawyers to easily understand	Bill text is 1,990 pages Written in legalese Difficult for lawyers to easily understand	Written in plain English, so people can understand (Less Than 300 Pages) Technical details explained in notes To be distributed to Congress for public meetings with their constituents prior to final vote
Insurance Coverage Reforms	Preexisting medical conditions covered. Insurance coverage is guaranteed to be issued and renewed Rating variation based only on age (3:1), tobacco use (1.5:1), family composition, and geography defined by the states in the individual and small group (up to 100 employees) markets All state-licensed insurers in the non-group and small group markets required to participate in the Health Insurance Exchange Require all insurers to issue policies in each of the four new benefit categories Allow states the option of merging the non-group and small group markets Cost-sharing limits	Preexisting medical conditions covered. Insurance coverage is guaranteed to be issued and renewed Community rating for all health plans Limits rate variances to those based on area, family structure, and age (age variance is limited to 2 to 1) Unlimited COBRA access until exchange is available	Preexisting medical conditions covered. Insurance coverage is guaranteed to be issued and renewed (Adopted by NAIC to apply to all states) Modified community rating provides the opportunity for those who take the initiative to improve their lifestyle and health status to be rewarded in a premium cost variance Rating based upon individuals who present the same class characteristics should not vary more than +/- 30 percent from the modified community rate set because of health status, claims, etc. . .
Medicare Cuts	Cuts Medicare by \$420 billion in next decade	Cuts Medicare by \$440 billion in next decade	No cuts in Medicare We Keep our promises
Medicare Advantage Plans	Cuts Medicare Advantage (Forces Seniors to buy supplemental coverage or have coverage gaps)	\$117 billion cut from Medicare Advantage (Forces Seniors to buy supplemental coverage or have coverage gaps)	No cuts (10 million Seniors will be hurt by any cuts)
Individual Mandates	Individuals required to purchase qualified health insurance Non-compliance excise tax penalty of \$95 in 2014, \$350 in 2015, \$750 in 2016 and indexed thereafter for individuals age 18 and older Penalty for individuals under the age of 18 is half of the amounts above Exemptions allowed if the premium exceeds 8 percent of a person's income	Individuals required to purchase qualified health insurance Individuals who fail to obtain health coverage will be subject to a federal income tax penalty equal to 2.5% of the excess of the taxpayer's adjusted gross income over the threshold amount or the average premium in the exchange Exemptions allowed	Individuals required to purchase qualified health insurance. This must be done or there cannot be coverage for pre-existing conditions. (Otherwise people would wait until they are sick & then buy insurance). Requirement phased in over 4 years. A low cost, "bare bones" plan would be available where members would be given a health card for use in low cost clinics. Subsidized for low income individuals.
Employer Mandates	Employers that do not offer health insurance to workers would be subject to an assessment based on the number of workers who qualify for federal premium subsidies who must buy their insurance through the exchange The fine is \$750 (indexed) per full-time employee Employers with 50 or fewer full-time employees are exempt from this "free rider" rule Seasonal workers (less than 120 days per year) and part-time employees are not counted in calculating how the rules apply to a given employer	Employers must pay 72.5% of the cost of acceptable coverage for individuals and 65% for family coverage or pay 8% of wages Part-time employees must be covered on a pro-rates basis Employers with payroll up to \$500,000 are exempt from the requirement \$500,001 - \$585,000 = 2% \$585,001 - \$670,000 = 4% \$670,001 - \$750,000 = 6%	The states require employers to pay 60% of the cost of medical insurance. This is offset by federal tax credits and tax deductions. Requirement phased in over 4 years.

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Individual Subsidies	<p>Refundable tax credits to individuals and families between 100 and 400% FPL to purchase insurance through the Health Insurance Exchange.</p> <p>Employees with employer plan coverage that meets the standards of the coverage may not opt for subsidized Exchange unless income is 400% of FPL or below and employer coverage is deemed unaffordable or is not valued at 60% of the actuarial value of the essential benefits package</p>	<p>Provide affordability premium credits to individuals and families with incomes up to 400% FPL to purchase insurance through the Health Insurance Exchange</p> <p>Available to individuals without employer coverage or employer cover that is more than 12% of their family income</p>	<p>Tax deduction of full premium for individuals</p> <p>Low income individuals eligible for low cost policy</p> <p>Guidelines for policy issued by NAIC</p>
Employer Subsidies	<p>Provide small employers with fewer than 25 employees and average wages less than \$40,000 with a health coverage tax</p> <p>Full credit 50% of premium cost paid by employers is available to employers with 10 or fewer employees and average annual wages of less than \$20,000 for up to 2 years</p> <p>Credit phases-out as firm size and average wage increases</p>	<p>Provide small employers with fewer than 25 employees and average wages less than \$40,000 with a health coverage tax</p> <p>Full credit 50% of premium cost paid by employers is available to employers with 10 or fewer employees and average annual wages of less than \$20,000 for up to 2 years</p> <p>Credit phases-out as firm size and average wage increases</p>	<p>Employers share of premiums Tax Deductible. An additional Tax Credit for small employers based on chart of number of employees and salaries.</p>
Medicaid Expansion	<p>Expands Medicaid coverage to all individuals with incomes up to 133% of the FPL (2014)</p> <p>Creates a new State option to provide Medicaid coverage through a state plan amendment beginning on January 1, 2011.</p> <p>State required to offer premium assistance and Medicaid wrap-around benefits to beneficiaries who are offered employer-sponsored coverage if cost effective.</p>	<p>Expands Medicaid coverage to all individuals with incomes up to 150% of the FPL</p> <p>Eliminates the asset test for all groups except those receiving long-term care</p> <p>Prohibits the upper income Medicaid beneficiaries from obtaining other private coverage through the exchange</p>	<p>The States should not be forced to pay for an unfunded mandate.</p> <p>Expansion of Medicaid paid by federal government.</p> <p>Low cost insurance policy designed to cover low income families and individuals.</p>
Benefit Design	<p>HHS to establish a standard of essential benefits and must include ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance use disorder services, including behavioral health treatment, prescriptions drugs, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services and chronic disease management, and pediatric services, including oral and vision care</p> <p>Four benefit categories would be created with the following actuarial values: Bronze (60%), Silver (70%), Gold (80%), and Platinum (90%)</p> <p>A separate catastrophic policy would be available for those under age 30</p>	<p>Create an essential benefits package that provides a comprehensive set of services as recommended by the Health Benefits Advisory Counsel and must include preventative services as well as child care with no cost-sharing, hospitalization, outpatient clinic services, including emergency department services, physician and other health professional services, prescription drugs, rehabilitative services, mental health, behavioral health and substance use services, durable medical equipment, prosthetics, and orthotics, maternity care, well baby and well child care and oral health, vision, and hearing services, equipment and supplies</p> <p>All policies, including those offered through the Exchange and those offered outside of the Exchange must provide at least the essential benefits package</p> <p>Out-of-pocket maximum \$5,000 for individuals and \$10,000 for families, indexed to the CPI</p> <p>There will be levels (actuarially equivalent) of coverage. Basic (70%), Enhanced (75%) and Premium (95%)</p>	<p>Individuals Employers and employees will have a choice of plans to choose from.</p> <p>Insurers to offer a low cost, basic benefit package structured to keep premiums low.</p>
Public Option Plan	<p>At time of publication wording in Senate plan unknown</p>	<p>Creates a new public insurance plan option within the Exchange that will "compete on a level playing field" with private insurers</p> <p>Premium will be set by HHS in accordance with the premium rules for plans participating in the Exchange but set at a level to allow the program to fully finance itself plus a contingency margin</p> <p>States will be allowed to impose mandates on public and Exchange plans, but only if states pay for any excess premium cost associated with their mandates</p>	<p>There is no reason to justify the enormous cost of creating a new Federal Government establishment to administer such a plan.</p> <p>Preservation of the private health insurance delivery system is necessary in order to ensure choice, quality and competition and assure to individual freedom.</p>

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Cooperatives	<p>\$6 billion in federal funding for CO-OP Program to create nonprofit, member-run health insurance companies</p> <p>Must meet state solvency and consumer protection standards</p>	Start-up loans available to establish not-for-profit or cooperative plans	Federal funding should not be used to create CO-Op's
Interstate Compacts	<p>State permitted (2016) to form "compacts" to allow for the purchase of non-group health insurance across state lines</p> <p>HHS Secretary, working in consultation with the NAIC to issue regulations for the creation of such compacts</p>	Allows for creation of interstate compacts	The National Association of Insurance Commissioners (NAIC), to allow purchase of a standard individual health policy across state lines
Risk Pool	Creates temporary high-risk health insurance pool program to provide coverage to uninsured individuals with preexisting conditions	Creates temporary high-risk health insurance pool program to provide coverage to uninsured individuals with preexisting conditions	After the AMAC plan is adopted, most people would be covered. If the need remains a high-risk pool would be organized by the insurance carriers.
Medical Malpractice Reform	<p>States should be "encouraged" to develop test alternative models to the existing civil litigation system, and Congress should "consider" state demonstration projects to evaluate such alternatives</p> <p>Nothing Definitive</p>	Limited incentive to States to set up alternatives to litigation in cases of medical malpractice (e.g., "early offer" or "certificate of merit" programs)	<p>Reduce insurance lawsuits by charging a penalty to plaintiffs whose case is judged without merit. Adopt a system of peer approved protocols to protect providers who follow the current procedures.</p> <p>Limit Attorney's fees to 15% of settlement. Impose a 10% tax on settlement.</p>
How to Pay For The Plan	<p>Imposes 40% excise tax on employer-sponsored coverage for any health insurance plan with a premium exceeding \$8,500/single coverage and \$23,000/family coverage</p> <p>Increases Medicare payroll tax from 1.45% to 1.95% on individual income in excess of \$200,000 and married filing jointly income of \$250,000 or more (2013)</p> <p>Limits the deductibility of health insurance company executives' compensation (2009)</p> <p>5% excise tax on cosmetic surgery and similar procedures (2010)</p> <p>New annual fees on health insurers (\$6 billion), pharmaceuticals (\$2 billion), and medical device manufacturers (\$2 billion)</p> <p>\$117 billion in cuts to Medicare Advantage</p>	<p>Indexes annual cap of \$2,500 on contributions to FSA</p> <p>Increases from 10% to 20% in the penalty tax for early (prior to age 65) withdrawals (for nonmedical expenses) from HSAs</p> <p>Restricts tax-free use of FSA and HSA Funds for medicine – only prescription medications will qualify for tax-free use of FSA and HSA funds</p> <p>5.4% surcharge on modified adjusted gross income in excess of \$500,000 for individuals and \$1 million for married couples filing joint tax returns</p> <p>Elimination of the tax deduction for employers receiving government subsidies for providing retiree prescription drug coverage</p> <p>Tax brakes for employer-provided health coverage for domestic partners and other non-dependents</p> <p>2.5% excise tax on the sale of medical devices</p> <p>Cuts to Medicare Advantage</p>	<p>Cut the cost of the Federal budget by merging Federal Departments, reduce employee count through attrition and apply the savings to health care.</p> <p>Obtaining greater efficiencies in the delivery of medical care through free enterprise is the most important step toward making insurance coverage more affordable and our health system sustainable in the long term.</p> <p>No cuts to Medicare Advantage</p> <p><i>Sources: National Association of Insurance and Financial Advisors (NAIFA), Heritage Foundation and General News Media</i></p>

