

## ***EMPOWERING PATIENTS FIRST ACT***

*A Solution from the Republican Study Committee for Access to Affordable, Quality Health Care for All Americans*

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### **1) Make the Purchase of Health Care Financially Feasible Using a Hybrid Tax Structure**

- Extends the income tax deduction on health care premiums to those who purchase coverage in the non-group/individual market (above the line deduction)
  - Deduction is capped to allow for a deduction up to the average value of the national health exclusion for Employer Sponsored Insurance (family/ singles) grown at inflation
- Provides low-income tax credit for premiums on a sliding scale phased out based on income
  - Credit based on average health care insurance costs across the U.S.
    - Credit offered is \$2,000 individual/\$4,000 joint/\$5,000 family
  - Advanceable/Refundable
    - Full credit for individuals and families up to 200% FPL
    - Phased out credit from 200%-300% FPL
- Allows individuals the choice to opt out of Federal benefits (including Medicare with the ability to retain SS benefits), FEHBP and employer subsidized group health plan and instead receive the credit to buy private health insurance
- Limitations on federal funds being used for abortion funding
- Must be a legal permanent resident or citizen of the United States

### **2) Protect Employer Sponsored Insurance**

- Allows for an employer to auto-enroll employees with an opt-out
  - Small business tax incentives for adoption
- Requires employers to disclose on the W2 Form the annual amount the employer spends on the employee's premium

### **3) Portability and Choice**

- Gives patients the power to own and control their health care plan
- Allows for a defined contribution and gives employers more flexibility in benefits

### **4) Improvements in the Individual Market**

- Pooling Mechanisms:
  - Small Business Health Fairness – AHPs (H.R. 2607 – Johnson)
  - Individual Membership Accounts (H.R. 3218 – Shadegg)
- Allows individuals to shop for insurance across state lines (H.R. 3217 – Shadegg)
  - Trigger: An individual in a state may only shop across state lines if one's state premium exceeds 10% above the national average, starting no sooner than two years after date of enactment

### **5) Ensuring Coverage for Those with Pre-Existing Conditions or High Health Care Needs**

- High Risk Pool/Reinsurance Pools
  - Increased Federal block grant for functioning, qualified pools
- Incentives: states will not receive credits unless they establish a pool

## 6) **Medical Liability Reform**

- Caps on non-economic damages (H.R.1086 – Gingrey)
- Health Courts
- Affirmative defense through provider established best practice measures
  - No presumption of negligence if a participating physician does not adhere to the guidelines

## 7) **Reforming Medicare Physician Payments**

- Rebases SGR and establishes two separate conversion factors (baskets), one for primary care and one for all other services
- Removes physician administered drugs from the formula

## 8) **Incentives for Providers**

- Primary care physicians:
  - Help with loan repayment up to \$50,000 after 5 years of practice
- All physicians:
  - Creates a new Health Professional Student Loan (HPSL) program for medical schools with deferment of payments until after full residency and any fellowship training program
- ER physicians:
  - Allows for a deduction for uncompensated care

## 9) **Quality**

- Comparative Effectiveness Research Program Improvements
  - Nothing the Federal Coordinating Council for Comparative Effectiveness Research (FCCCER) suggests can be finalized unless done in consultation with and approved by medical specialty societies
  - HHS/CMS cannot base coverage decisions or deny care based on FCCCER data
- Establishment of performance-based quality measures endorsed by the Physician Consortium for Performance Improvement (PCPI) and physician specialty organization
  - Ensures the definition of quality is not ceded to the government

## 10) **Safety-Net Reforms**

- States must cover 90% of SCHIP eligible individuals below 200% FPL first before they can expand current eligibility levels (H.R.3176 – Barton/Deal)
- Medicaid/SCHIP voucher to purchase private insurance (H.R.3176 – Barton/Deal)
  - Unspent money refunded based in state/federal share unless enrollee in an HSA
- Requires States to now include pathways for premium assistance for employer sponsored insurance as part of the State plan (H.R.3176 – Barton/Deal)
- Incentivizes providers to work in Community Health Centers and emergency areas
  - Cover “volunteer” practitioners in community health centers and in emergency areas under the Federal Tort Claims Act (FTCA) to promote “Good Samaritan” care

## 11) **Transparency and Insurance Reform Measures**

- Requirements for insurance receipt and response to requests for claim information under certain group plans to enable employers to make better coverage and cost determination for employees
- Health Plan and Provider Portal Website
  - Provides information on insurance plans and providers rather than acting as a purchasing mechanism
  - Federal government’s role: standardize forms / information / metrics

- Additional measures to be included as determined by the Secretary and appropriate stakeholders (risk adjusted outcomes, satisfaction)
- Federal incentives for uptake and implementation

## 12) **Wellness and Prevention**

- Self responsibility – allow for employers to offer discounts for healthy habits
- HSA clarification for the treatment of capitated primary care payments as amounts paid for medical care (H.R. 2520 – Ryan)

## 13) **Offsets**

- Savings from health care efficiencies and coverage
  - Reduce DSH Medicare and Medicaid payments in response to coverage expansion
  - Waste, fraud, and abuse (fund OIG, Health Care Fraud and Abuse Control Program (HCFAC), strengthen Medicare provider enrollment standards and safeguards, etc.)
  - Reinstate the Medicare Trigger
  - SCHIP / Medicaid (voucher / recapture of excess funds)
  - Medical liability reform – reduce defensive medicine
  - Interstate shopping
- Enforces discretionary spending limits
- Repeals unspent stimulus funding