AFFORDABLE HEALTH CARE FOR AMERICA

HEALTH INSURANCE REFORM AT A GLANCE

RECONCILIATION BILL MAKES KEY IMPROVEMENTS

Following are key areas where the reconciliation bill makes improvements to the Senate-passed bill.

REMOVING SPECIAL DEALS

- Promotes equity by **removing special deals** for states in the Senate bill, including the special provisions for Nebraska and Florida.

MEDICARE/SENIORS

- **Closes the Medicare prescription drug "donut hole,"** which Senate bill did not do; enrollees who reach the donut hole in 2010 will receive a $250 rebate, and the donut hole will be completely closed by 2020.
- **Increases savings from the Medicare Advantage** plans by adopting provisions from the House Bill that do more to eliminate overpayments to private insurance companies, which run the Medicare Advantage plans. These additional savings will further extend the solvency of the Medicare program.
- **Makes the Medicare payroll tax more fair for those in the middle class**, by broadening the base of the tax to apply to the capital gains, dividends, interest, and other unearned income of people with incomes above $250,000 ($200,000 for single filers).

INSURANCE REFORMS

- The Senate bill includes a "grandfather" policy that exempts existing employer-provided health plans from the bill's provisions. The reconciliation bill adds some significant consumer protections to these "grandfathered" plans. For example, among its provisions, the reconciliation bill extends the prohibition on lifetime limits, the prohibition on dropping people when they get sick, and the requirement to provide coverage for non-dependent children up to their 26th birthday to all existing health plans starting 6 months after enactment.

AFFORDABILITY

- **Improves Affordability,** making health insurance more affordable for low-income and moderate-income families. **All families between 133% and 400% of poverty would have lower health care costs (total of premiums and cost-sharing) than under the Senate bill.**

ATTACKING WASTE AND FRAUD

- **Includes tough provisions attacking waste and fraud in Medicare and Medicaid** beyond those already in the House and Senate bills, including some proposed by the President and some proposed by Republicans. These additional provisions include cracking down on abusive billing practices for partial-hospitalization services and strengthening Medicare prepayment reviews to facilitate additional reviews designed to reduce fraud and abuse.

OFFICE OF THE SPEAKER

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REDUCING THE EXCISE TAX

- **Revises the excise tax on high-cost plans in the Senate bill** – scaling back revenues collected in first 10 years by 80 percent.
- Focuses on the most generous plans, without impairing the tax's ability to slow the growth of health care costs over the long term.
- Delays the effective date of the excise tax from 2013 to 2018, thereby allowing all health plans additional time to become more efficient and avoid paying the tax.
- Excludes stand-alone dental and vision benefits from the calculation so people will still get those needed employer-provided benefits.

COMMUNITY HEALTH CENTERS

- **Increases funding for community health centers** – which are critical primary care providers, particularly in low-income areas and among communities of color – increasing new funding from $8.5 billion under the Senate bill to $11 billion.

MEDICAID

- **Eliminates special deals for certain states regarding Medicaid.**
- **Increases federal support to help states expand their Medicaid programs.** For most states, the federal government would pick up 100 percent of state Medicaid costs for newly eligible individuals for the first three years (2014-2016), 95 percent of those costs for 2017, 94 percent for 2018, 93 percent for 2019, and 90 percent thereafter.
- So-called "do-gooder" states that have already expanded Medicaid coverage to childless adults would receive **higher matching rates than they do currently, which increase from year to year, for the costs of covering this population.**
- To ensure there are more doctors to handle the larger Medicaid caseload, **increases Medicaid payments to primary care physicians** in 2013 and 2014, paid 100 percent by the federal government.

EMPLOYER RESPONSIBILITY

- **Improves employer responsibility provisions in Senate bill.** Under Senate bill, employers with more than 50 employees who fail to offer coverage would be subject to an assessment as long as at least one of their full-time workers receives a subsidy for coverage in the Exchange. To encourage employer responsibility, the reconciliation bill increases the assessment from $750 per full-time worker in the Senate bill to $2,000 per full-time worker. (To avoid disincentives to hire an additional worker above 50, the bill would subtract the first 30 workers from this payment calculation.)

INDIVIDUAL RESPONSIBILITY

- **Makes the individual responsibility requirement in Senate bill more fair.** The Senate bill requires that individuals who have affordable options but choose to remain uninsured to make a payment to offset the cost of care they will inevitably need. Under the reconciliation bill, penalties for low- and moderate-income families who fail to obtain coverage would go down, relative to the Senate bill. Penalties for higher income families who fail to obtain coverage would rise.

INCREASING FEES ON DRUG COMPANIES

- In recognition of the fact that as more Americans gain health insurance, more will be able to pay for prescription drugs, **increases the fee on pharmaceutical companies** that manufacture or import brand-name drugs **by $5 billion** – increasing receipts from $22 billion in the Senate bill to $27 billion.

OTHER

- Shrinks the size of the cuts in the Senate bill to Medicare and Medicaid disproportionate share hospital payments by a total of $7 billion.
- Provides $2 billion more than in the Senate bill for Territories.