



SUMMARY

The *Patient Protection and Affordable Care Act*, as improved by the reconciliation bill, will ensure that all Americans have access to quality, affordable health care and will create the transformation within the health care system necessary to contain costs. The Congressional Budget Office (CBO) has determined that it will provide coverage to more than 95% percent of all Americans while bending the health care cost curve and reducing the deficit by \$138 billion over the next ten years, with additional deficit reductions in the following years.

QUALITY, AFFORDABLE HEALTH CARE FOR ALL AMERICANS

- Immediate changes to the way health insurance companies do business to protect consumers from discriminatory practices and provide Americans with better preventive coverage and the information they need to make informed decisions about their health insurance.
- Uninsured Americans with a pre-existing condition will have access to an immediate insurance program to help them avoid medical bankruptcy and retirees will have greater certainty due to reinsurance provisions to help maintain coverage.
- New health insurance Exchanges will make coverage affordable and accessible for individuals and small businesses. Premium tax credits and cost-sharing assistance will help those who need assistance.
- Insurance companies will be barred from discriminating based on pre-existing conditions, health status, and gender.
- An unprecedented investment in Community Health Centers will provide funding to expand access to health care in communities where it is needed most.

THE ROLE OF PUBLIC PROGRAMS

- Expands eligibility for Medicaid to include all non-elderly Americans with income below 133 percent of the Federal Poverty Level (FPL). The so-called “Cornhusker” deal is gone and replaced with fair assistance for all states to help cover the costs of these new Medicaid populations.
- Maintains current funding levels for the Children’s Health Insurance Program (CHIP) for an additional two years, through fiscal year 2015.
- Fills the Medicare prescription drug donut hole. In 2010, Medicare beneficiaries who go into the donut hole will receive a \$250 rebate. After that, it builds on the pharmaceutical manufacturers’ 50% discount on brand-name drugs to completely close the donut hole with 75% discounts on brand-name and generic drugs by 2020.

IMPROVING THE QUALITY AND EFFICIENCY OF HEALTH CARE

- Medicare is a sacred trust with seniors and people with disabilities. Congress is committed to protecting and strengthening the Medicare program for America's seniors. The cost of inaction is unacceptable for seniors and the Medicare program that serves them; without action, the Medicare hospital insurance trust fund is expected to go broke in just over seven years. This legislation adds 12 years of solvency to the Medicare Trust Fund.
- Medicare currently reimburses health care providers on the basis of the volume of care they provide rather than the value of care. For each test, scan or procedure conducted, Medicare provides a separate payment, rewarding those *who do more, regardless of whether the test or treatment contributes to helping a patient recover*. This bill includes a number of proposals to move away from the "a la carte" Medicare fee-for-service system toward paying for quality and value and reducing costs to America's seniors.
- Stops overpayments to private health insurance plans in Medicare. Estimates are that Medicare overpays private plans by an average of 14 percent. This legislation reins in those overpayments to ensure a fair payment system that rewards quality.

PREVENTING CHRONIC DISEASE AND IMPROVING PUBLIC HEALTH

- Promotes preventive health care and improves the public health to help Americans live healthy lives and help restrain the growth of health care costs over time. The bill eliminates co-pays and deductibles for recommended preventive care, including preventive care for women, provide individuals with the information they need to make healthy decisions, improve education on disease prevention and public health, and invest in a national prevention and public health strategy.

HEALTH CARE WORKFORCE

- Currently, 65 million Americans live in communities where they cannot easily access a primary care provider, and an additional 16,500 practitioners are required to meet their needs. The legislation addresses shortages in primary care and other areas of practice by making necessary investments in our nation's health care workforce. Specifically, it will invest in the National Health Service Corps, scholarship and loan repayment programs to expand the health care workforce. The bill also includes incentives for primary care practitioners and for providers to serve underserved areas.

TRANSPARENCY AND PROGRAM INTEGRITY

- Provides consumers with information about physician ownership of hospitals and medical equipment as well as nursing home ownership and other characteristics. The bill also includes provisions that will crack down on fraud, waste, and abuse in Medicare, Medicaid, CHIP and private insurance. Finally, it will establish a private, non-profit entity to identify priorities for and provide for the conduct of comparative outcomes research.

IMPROVING ACCESS TO INNOVATIVE MEDICAL THERAPIES

- Establishes a regulatory pathway for FDA approval of biosimilar versions of previously licensed biological products.

COMMUNITY LIVING ASSISTANCE SERVICES AND SUPPORTS (CLASS)

- Makes long-term supports and services more affordable for millions of Americans by providing a lifetime cash benefit that will help people with severe disabilities remain in their homes and communities. CLASS is a voluntary, self-funded, insurance program provided through the workplace. For those whose employers participate, affordable premiums will be paid through payroll deductions. Participation by workers is entirely voluntary. The Congressional Budget Office confirms that the program, which has been revised from earlier versions, is actuarially sound.

REVENUE PROVISIONS

- The bill is fully paid for and reduces the deficit in the next ten years and beyond. The revenue provisions in the bill focus on paying for reform within the health care system.
- Accomplishes this by tightening current health tax incentives, collecting industry fees and excise taxes, and slightly increasing the Medicare Hospital Insurance (HI) tax for individuals who earn more than \$200,000 and couples who earn more than \$250,000. The taxable base by the HI tax is also broadened by including net investment income. The HI tax increases will not only help fund health care reform, but, when combined with other provisions in the bill, will also extend the solvency of the Medicare Trust Fund by at least nine years to 2026.
- The bill also includes a fee on insurance companies when they sell high cost health insurance plans, designed to generate smarter, more cost-effective health coverage choices. By the addition of the reconciliation bill, this new fee is delayed until 2018 so that plans have time to implement reform and begin to save from its efficiencies.
- Changes to health care tax incentives include increasing penalties on nonqualified distributions from HSAs, capping FSA contributions, and standardizing the definition of qualified medical expenses. The industry fees and excise taxes reflect responsible contributions from industries who have long profited from health care and who will benefit from the expanded coverage of millions of additional Americans under health care reform. The bill also assesses a small excise tax on indoor tanning services.
- Together, these revenue provisions represent a balanced, responsible package of proposals that bend the health care cost curve by putting downward pressure on health spending. The bill also contains several revenue provisions that close unintended tax loopholes and promote tax compliance.