SJR 35: HEALTH CARE

Comparison of Selected Elements of the Major Federal Health Care Reform Proposals

Prepared for the Children, Families, Health, and Human Services Interim Committee

Sept. 11, 2009

	Baucus Framework	Senate HELP Bill	House Tri-Committee Bill	President Obama
Individual Insurance Mandate	• Everyone must obtain health insurance with a minimum level of benefits • Exemptions: Native Americans, hardship, religious objections, individuals for whom affordable coverage isn't available or whose income is below 100% of poverty	• Everyone must obtain health insurance with a minimum level of benefits • Exemptions: tribal members, individuals for whom affordable coverage isn't available, residents of states without a health insurance exchange	• Everyone must obtain "acceptable health coverage" • Exemptions: dependents, financial hardship, religious objections	• Everyone must obtain health insurance • Exemptions: hardship
Penalties for Individuals	• Penalty for taxpayers between 100% and 300% of poverty: $750 per person up to a family maximum of $1,500 • Penalty for taxpayers above 300% of poverty: $950 per person up to a maximum of $3,800	• Minimum tax penalty: $750/year • Maximum tax penalty: $3,000/year • Penalties to be adjusted for inflation in future years	• Penalty of 2.5% of modified adjusted gross income up to the cost of the average national premium under a basic plan in the health insurance exchange	• Not specified
Subsidies for Individuals	• Tax credits for individuals between 134%-300% of poverty on a sliding scale beginning in 2013, to offset premium costs • Tax credits for individuals and families between 100% and 133% of poverty beginning in 2014 • Amount that qualifying individuals must contribute to their premiums ranges from 3% of income for individuals at 100% of poverty to 13% of income for those at 300% of poverty • Tax credits are refundable and advanceable • Employees offered coverage through their jobs are ineligible for tax credits if they purchase a policy through the exchange • Cost-sharing assistance available to people with incomes of 100% to 300% of poverty, tied to different levels of coverage • Individuals between 300% and 400% of poverty eligible for a premium credit	• Premium credits for individuals and families with incomes up to 400% of poverty • Assistance provided on a sliding scale, so people with lower incomes receive a higher subsidy than those with higher incomes • Assistance limited to individuals who are not eligible for employer-based coverage that meets minimum benefit levels and affordability standards • The amount the qualifying individual or family must contribute to their premiums ranges from 1% to 12.5% of their income	• Affordability credits for individuals and families with incomes up to 400% of the federal poverty level to subsidize premium costs and cost-sharing requirements • Assistance provided on a sliding scale, so people with lower incomes receive a higher subsidy than those with higher incomes • The amount the qualifying individual or family must contribute to their premiums ranges from 3% to 12% of their income • Credits available only to U.S. citizens and legal immigrants	• Tax credits on a sliding scale to limit how much of their own income individuals and families spend on health insurance • Protection for cost-sharing to limit out-of-pocket expenses

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Employer Insurance Mandate	• Employers not required to offer insurance • Firms employing 50 or more workers at least 30 hours a week must pay a fee for employees who receive tax credits for buying insurance through an exchange • Per-employee assessment based on amount of tax credit but capped at $400 per employee • Employers with 200 or more employees must enroll employees into plans they offer unless employee has basis for opting out	• Employers with more than 25 employees must offer insurance coverage or pay a penalty • Employers must contribute at least 60% of the premium cost • Penalty: $750 for each uninsured full-time employee and $375 for each uninsured part-time employee • First 25 workers exempted from the assessment	• Employers with an annual payroll of more than $500,000 must offer insurance coverage or pay a penalty • Employers must contribute at least 72.5% of the premium for single coverage and 65% of the premium for family coverage • Penalty: ranges from 2% to 6% of payroll, depending on size of payroll • Employers must enroll employees in the lowest-cost plan if employee does not enroll and does not opt out	• Employers with more than 50 workers will be required to offer coverage to their workers • Employers who don't offer coverage must pay a fee to help cover the costs of insurance offered through the exchange
Tax Credits for Employers	• Employers with fewer than 25 employees and average wages below $40,000 would qualify for tax credits • Credits of up to 35% temporarily available for two years • Credits of up to 50% of premium costs permanently available after small group reforms are implemented; available to new businesses and firms newly offering coverage	• Employers with fewer than 50 full-time employees may receive a tax credit of $1,000 for each employee with single coverage and $2,000 for each with family coverage • Credit adjusted for firm size and number of months of coverage provided • Employers must pay an average wage of less than $50,000 and pay at least 60% of employees' health expenses to qualify • Credits limited to three consecutive years	• Employers with fewer than 25 workers earning an average wage of less than $40,000 would receive a tax credit based on number of employees and average annual wages • Maximum credit of 50% of premiums costs available to employers with 10 or fewer employees and an average annual wage of $20,000 • Credit phases out as firm sizes increases; not permitted for employees earning more than $80,000	• Not specified
Medicaid Expansion	• Expands coverage to childless adults • Increases eligibility to 133% of poverty • Income disregards eliminated; income eligibility measured by modified adjusted gross income • States would share in the costs of the expansion • States would be required to provide premium assistance to Medicaid beneficiaries who are offered employer-sponsored insurance, if cost effective • Prescription drugs a mandatory benefit; smoking cessation drugs must be covered • American Indians with incomes at or below 300% of poverty would be exempt from any cost-sharing requirements	• Expands coverage to childless adults • Increases eligibility to 150% of poverty • Individuals eligible for Medicaid are not eligible for tax credits if they buy coverage through an exchange	• Expands coverage to childless adults • Increases eligibility to 133% of poverty • Eligible childless adults may enroll in an exchange plan if they had qualified health coverage in the six months before they were eligible for Medicaid • Federal government will pay for expansion through 2014 • States will be required to pay 10% of the costs of the expansion beginning in 2015 • Increase Medicaid payments to primary care providers to 100% of Medicare rate • Medicaid beneficiaries could enroll in an exchange program after the exchange has been operating for four years	• Not specified

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CHIP	• States must maintain current CHIP eligibility levels through 2012 • CHIP beneficiaries enroll in exchange plans beginning in 2013; states would provide supplementary benefits to CHIP children, including early periodic screening, diagnosis and treatment • Federal eligibility floor set at 250% • Income disregards eliminated; eligibility based on modified adjusted gross income	• Individuals eligible for CHIP may enroll in CHIP or may purchase a policy through the exchange	• CHIP enrollees must obtain coverage through the exchange in the first year its available if the exchange has the ability to cover them • Eliminates CHIP when current authorization expires in federal fiscal year 2013	• Not specified
Health Insurance Exchanges	• States to establish a health insurance exchange in 2010 • Separate exchanges for individuals and for small group policies • Exchanges must be self-sustaining after the first year • Beginning in 2015, states may form compacts to allow for purchase of individual policies across state lines; insurers selling policies through a compact would only be subject to the laws of the state where the policy is written or issued • American Indians with incomes at or below 300% of poverty would be exempt from any cost-sharing requirements of policies sold through the exchange	• States to establish health insurance exchanges for individuals and small employers • Exchanges administered by a government agency or nonprofit entity • States may form regional exchanges • Coverage through exchanges is available only to individuals who are not eligible for employer plans • Insurers may sell policies outside of the exchange; states will regulate these plans	• A national or state-run health insurance exchange • Coverage initially available to individuals and small employers • Over time, opened to all employers as a choice for covering employees • Plans offered through the exchanges must be licensed by the state in which they're offered	• Creates a health insurance exchange for individuals and small businesses
Insurance Market Reforms	• Guaranteed issue and no exclusions for pre-existing conditions • No limited benefit plans or lifetime limits on benefits • No rescission of coverage • Premiums may vary based on tobacco use (1.5:1), age (5:1), family composition, and geographic differences. • Premium variations capped at 7.5:1 • Requirements phased in for small group market (50 or fewer employees) over five years, beginning in 2013 • States must develop a phase-in schedule in 2017 for groups up to 100 employees	• Guaranteed issue and no exclusions for pre-existing conditions • No annual or lifetime limits on benefits • Premiums may vary based on tobacco use, age (2:1), family size, and geography	• Guaranteed issue and no exclusions for pre-existing conditions • No annual or lifetime limits on benefits • Premium variations based on age (2:1), family size, and geographic differences • Caps out-of-pocket costs	• Guaranteed issue and no exclusions for pre-existing conditions • No annual or lifetime limits on benefits • Limit premium variations based on age • Prohibit premium variations based on gender

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Benefit Plans	• Four benefit options offered in exchange; actuarial values range from 65% to 90% • Minimum creditable coverage plan has actuarial value of 65% • Plans must cover preventive care with no cost-sharing requirement • Out-of-pocket limits for all benefit categories tied to current Health Savings Account standards ($5,950 for an individual and $11,900 for families) • "Young invincible" policy available to young adults who want less expensive catastrophic coverage • Young invincible policy must cover preventive services but may require cost-sharing	• Three benefit options offered in exchange; actuarial values range from 76% to 93% • Creates an essential health care benefits package that must be included in all plans offered through an exchange • Plans must cover preventive care with only minimal cost-sharing requirements	• Four benefit packages offered in the exchange • Lowest-cost plan must include a core set of covered benefits • Plans must cover preventive care with no cost-sharing requirement • Out-of-pocket limits of $5,000 for individuals and $10,000 for families	• Plans must cover preventive care with no cost-sharing requirement • Immediate introduction of a new plan for low-cost coverage through a national high-risk pool to cover people who cannot otherwise obtain insurance; in effect until health insurance exchange is operational
State Role	• Must establish an ombudsman office by 2010 to act as a consumer advocate • Must establish an exchange in 2010 • Will receive additional federal funds for high-risk pools in 2010 • Must pay a portion of Medicaid expansion costs • Optional establishment of automatic enrollment of families and individuals into policies	• Establish health insurance exchanges • Create temporary programs to provide uninsured with immediate access to preventive care and treatment of chronic disease • For individuals receiving tax credits for buying insurance in the exchange, cover the costs of state mandates that are included in a benefit package but are above the standards of the national benefits package	• Option to operate own health insurance exchange • Pay 10% of Medicaid expansion costs, beginning in 2015 • May be required to determine eligibility for affordability credits for people receiving subsidies to purchase insurance	• Not specified
Alternative to Private Insurance	• Authorizes a "Consumer Operated and Oriented Plan" (CO-OP) to create nonprofit, member-run insurance companies • Federal loans for start-up costs • Federal grants to meet state solvency requirements • May not be an existing organization that was providing insurance on July 16, 2009, or affiliated with such an organization • May not be sponsored by a governmental entity of any type	• Creates a "community health insurance option" offered through exchanges • Plan must offer same essential benefits as plans offered in exchange • Provider participation is voluntary • Provider rates may not be higher than the average for of reimbursement rates offered by all plans in the exchange • Provides loans for initial operations • Subject to federal solvency standard	• Creates a government-run insurance plan to offer insurance through the exchanges • Plan must meet the same benefit requirements and insurance market reforms as private insurers • Must be financially self-sustainable • Providers participating in Medicare would be providers in the public plan unless they opt out • Provider rates can't be lower than Medicare rates or higher than the average rates paid by other insurers	• Provides for a government-run insurance plan • Co-ops may be an option

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Workforce Issues	• Primary care providers and general surgeons in shortage areas would receive 10% Medicare bonus payments for 5 years • Increase in graduate medical education slots for primary care	• National Health Care Workforce Commission to make recommendations on workforce priorities, goals and policies including medical education and training • Change the Graduate Medical Education program to increase the supply, education and training of doctors in primary care • Increase funding for community health centers and school-based health centers	• Reform the Sustainable Growth Rate for Medicare physicians with incentive payments for primary care • Change the Graduate Medical Education program to increase training of primary care providers • Support training of health professionals who will practice in undeserved areas	• Establishment of demonstration projects involving medical liability reforms
Revenue Sources	• Tax of 35% on insurance companies for policies valued at more than $8,000 for an individual or $21,000 for a family • Limits contributions to health Flexible Spending Accounts (FSAs) to $2,000 per year • Increase the tax on HSA withdrawal for no-medical expenses from 10% to 20% • Annual fee of $2.3 billion on pharmaceutical manufacturers • Annual fee of $45 billion on medical device manufacturers • Annual fee of $6 billion on health insurance providers, allocated by market share • Annual fee of $750 million on clinical laboratories	• No financing mechanisms included because the Health, Education, Welfare, and Pensions Committee does not have jurisdiction over Medicare or Medicaid and does not have revenue-raising authority; revenue options to be developed in conjunction with the Senate Finance Committee	• Savings in Medicare and Medicaid programs • Surcharge on families with incomes above $350,000 and individuals with incomes above $280,000. • Surcharge is 1% to 5.4%, depending on income level	• Savings through delivery system reforms • Commission to identify waste, fraud, and abuse in government health care programs • Requires additional cuts if expected savings don't occur

Sources: Compiled from the *Framework for Comprehensive Health Reform* released by Sen. Max Baucus on Sept. 8, 2009; The Kaiser Family Foundation's side-by-side comparison of the Senate Health, Education, Labor, and Pensions (HELP) Committee and House Tri-Committee bills; the White House summary of President Obama's plan; and materials from the Web sites of the Senate HELP Committee and House Education and Labor Committee.

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