Summary of Health Reform Legislation

By Adam Dougherty, Lucien Wulsin & Kiwon Yoo
Insure the Uninsured Project
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	Patient Protection and Affordable Care Act (HR 3590) + Health Care & Education Affordability Reconciliation Act (HR 4872) + Senator Reid's Manager's Amendment
Individual Mandate	Included
Changes in Tax policy	Mandate enforced through phased in penalty starting at the greater of $95 or 1.0% of income in 2014, $325 or 2.0% of income in 2015, and $695 in 2016 or 2.5% of income, up to a cap of the national average bronze plan premium, with exemptions for financial hardship or religious objections
Individual premium subsidies (refundable tax credits)	Sliding scale tax credits for individuals and families up to 400% FPL ($88,000+ for a family of four) who are not offered affordable employer-provided coverage, individuals/families with employer-provided coverage who spend 8-9.8% of income can convert employer health subsidies into voucher for use on Exchange. Directs the HHS Secretary to study adjusting the definition of FPL to reflect cost of living variations among different US geographic regions
Employer Requirements	Mandate for employers of 200+. Pay or play with fee requirement (capped at $2,000 per employee) for employers with 50+ employees whose employees receive tax credits through the Exchange (small business exemption for employers of less than 50 employees). Improves transition to employer responsibility by subtracting first 30 full time employees from payment calculation. Employers that offer unaffordable coverage are required to fund free choice vouchers to financial hardship employees to purchase of qualified health plans through the Exchange
Employer premium subsidies	Sliding scale tax credits to employers with fewer than 50 employees and average wages less than $50,000 for up to 50% of their premium costs. Temporary reinsurance program for employers providing coverage to retirees 55 to 64 until the end of 2013. Starts small business tax credit in 2010.
Purchasing Pools for Individuals, Small Employers and the Uninsured	Individual and small group State Health Insurance Exchanges, open to small employers (50 employees in year 1, 100 at state option) and individuals/families who receive employer-sponsored coverage at 8-9.8% of income, immediate funding for state high risk pools
New Public Plan Option (improved competition)	No public plan, instead national non-profit insurance companies will be managed by the Office of Personnel Management (OPM), Federal start-up funding for Consumer Operated and Oriented Plans (CO-OP), with minimum one co-op per state

Medicaid Expansion and Reform	To all individuals up to 133% FPL with full federal funding of expansion eligibles for first three years, CHIP reauthorization period extended for two years, and eligibility extends to 250% FPL and states' FMAP (federal matching) increased from an average of 70% to 93% in October 2015 for CHIP kids. Federal matching payments for all states for costs of services to expansion populations at 100% in 2014-16, 95% in 2017, 94% in 2018, 93% in 2019 and 90% thereafter
Medicare Reform	Immediate 50% manufacturer discount on negotiated prices in Part D to close donut hole, $250 rebate for all Part D enrollees who enter donut hole in 2010. 50% discount on brand name drugs in 2011 and 75% discounts on brand-name and generic drugs by 2020. Coverage for biannual personal prevention and wellness plan, removal of preventive service cost sharing, pilot programs for healthy living incentives. Freezes Medicare Advantage payments in 2011, and reduce benchmarks relative to current levels beginning in 2012 (will vary from 95% of Medicare spending in high-cost areas and 115% in low-cost areas). New directive to coordinate care for dual-eligibles, to incentivize care coordination.
Waste and fraud in Medicare/ Medicaid	Enhanced rovider screening, one PI database to capture/share data, increase penalties for false claims, increase anti-fraud activities
Innovative public payment mechanisms	Provide bonus payments for care management activities, bundle payments for acute+post-acute care, incentives for accountable care organizations
Insurance Market Reform	Guaranteed issue and renewability, rating variation on age (3:1), tobacco use, wellness incentives, family structure and geography, 85% medical loss ratio in large group market (80% in small group market). Prohibits all plans from establishing lifetime limits and annual limits beginning in 2014. Prohibits pre-existing condition exclusions for children effective six months after enactment.
Benefits	Grandfathers existing benefits, 4 benefits categories ranging from 60 to 90% of the cost of the covered benefit packages; prohibits annual/lifetime limits and cost sharing for preventive services. Allows children to stay on their parents' plan through age 26 at parents' option.
Other Market Reform	Require reporting and disclosure on medical loss ratios and service charges, risk sharing mechanisms including risk adjustment, reinsurance, and risk corridors, allow states to form 'health care choice compacts' for interstate sale of insurance, state review of plans' premium increases
Individuals Without Legal Residency Documents	Excluded from public subsidies and purchasing through the Exchange
Cost Sharing Limits	Annual cost sharing limits of $5,950/individual and $11,900/family, with reduced limits for those under 400% FPL

Cost Containment	Established long term care insurance program (CLASS Program), require payment and provider incentive disclosures from drug and device manufacturers, improve transparency of information in hospital and skilled nursing facilities. 10% Medicare payment bonus for primary care practitioners and providers in shortage areas, increase imaging utilization rate from 50% to 90% to calculate payment. Financial incentives for states to shift Medicaid beneficiaries out of nursing homes and into home and community based services (HCBS)
Prevention	Eliminate cost sharing, cover only proven preventive services, provide incentives through program to complete behavior modification programs, provide grants to states to promote integration of health care services and other services. Authorizes appropriate of $200 million to give small business employees access to comprehensive workplace wellness programs
Quality and System Performance	Establish bundling programs and value-based purchasing program to pay hospitals based on performance and quality in public programs, improve transparency public reporting on quality indicators, establish institute for comparative effectiveness research, create Innovation Center within CMS. Requires public reporting of physician Medicare and private payer (if available) performance information regarding PQRI measures, health outcomes, care coordination, efficiency, patient experience etc.
State Roles	Allow states the option to create unique system meeting federal floor, merge into regional Exchange, create coops, enter into compacts to create interstate health coverage, incentives to promote access to preventive services. Basic health coverage of legal immigrants under 133% FPL who are not eligible for Medicaid by virtue of the five-year waiting period
Cost and Financing	$871 billion over 10 years: funded by 40% excise tax on "Cadillac" group health plans costing over $10,200 /$27,500 for individual/family, limits on HSA contributions and expenses, eliminating exclusion for employer Part D subsidy, annual fees on insurers, medical device manufacturers and pharmaceutical manufacturers, 10% tax on indoor tanning services, increase in Medicare payroll tax by 0.9% on individual/families earning over $200,000/$250,000, modification of Medicare tax to include net investment income in taxable base. Reduces federal deficits by $132 billion over 10 years (and $1.2 trillion over 20 years) and covers 31 million uninsured
Other reform	Reform GME to promote primary care and residency programs in rural and underserved area through slot-redistribution programs, allow physician assistants to order post-acute care services and serve hospice patients voluntary long term care insurance program for seniors, no federal funding for elective abortions through Exchange or Medicaid, all plans must segregate their public funds to assure that individuals choosing more extensive abortion coverage pay the full cost of the extended coverage

Senate: HR 3590: http://democrats.senate.gov
Reconciliation Act: HR 4782: http://www.rules.house.gov/bills_details.aspx?NewsID=4606
Manager's Amendment: http://democrats.senate.gov/reform/managers-amendment.pdf