



Federal Health Care Reform A Snapshot November 2009

Ruth Ehresman

Director of Health and Budget Policy

rehresman@mobudget.org

www.mobudget.org

Missouri Association for Social Welfare

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Where are we today? (November 3, 2009!)

House: Merged bill likely to be considered on the floor this week

Senate: Backlog of work at the Congressional Budget Office has slowed work.

Senate debate is likely to extend into December.

Resolving House and Senate differences will likely take place in 2010.



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House Committees have forged a bill, H.R.3692.

Main changes in Affordable Health Care for America Act include

Fiscal responsibility

- Reduces deficit by \$30 billion over first 10 years
- Places a surcharge on the wealthiest .3%, who would pay a surcharge on income over \$500,000 (individual) or \$1 mil (couple)



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- Addresses geographic variations in Medicare payments
- Moves toward rewarding quality care and cost-effectiveness
- More transparency regarding rebates that pharmacy benefit managers receive from drug companies



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- Prevent drug manufacturers from paying their generic competitors to delay bringing a generic drug to market
- Raises the manufacturer rebate in Medicaid



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Assistance for seniors

- Begins to close the Medicare donut hole*. Will close by 2019
- Eliminates cost-sharing for preventive services in Medicare*
- Creates a new, voluntary public long-term care insurance program*
- Requires the Secretary of the Dept of HHS to negotiate drug prices on behalf of Medicare beneficiaries
- Prohibits Medicare Advantage Plans from charging higher cost-sharing than in fee for service plans*



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Reform of the insurance market

- Ends insurance companies blanket exemption from anti-trust laws; limit price fixing and market allocation
- Bans life-time limits on coverage*
- Prohibits rescissions: dropping a policy when a person gets sick*
- Provides sunshine on price gouging*
- Allows companies to sell policies across state lines with the approval of their legislatures



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- Require insurers to devote at least 85% of premiums to medical benefits*
- Bars basing premiums on health status. Allows 2:1 variation based on age
- Requires all benefit plans to include essential benefits (includes hospital, outpatient, prescription drugs, mental health, maternity, durable medical equipment, but *not* abortion)



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Immediate help for the uninsured

- Creates a “gap” insurance with financial assistance for those who have been uninsured for several months, or who have been denied a policy because of pre-existing conditions*
- Allows individuals to keep their COBRA coverage until the exchange is in place and they can access affordable coverage*
- Allows young adults to age 27 to be insured under parents’ policy*



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Help for small businesses

- Exempts businesses with payroll less than \$500,000 from the shared responsibility requirement; graduated penalties assessed from \$500,000 to \$750,000
- Raises the size of businesses that can purchase insurance through the exchange



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Ensuring Affordability

- Expands Medicaid eligibility to 150% of FPL (\$27,465 for a family of 3)
- Provides “affordability credits” on a sliding scale up to 400% of FPL (\$73,240 for a family of 3)
- Limits out of pocket costs, on a sliding scale
- Includes a public option available only through an Exchange



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Weaknesses in H.R. 3692

- Most workers with employer sponsored insurance cannot receive subsidies through the exchange. May be too burdensome.
- Can all individuals with incomes over 400% of FPL be assumed to afford their options?
- Eliminates the CHIP program
- No coverage for legal immigrants



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The Cost of Doing Nothing Is Too High!

- Premium costs are growing 4 times as quickly as wages in Missouri. For the average family, health care costs will grow by \$1,800 each year over the next decade
- Small business costs have risen 169% since 2000
- More than half of all Americans postpone health care or medication due to cost
- More than 18,000 Americans die each year because they lack insurance