The MISSOURI BUDGET PROJECT

Shaping Policy... Creating Opportunities

Federal Health Care Reform
A Snapshot of Progress- Updated June 23, 2009

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Debate about how to achieve health care reform continues to be a high profile issues in Washington, DC. In a first "snapshot" paper on June 2, the Missouri Budget Project outlined some of the key issues being considered. This snapshot contains a brief overview of the proposals being offered. Again, there are many unanswered questions.

Status in the U.S. House of Representatives

Three House Committees are considering parts of health care reform: Energy and Commerce; Ways & Means; and Education & Workforce. The committees released a joint bill on June 18. The key components of the bill include[1] [2]:

- An individual mandate to purchase insurance
- Requirement that employers provide insurance or contribute 8% of their payroll
- A national insurance exchange (states may also propose exchange(s)) through which individuals and employers with up to 10 employees may purchase insurance
- A public insurance option (insurance that is financed by the Government, similar to Medicare)
- Guaranteed coverage regardless of health status
- Affordability credits (subsidies) based on a sliding scale for those with incomes up to 400 per cent of Federal Poverty level
- Restricts variations in the cost of premiums due to health status and permits only a 2:1 ratio in premium variation based on age; variation also allowed for geography and family size
- An essential benefit package with NO cost sharing on preventive services. The package includes mental health, dental and vision services for children, and limits on out of pocket spending
- Expanded Medicaid eligibility to 133% of Federal Poverty Level. Realizing that many states are experiencing fiscal challenges, the federal government will pay 100 percent of the cost for the expansion between current state eligibility levels and 133% of FPL for an indefinite length of time. The eligibility levels are a floor for States. States that currently set Medicaid eligibility levels must continue to do so.
- Increased Medicaid reimbursement payments to primary care physicians
- Reform of Medicare Part D to close the "donut hole", eliminate cost sharing for preventive services and other improvements
- Investment in training and expanding the health care workforce, especially primary care physicians, nurses and public health workers

The Congressional Budget Office has not estimated the cost of this plan.

House Republicans have also proposed a broad plan that proposes an emphasis on wellness, prevention and disease management programs, reduced medical liability, and increased Medicare payments to physicians.[3] The plan lacks substantive details and its cost has not been estimated.

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[1] Conferences calls with the Center on Children and Families, Georgetown University and the Center on Budget and Policy Priorities, June 22, 2009

[2] Catholic Charities Weekly Update, June 22, 2009

[3] Susan Hinck, PhD, RN. PowerPoint presentation, June 2009.

Status in the U.S. Senate

The Senate Finance and Health, Education (HELP), Labor & Pensions Committees are also working on health care reform.

The Senate Finance Committee continues to play a higher profile role than the HELP Committee. The **Congressional Budget Office estimates the Finance Committee proposal could cost $1.6 trillion over 10 years.** The estimated cost of the measure raised concern so Senate Committee discussion has moved to reducing the outlay. Expanded Medicaid, the funding level of premium subsidies, and the income levels of those eligible for subsidies are under scrutiny as a result. At this point, The Senate is only considering revenues related to health expenditures, which constrains the Committee's ability to find sufficient revenue offsets from other sources.[4] The Missouri Budget Project continues to urge that all funding options remain on the table so that enacted reform is meaningful.

Some key elements of the Senate Finance Committee Plan draft include[5]:

- An individual mandate to purchase insurance
- Expansion of Medicaid to 133 per cent of FPL for children and pregnant women: to 100% of FPL for parents and childless adults. The Federal Government will temporarily fund the entire cost of state expansions, but will scale payments down to the regular matching rate in 5 years
- A state based insurance exchange
- Guaranteed coverage regardless of health status
- Affordability credits (subsidies) based on a sliding scale for those with incomes up to 400 percent of Federal Poverty level
- Restricts variations in the cost of premiums due to health status; but allows a 7.5:1 ratio in variation of premium cost based on age
- A minimum benefit package
- A levy on large companies that do not provide health insurance to employees
- Taxation of some health insurance benefits
- Tax credits for small businesses to enable them to offer health insurance as a benefit

Some significant issues continue to be debated. These include:

- **Alternatives for employer responsibility**
- **Establishing non-profit Co-Op Health Plans (in Senate Finance Committee draft) versus creating a public insurance option (in the Senate HELP Committee and House drafts)**
- **Financing for health reform.**

The proposals in both the House and Senate are very fluid. This is only meant as a snapshot in time.

Tentative time line of expected action[6]

In the Senate: The Senate Health, Education, Labor & Pensions Committee began *mark-up of the bill during the week of June 15th, and may complete the mark-up by Friday, June 26th.*

The Senate Finance Committee expects *mark-up to begin following their July recess.*

In the House: *Mark up of the joint bill is expected in mid-July*. Each Committee will discuss its own portions of reform. *The full House is expected to take up the bill before the August recess.*

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[4] Ibid at 1

[5] Ibid at 3

[6] Ibid at 1