



West Virginians for Affordable Health Care

Perry Bryant,
pbryant@wvahc.org and www.wvahc.org

Health Care Reform: Comparison of House and Senate Versions

Basic Approaches Very Similar

- Senate and House Versions
 - Expand health insurance coverage to 94% (Senate version) or 96% (House version) of nonelderly Americans
 - Significant insurance reform
 - Reforms for Medicare & Medicaid
 - Delivery system and payment reform pilot projects

Expand Coverage: Health Exchanges

- Senate has a **state** or regional exchange
- Eligible to individuals and small businesses:
- Eligible businesses are expanded
 - 100 or fewer employees in 2014 (a state can opt to make the limit 50)
 - 100+ at state option after 2017

Expand Coverage: Health Exchanges

- House has a **national** or state exchange
 - Eligible to individuals and small businesses:
 - 25 or fewer employees in 2013
 - 50 or fewer employees in 2014
 - 100 or fewer employees in 2015
- And potential for larger employers after 2015

Expand Coverage: Medicaid

- Senate expands Medicaid up to 133% of federal poverty level (FPL) for adults
- The Senate pays for this expansion in a manner that helps states that have not expanded Medicaid to childless adults and parents up to at least 100% FPL :
 - 100% federal dollars for years 2014 through 2017
 - 95% federal dollars for years 2017 through 2019
- Federal cost: \$395 billion over 10 years

Expand Coverage: Medicaid

- House expands Medicaid up to 150% of FPL
- The House pays for this expansion by :
 - 100% federal dollars for 2013 and 2014
 - 91% federal dollars for years 2015 through 2019
- Federal cost: \$425 billion over 10 years

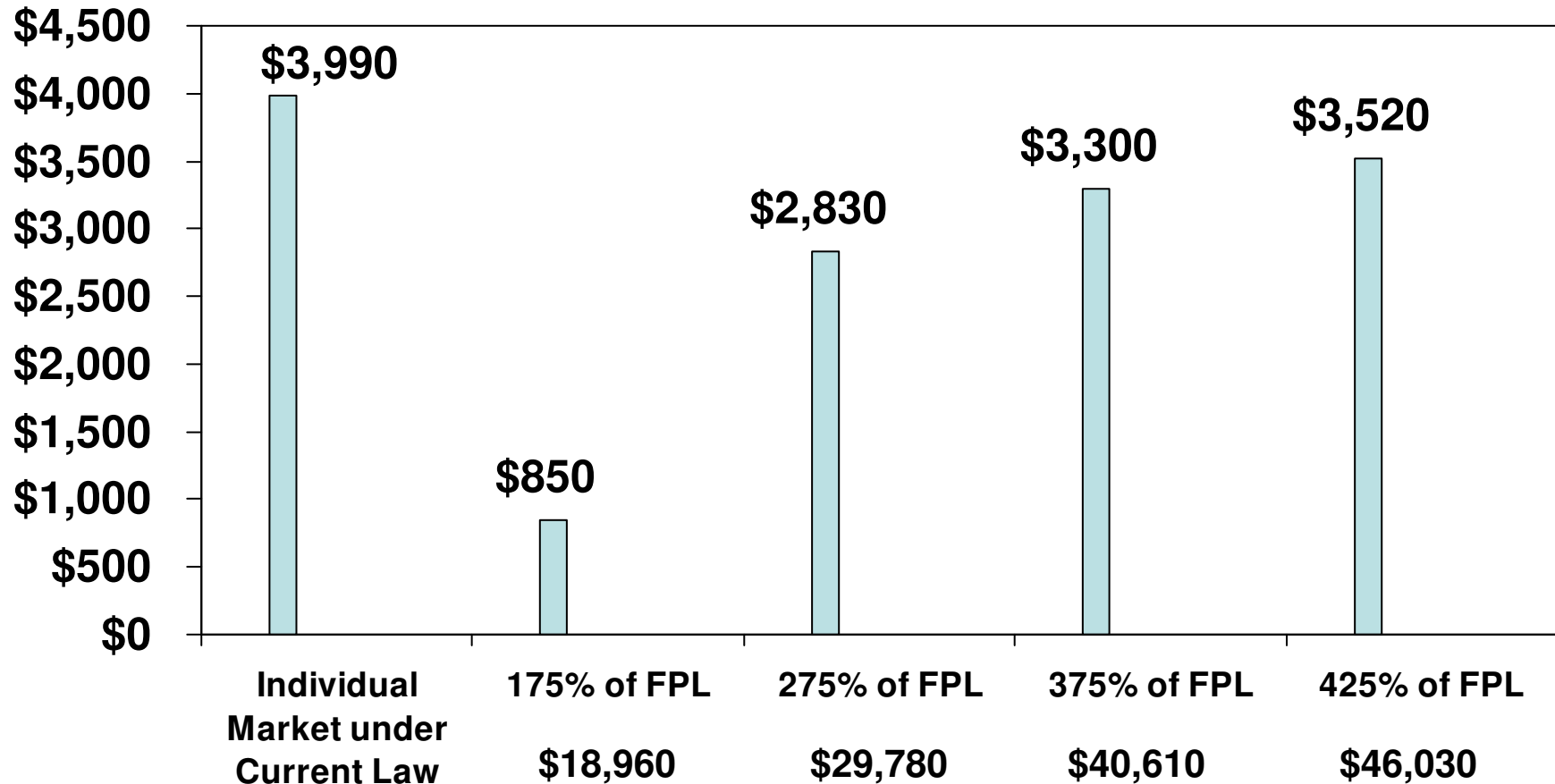
Expand Coverage: Individual Mandate

- Senate requires individuals who don't have private or employer sponsored insurance or coverage through a government program to purchase coverage
- Penalty: 0.5% of income in 2014; 1% in 2015; 2% in 2016 and beyond. Or a flat dollar amount of \$750 in 2016.
- Exemption for financial hardship if lowest price plan is greater than 8% of income

Expand Coverage: Individual Mandate

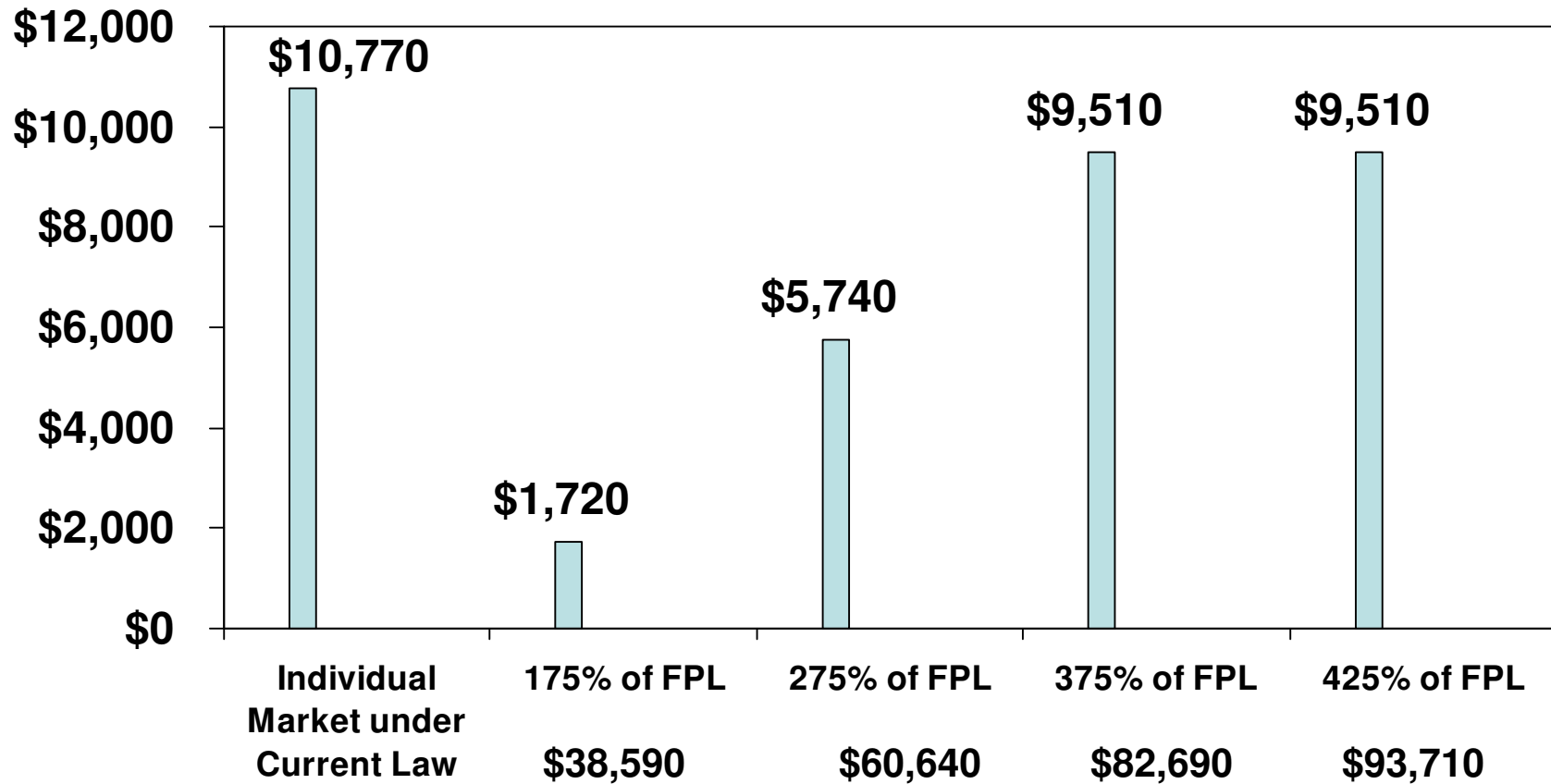
- House requires individuals who don't have private or employer sponsored insurance or coverage through a government program to purchase coverage
- Penalty: 2 ½% of their adjusted income
- Exemption for financial hardship

Estimated Single Premiums under the House Bill



Source: Jonathan Gruber, The House Proposal Lowers Non-Group Premiums, MIT, November 2, 2009

Estimated Premiums for a Family of Four under the House Bill



Source: Jonathan Gruber, The House Proposal Lowers Non-Group Premiums, MIT, November 2, 2009

Premiums Assistance for Individuals and Families

Federal Poverty Level	% of Income Senate	% of Income House
133%	2%	1.5%
200%	6.3%	5.5%
300%	9.8%	10%
400%	9.8%	12%

Cost Sharing Assistance

Federal Poverty Level	Actuarial Value of Senate	Actuarial Value of House
133%	90%	97%
200%	80%	93%
300%	70%	78%
400%	70%	70%

Expand Coverage: Employer Responsibility

- Senate has no employer mandate, only a “free rider” requirement
- Penalty: \$750 times number of employees or cost of subsidies
- Exempts employers with fewer than 50 employees
- Note: 95% of employers with 50+ employees already provide health insurance

Expand Coverage: Employer Responsibility

- House has a “play or pay” with an employer mandate.
- Penalty: large employers that do not provide health insurance pay 8% of payroll
- Exempts employers with payroll of \$500,000 or less.
- Employers with payroll between \$500,000 and \$750,000 & no ESI pay a penalty between 2% and 8% of payroll

Expand Coverage: Public Option

- Senate bill contains no public option
- Final House bill requires negotiated reimbursement rates with providers, not Medicare rates
- Only offered through the exchange
- Not likely to have major impact

Coverage Continued: CHIP

- Senate version adopted the Rockefeller amendment that retains CHIP until 2019
- West Virginia will receive 100 percent federal match for CHIP from 2014-2019
- CHIP will need to be reauthorized in 2013, and the bill does not contain the federal funding necessary to continue CHIP beyond the end of FY2013.
- House version rolls CHIP children into the exchange. The House Energy and Commerce Committee adopted an amended to require as good as language, but this was weakened in final House bill.

Insurance Reforms

- Both the Senate and the House propose significant insurance reform for policies sold in and outside of the health exchange:
 - Elimination of pre-existing conditions
 - Guarantee issuance without consideration of health status. Age limited to 2:1 in the House and 3:1 in the Senate.
 - Guaranteed renewal
 - Elimination of rescissions
 - No lifetime or annual caps on claims paid for policy holder
 - Limits on annual out-of-pocket expenses: Higher limits in the Senate: HSA limits (almost \$6,000/single in 2010) vs. \$5,000/single in the House version
 - Medical loss ratios are limited to 85% in the House and 85% for large groups and 80% for small group and individual markets in the Senate

Changes to Medicare

- No Medicare physician payment fix, the “sustainable growth rate,” a \$245 billion problem
- Extends the life of Medicare Trust Fund by 5 years
- Cuts in half (Senate) or eliminates (House) the doughnut hole for prescription drugs
- Eliminates overpayment to Medicare Advantage plans
- Eliminates all co-pays for preventive services
- Increases payments by 5% to primary care docs, general practitioners and psychiatrists

Under the Radar Provisions

- Physician Payment Sunshine provisions in both Senate and House versions
- Menu Labeling in both Senate and House versions
- Community health needs assessment and implementation strategy, and a requires financial assistance policy by non-profit hospitals are in the Senate version

Under the Radar

Provisions Continued

- Parents can keep dependent children on their policy until age 27 in the House version and 26 in the Senate version
- Both version establish the Community Living Assistance Services and Supports (CLASS) program. Automatic enrollment for all working Americans with opt out. Provides community support as an alternative to nursing homes in the future.

Expenditures

(Billions of dollars over a 10 year period)

	Senate	House
Medicaid	\$395	\$425
Exchange subsidies	\$436	\$602
Small business subsidies	\$40	\$25
Totals	\$871	\$1,052

Source: Congressional Budget Office Reports:
HR 3590 and Manager's Amendment to HR 3962

Payment and System Reform Savings

(Billions of dollars over a 10 year period)

	Senate	House
Productivity improvements / provider payment updates	-\$192	-\$201
Medicare Advantage	-\$118	-\$162
DSH payments	-\$43	-\$17
Rx payment	\$1	-\$30
Independent Commission	-\$23	n/a
Home health	-\$33	-\$34
Totals	-\$491	-\$456

Source: Commonwealth Fund, October 21, 2009

Revenues

(Billions of dollars over a 10 year period)

	Senate	House
Excise tax on high premium insurance plans	\$149	n/a
Tax on wealthy individuals and families	\$87	\$460
Individual Penalties	\$15	\$33
Employer Penalties	\$28	\$135
Health Industry Excise Taxes	\$101	\$20
Totals	\$398	\$648

Source: Joint Committee on Taxation's estimates of HR 3590 and the Manager's Amendment to HR 3962

Summary of Coverage and Impact on the Federal Budget

	Senate	House
Formerly uninsured now covered by 2019	31 million	36 million
Left Uncovered, 2019	23 million	18 million
Covered in exchange, 2019	26 million	21 million
Covered by Medicaid/CHIP, 2019	15 million	15 million
Employer sponsored insurance	-4 million	6 million
Net impact on federal deficit, 2010-2019	-\$132 billion	-\$138 billion

Source: Congressional Budget Office reports on HR 3590 and the Manager's Amendment and HR 3962.