



WVAHC *Reform News*

West Virginians for Affordable Health Care

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WVAHC Sponsors Charleston Health Care Forum on October 13th

West Virginians for Affordable Health Care, along with a number of other organizations, is sponsoring a forum on health care reform to present objective and timely information on the bills being considered by Congress.

“During the last several months, the country has been subjected to false and misleading information concerning the national health care reform effort,” said Perry Bryant, Executive Director of WVAHC. “The forum is design to show the general public that there are legitimate differences of opinions on how we should reform the United States health care system. Consumers, providers, insurance executives and the

businessmen have very different ideas on health care reform. These differences can, however, be expressed in a civil and constructive manner. We want Charleston to be the gold standard for the rest of the country.”

Panelist for the forum include:

- Perry Bryant, *WVAHC*
- Fred Earley
Mountain State Blue Cross Blue Shield
- Gaylene Miller
AARP
- Rev. James Patterson
Partnership of African American Churches
- Kenny Perdue
West Virginia AFL-CIO
- Louise Reese
West Virginia Primary Care Association
- Steve Roberts
West Virginia Chamber of Commerce

Time: 7:00 to 8:30 PM

Date: Tuesday, October 13th

Place: Culture Center, Capitol Complex

Sponsored by: AFL-CIO, AARP, Communications Workers of America, Mountain State Blue Cross Blue Shield, Partnership of African American Churches, West Virginia Center on Budget & Policy, West Virginia Chamber of Commerce, West Virginia-Citizens Action Group, West Virginia Council of Churches, West Virginia Education Association, West Virginia Primary Care Association, and West Virginians for Affordable Health Care.

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WVAHC’s 4th Annual Meeting Scheduled for October 31st

The 4th Annual WVAHC Membership meeting is scheduled for Saturday, October 31st from 10:30 am to 2:00 pm at the Café Cimino in Sutton. All WVAHC members are welcome to attend as we review the accomplishments of last year — it’s been quite a year — and plan for next year. The Board will also elect two officers (Vice-President and Treasurer) and six Board member positions.

Lunch is on your own, but if you want to eat at Café Cimino, please contact Perry Bryant (pbryant@wvahc.org) so he can give the restaurant a head count. Cost of lunch is approximately \$20.

Comparison of House and Senate Version of Health Care Reform

Two different bills are emerging from Congress to reform America's health care system. One bill, HR 3200, is the product of three different House committees. A single version of the bill will be developed by Democratic House leaders. The Senate version was considered by two Senate Committees. We believe that the Senate version will more closely resemble Senator Max Baucus's proposal. He chairs the Senate Finance Committee.

The two bills have the same basic premise: Virtually all Americans will be required to have health insurance coverage. To make that possible, there will be fundamental changes in how the health insurance industry operates. There are, however, significant differences between the House and Senate versions of health reform.

- The House bill contains a public option that would compete with private insurance companies, while the Senate version proposes a co-op arrangement.
- Both the House and Senate versions provide subsidies to make health coverage more affordable for moderate and middle-income Americans. The House version, however, provides larger subsidies to more individuals and families than the more conservative Senate version.
- The House version contains a requirement for large employers to provide insurance to their employees or pay a significant penalty to fund the subsidies for individuals and families. The Senate version has no requirement for employers to provide coverage and charges a much more modest penalty to large employers whose workers obtain government coverage through subsidized programs in the Health Exchange.

On the following pages is a chart outlining the major proposals in the House and Senate version, as the bills head to the House and Senate floor. If the proposals change significantly, we will post those changes on our web site, www.wvahc.org. The chart, developed by WVAHC and the West Virginia Center on Budget & Policy, outlines the major provisions of the two bills. We have tried to give sufficient details, without being too technical.

We hope this chart is helpful to you in understanding the next phase of the Congressional debate. The outcome will affect every American for decades to come.



**West Virginians
for
Affordable Health Care**

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Comparison of House and Senate Version of Health Care Reform (Continued)

	HOUSE	SENATE
<p>A. Expansion of Health Insurance</p> <p>1. The Health Exchange: A health exchange is a market place where consumers can shop and purchase health insurance from qualified insurance companies. This one stop shopping is a significant plus to help individuals and employers to choose an affordable, quality insurance product.</p>	<p>Creates a national health exchange allowing individuals and small businesses to purchase insurance from an approved list of insurance companies. The exchange will be open to companies with less than 10 employees the first year, less than 20 employees the second year, and a process for expanding to large employers in future years.</p>	<p>Creates state-based health exchanges for individuals and small businesses (50 or fewer employees) to shop for and purchase health insurance. By 2017, states must develop a process to include large employers phased in over a 5 year period.</p>
<p>2. Expand Medicaid to cover low-income adults. Many people believe that Medicaid already covers low-income adults. States establish their own rules for adults under Medicaid. In West Virginia parents are covered if they earn less than 35% of FPL, and childless adults are not covered unless they are disabled or pregnant.</p>	<p>Expands Medicaid to include adults with incomes up to 133% of the federal poverty level (FPL) beginning in 2013. 133% of the FPL is about \$24,000 for a family of three. The federal government will pay 100% of the Medicaid expansion until 2015, and then pay 90% in future years.</p>	<p>Expands Medicaid to include adults with incomes up to 133% of the federal poverty level (FPL) beginning in 2014. However, "disregards" -- payments for child care, for example, that many states do not count as income -- are eliminated. Under a complicated formula the federal government will pay virtually all of the cost for the Medicaid expansion. For West Virginia the federal government would pay 95% of the expansion.</p>
<p>3. Employer Responsibility</p>	<p>Requires employers to provide their employees health insurance or pay a penalty. Employers must pay at least 72.5% of the premium for a single plan, and 65% of a family plan. Employers that do not provide a basic level of health insurance to their employees pay a penalty of 8% of payroll. There is a small business exemption. Employers with payroll of less than \$500,000/year are exempt from this penalty; and employers with payroll between \$500,000 and \$750,000 would pay on a sliding scale between 2% and 6% of payroll.</p>	<p>Does not have an employer mandate. However, employers with more than 50 employees that do not provide a health insurance benefit, must pay a penalty that is the lesser of: a) the average cost of the subsidy provided under the Health Exchange times the number of employees who qualify for the subsidy; or b) a flat amount -- not to exceed \$400 -- multiplied by the total number of employees in the business. Employers with fewer than 50 employees are exempt from this payment.</p>
<p>4. Individual Responsibility</p>	<p>Requires individuals who do not have insurance through their employer or a government plan (Medicare, Medicaid, VA, etc.), to purchase health insurance. Those who do not purchase health insurance pay a penalty of 2.5% of their adjusted gross income. There are exemptions for these penalties for financial hardships and religious reasons.</p>	<p>Requires individuals, who do not have insurance through their employer or a government plan (Medicare, Medicaid, VA, etc.), to purchase health insurance. Those who do not purchase health insurance will pay a penalty. The penalty is phased in through 2017 when an individual will pay \$750/year and families will pay \$1,500/year. There are exemptions for these penalties for financial hardships and religious reasons.</p>

Comparison of House and Senate Version of Health Care Reform (Continued)

	HOUSE	SENATE
5. Subsidies for Individuals	The health exchange provides significant subsidies for individuals. Individuals earning just above the eligibility for Medicaid will pay 1.5% of their income for premiums and individuals earning up to 400% of the FPL will pay 12% of their income. Additionally, there are subsidies for other cost sharing (deductibles, co-payments, etc.) based on income. The annual out-of-pocket maximum for deductibles, co-pays, etc. is \$5,000/individual and \$10,000/family.	The subsidies for premiums are less than the House provisions. Individuals pay on a sliding scale of between 2% of their income if they earn the federal poverty level up to 12% of income for individuals at 400% of FPL. Assistance with co-payments and deductibles is limited to individuals and families earning between 100 and 200% of the FPL. Yearly maximum out-of-pocket maximums for those earning between 200 and 300% of FPL are about \$4,000/individual and \$8,000/family coverage. For those above 300% of FPL the yearly out-of-pocket maximums are \$5,950/individual and \$11,900/family coverage.
6. Public option versus a co-op	Establishes a national option that would compete with private health insurance companies. The public option is only offered through the health exchange. Requires the public option to meet all the requirements of private plans, such as, consumer protection, adequacy of provider network, reserve funds, etc. The public option could not use Medicare rates to reimburse providers and would need to negotiate rates with providers that are in between Medicare rates and commercial rates.	Creates a state-level co-op that would be governed by the consumer members of the co-op. If there are profits from selling health insurance, the profits must be used to lower premiums, improve benefits or improve quality. The federal government would give \$6 billion to help establish the co-ops in all 50 states and DC. The Congressional Budget Office found that the co-ops are "unlikely to establish a significant market presence in many areas of the country."
B. Insurance Reform	Prohibits insurance companies from selling policies with pre-existing conditions limitations, requires guarantee issuance (insurance companies must sell you a health insurance policy) and guarantee renewal (insurance companies can't drop your coverage if you get sick). Prohibits annual or life-time maximum health care expenses that a patient can receive. Also, allows the Secretary of Health and Human Services (HHS) to establish a minimum medical loss ratio. This means that insurance companies would be required to spend a specified amount on claims and would limit the amount that they could spend on marketing, profits, etc.	The insurance reforms are the same as the House version for the individual market and phased in to the small group market over five years. The major difference is that the Senate version insurance companies are only required to report their medical loss ratios. There is no minimum required.
C. Cost Containment	Limit premium increases for plans offered through the health exchange to 150% of the medical rate of inflation except in cases where the increase is needed for financial viability. Eliminates the overpayment to Medicare.	Establishes an independent Medicare Commission to develop reforms for the ways that providers are paid. If expenses for Medicare exceed an established rate of inflation, the Commission would have

Comparison of House and Senate Version of Health Care Reform (Continued)

	HOUSE	SENATE
	Advantage companies unless they can improve quality over traditional Medicare. Reduces payments for preventable hospital readmissions under Medicare. Requires the Secretary of HHS to negotiate for lower prescription drugs for Medicare Part D.	to recommend measures to reduce expenditures starting at 1/2 of 1% of Medicare expenses, growing to 1.5% by 2018. The Senate version also reduces the over-payment to Medicare Advantage plans. Also, allows physicians to form accountable care organizations (ACO) to promote quality care for Medicare patients. ACOs must agree to be accountable for overall care for Medicare patients and can receive one-half of the savings. This version also prohibits federal Medicaid reimbursements for health care acquired conditions such as hospital acquired infections.
D. Physician Payment Sunshine Provision	Requires drug manufacturer to report any payments to physicians of more than \$5 to the Health and Human Services.	Requires drug manufacturer to report any payment to physicians of more than \$10 to the Health and Human Services. Samples intended for patients are not included in this reporting.
E. Sustainable Growth Rate (SGR) in Medicare: The SGR was established in 1997, and required a 5% reduction in physician reimbursement for Medicare patients. Every year Congress has put off imposing these reduced payments to physicians, and the reduction has grown to 21%. It is very expensive to fix, and would require almost \$245 billion over ten years to remedy.	The House version permanently fixes the sustainable growth rate. However, the House did not find the money necessary to fund this remedy. Passage of the House version would increase the federal deficit by \$245 billion over ten years.	The Senate version does not fix the SGR. Senator Baucus, Chair of the Senate Finance Committee, has said that the Senate will address the SGR in a separate piece of legislation. How the Senate will propose to fix the SGR and whether it will be paid for remain uncertain.
H. Hospital Accountability	No provision.	Non-profit hospitals would be required to conduct a community health needs assessment every 3 years, and adopt an implementation strategy to meet the community's need. Additionally, non-profit hospitals would be required to adopt a financial assistance policy to assist low-income patients and limits the amount that can be charged to these patients to the average of the three best commercial rates or Medicare rates.
G. Cost to the federal government.	Projects \$1.04 trillion over ten years. Half of the projected cost will be paid through payment reforms in Medicare and Medicaid, eliminating overpayment to Medicare Advantage plans, and cutting Medicaid disproportionate share (DSH) payments to hospitals. The other half is funded through a surcharge on income taxes for individuals earning more than \$280,000 and families earning more than \$350,000.	Projects \$774 billion over ten years. More than half of the projected \$774 billion will be paid through payment reforms in Medicare and Medicaid, eliminating overpayment to Medicare Advantage plans, and cutting Medicaid disproportionate share (DSH) payments to hospitals. Another \$215 billion over ten years is raised through an excise tax on insurance plans on policies that exceed \$23,000/year for a family plan and \$8,750/year for a single plan.

Resources

Kaiser Family Foundation at: <http://www.kff.org/healthreform/sidebyside.cfm>

The Senate Finance Committee at: <http://www.finance.senate.gov/sitepages/baucus.htm>

The House Ways and Means Committee at: <http://waysandmeans.house.gov/MoreInfo.asp?section=52>

The House Energy and Commerce Committee at: http://energycommerce.house.gov/index.php?option=com_content&view=article&id=1687&catid=156&Itemid=55

The House Education and Labor Committee at: <http://edlabor.house.gov/newsroom/2009/07/ed-labor-approves-historic-hea.shtml>

¹ Source: Health Care for America NOW!

West Virginians for Affordable Health Care--Membership Form

Enclosed is my contribution for \$50_____ \$75_____ \$100_____

Name: _____

Street Address: _____

City:_____ State:_____ Zip _____

Email Address : _____

(Please print clearly)

Please mail your membership form to: **WVAHC, 1544 Lee Street, Charleston, West Virginia 25311** -- Thank you!