



National Association of Health Underwriters

Comparison of the Democratic Comprehensive Health Reform Measures

March 19, 2010

	Senate Democratic Legislation, the Patient Protection and Affordable Care Act, H.R. 3590	House Democratic Legislation, The Affordable Health Care for America Act, H.R. 3962	President Obama's Summary of Comprehensive Health Reform Legislation and Website	The Reconciliation Package The Health Care and Education Affordability Reconciliation Act of 2010
	Status: Passed by the United States Senate (60-39) on December 24, 2009	Status: Passed by the United States House of Representatives (220-215) on November 7, 2009	Status: Released on February 22, 2010 in Advance of the Bipartisan Health Summit	Status: Released on March 18, 2010
Market Reforms	<p>Would require all individual health insurance policies and all fully insured group policies to abide by strict modified community rating standards with premium variations only allowed for age (3:1), tobacco use (1.5:1), family composition and geographic regions to be defined by the states and experience rating would be prohibited. Wellness discounts are allowed for group plans under specific circumstances.</p> <p>Requires the Secretary of DHHS, within a year of enactment of this bill, to conduct a study on the</p>	<p>Would require all health plans, whether fully insured or self-funded, to issue coverage regardless of health status, and would eliminate the use of pre-existing conditions exclusions and annual or lifetime limits on benefits. Dependents would have to be covered to age 26.</p> <p>Would apply the HIPAA guarantee renewability and guarantee issue small group market rules to all health insurance markets.</p> <p>For all qualified health benefit plans, regardless of size, it would</p>	<p>Creates a new federal health insurance rate authority to "provide federal assistance and oversight to states in conducting reviews of unreasonable rate increases and other unfair practices of insurance companies. If a rate increase is "unreasonable and unjustified" the insurer will be compelled to lower premiums, provide rebates or take other actions to ensure affordability.</p> <p>Within "months" of enactment would require all policies, including grandfathered plans, to cover adult dependents up to age 26, prohibit</p>	<p>The reconciliation package does not change many of market reform provisions contained in H.R. 3590.</p> <p>However, it does extend certain market reform provisions of H.R. 3590 to "grandfathered" plans" relative to lifetime and annual dollar limits, rescissions, employer plan waiting periods and coverage of dependent children to age 26 within six months of enactment. For grandfathered group health plans, preexisting condition waiting periods are banned beginning with plan years starting in 2014. In addition, for grandfathered group</p>

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	<p>impact the market reforms in the bill will have on the large group market, if they increase adverse selection and if they will increase the incentive to self-fund.</p> <p>Requires the Secretary of Labor, within a year of the enactment of this bill, to begin annual studies on self-funded plans.</p> <p>Coverage must be offered on a guarantee issue basis in all markets and be guarantee renewable. Exclusions based on preexisting conditions and policy rescissions would be prohibited in all markets.</p> <p>Small group coverage is defined as up to 100 employees. States may also elect to reduce this number to 50 for plan years prior to January 1, 2016.</p> <p>Prohibits any annual limits or lifetime limits in group or individual plans after 2014. Between now and then, the only limits allowed</p>	<p>impose strict modified community rating standards consisting of variances only by family enrollment, geographic, and age bands that would limit premium differences for the oldest insured individuals to differ from the youngest insureds by a ratio of 2:1.</p> <p>No premium variations would be permitted for health status, gender, class of business, claims experience or any other factor not specifically described in the legislation.</p>	<p>rescissions, include stronger appeals processes, and require annual state rate review backed up by the new federal authority. Beginning in 2014, requires all plans to ban lifetime and annual limits, ban preexisting condition exclusions and prohibit discrimination in favor of highly compensated individuals.</p> <p>By 2018, all plans, including grandfathered plans will have to cover preventive care with no cost-sharing.</p> <p>While not specifically addressed in the summary, the President's website on his reform proposal indicates his bill will, once the exchanges are up and running, ban carriers from denying coverage or setting premiums based of your health status, medical history, genetic information or evidence of domestic violence or setting different premiums based on gender or salary. The website</p>	<p>plans until 2014, the coverage to age 26 provisions only apply to those dependents that do not have another source of employer-sponsored health insurance.</p> <p>The bill also eliminates the requirement in H.R. 3590 that dependents up to age 26 be unmarried and clarifies that the group health insurance income tax exclusion is extended to dependents up to age 26.</p>

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	<p>are for nonessential benefits.</p> <p>All group plans, except self-funded, would also be subject to cost-sharing limitations and preventive care would have been covered first-dollar.</p> <p>Group and individual plans will have to have an external appeals process that meets or exceeds state law on the subject, meets or exceeds the NAIC external review model act requirements or complies with a regulation the Secretary of DHHS will promulgate on the topic. Grants the Secretary of DHHS authority over the external review process and certification of plans.</p>		<p>also calls for unspecified limits on age rating.</p>	
<p>Exchanges/ Information Portals</p>	<p>Beginning no later than July 1, 2010, requires the states and the Secretary of DHHS to develop information portal options for state residents to obtain uniform information on sources of affordable coverage, including an Internet site. Information must be provided on private health</p>	<p>The bill would create a national Health Insurance Exchange to be administered by a new federal Agency, the "Health Choices Administration," governed by a Commissioner to be appointed by the President.</p>	<p>The summary states that the bill will create a new insurance marketplace that lets individuals and families without coverage and small business owners pool their resources and increase their buying power to make insurance more affordable.</p>	<p>The reconciliation package would not change the Exchange provisions of H.R. 3590 other than to allow U.S. territories to create Exchanges and clarify for funding purposes a U.S. territory that establishes an Exchange will be treated like a state for funding purposes.</p>

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	<p>coverage options, Medicaid, CHIP, the new high-risk pool coverage and existing state high-risk pool options.</p> <p>Beginning January 1, 2014 each state must create an Exchange so as to facilitate the sale of qualified benefit plans to individuals. In addition the states must create "SHOP Exchanges" to help small employers purchase such coverage. The state can either create one exchange to serve both the individual and group market or they can create a separate individual market exchange and group SHOP exchange.</p> <p>Beginning in 2014 would require employers to give a voucher to use in the individual market or exchange to their lower-income employees who would normally be ineligible to purchase subsidized coverage through the exchange instead of participating in the employer-provided plan. The value of vouchers would be</p>	<p>The categories of people and businesses qualified to purchase coverage through the Exchange would be phased in over three year's time to up to 100 employees and the Commissioner has the authority to expand the exchange to larger groups after that.</p> <p>Once someone is deemed eligible to participate in the Exchange, they will remain eligible until they qualify for Medicare, regardless of their other coverage options.</p> <p>States would be allowed to transition their Medicaid populations to the Exchange—with appropriate supplemental wrap-around coverage—after five years.</p> <p>Also, states could establish their own Exchanges, provided that no more than one Exchange operates in any State. However, the new federal Commissioner would retain enforcement authority and could terminate the state Exchange at any time.</p>	<p>Group sizes, pooling requirements, the role of the states and other requirements are not defined.</p> <p>In some places the website and summary refer to a singular exchange and in other places the plural term exchanges is used, implying that multiple exchanges, perhaps state-based will be allowed.</p> <p>According to the website, Members of Congress will be required to obtain coverage through their exchange.</p> <p>The President's website calls for a new website to help consumers compare different insurance coverage options along with state-by-state health care consumer assistance and ombudsman for any of their health insurance questions.</p>	

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	<p>adjusted for age, and the vouchers would be used in the exchanges to purchase coverage that would otherwise be unsubsidized. The employee can also keep amounts of the voucher in excess of the cost of coverage elected in an exchange without being taxed on the excess amount.</p> <p>The bill allows for grants to the states to create the exchanges, but they must be self-sustaining by January 1, 2015.</p> <p>Stand-alone child- only and dental plans would also be allowed to be offered through the state-based exchanges.</p> <p>States would have to consult with stakeholders in exchange development, including agents and brokers.</p> <p>Plans offering coverage through the exchange would have to submit premium increase justification through the exchange</p>	<p>Allows people to stay on COBRA without time limits until the exchange is up and running.</p> <p>There are also limitations on public funding in exchange policies relative to abortion services.</p>		

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	<p>prior to implementation and the exchange could use this information and premium increase patterns to deny a carrier the ability to sell exchange-based policies.</p> <p>States could create multiple exchanges under specified circumstances.</p> <p>The individual low-income tax credits created would only apply to U.S. citizens or legal residents who purchase individual coverage through the exchange or do not have access to affordable employer-sponsored coverage and purchase policies through the exchange.</p> <p>Creates specific requirements for the Secretary of DHHS in establishing the exchanges, including standardized applications, quality information, formats for presenting insurance options available through the exchange, and marketing</p>			

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	<p>requirements.</p> <p>States could require additional mandated benefits on exchange-based policies, but would have to assume the additional cost of the subsidized coverage relative to the mandates they impose.</p> <p>The exchanges will be based on a model web-based portal to direct individuals to insurance options and provide a tax credit calculator and determine public program eligibility.</p> <p>Carriers must pool all risks in the individual market (inside and outside the exchange) in a single risk pool, excluding grandfathered plans.</p> <p>Carriers must pool all risks in the small group market (inside and outside the exchange) in a single risk pool, excluding grandfathered plans.</p> <p>States can elect to merge the two</p>			

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	<p>pools of risk.</p> <p>Individual and small group markets outside of the exchange are specifically permitted.</p> <p>Beginning July 1, 2014, all members of Congress and Congressional employees must purchase their employer-sponsored health insurance coverage through a state-based exchange rather than using the traditional Federal Employees Health Benefits Plan. However, there is no penalty to transfer to a minimum benefit plan offered outside the exchange if you are eligible.</p> <p>Initially the exchanges would be limited to individual and small group purchasers, but after January 1, 2017 states may allow large groups (over 100) to purchase coverage through the exchanges.</p> <p>Provides for some flexibility and</p>			

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	<p>NAIC interaction for state-based exchange creation.</p> <p>Calls for federal fall-back enforcement with the Secretary of DHHS to create an exchange for a state if a state does not create an exchange by January 1, 2014.</p> <p>Includes grandfathering provisions for existing state-based exchanges that meet specified criteria and were in existence before January 1, 2010.</p> <p>There are also limitations on public funding in exchange policies relative to abortion services.</p>			
Essential Benefits	<p>The bill requires the Secretary of DHHS to establish a standard of essential benefits that would be used to determine four types of coverage packages (bronze, silver, gold and platinum) of varying actuarial values. All individual and small group insurers would have to offer, at minimum, plans in the silver and gold values.</p> <p>The essential benefits determined</p>	<p>A new independent Advisory Committee with practicing providers and other health care experts, chaired by the Surgeon General, will recommend a benefit package based on standards set in the law.</p> <p>This new essential benefit package will serve as the basic benefit package for coverage in the exchange and over time will</p>	<p>The President's website on his plan states that certain unspecified minimum benefits will have to be covered and that cost-sharing on certain unspecified benefits will be limited.</p>	<p>The reconciliation package would not change the essential benefit provisions of H.R. 3590.</p>

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	<p>by the Secretary must include coverage of the following services: ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental health and substance use disorder services, including behavioral health treatment, prescription drugs, rehabilitative and habilitative services and devices, laboratory services, preventive and wellness services and chronic disease management, and pediatric services, including oral and vision care.</p> <p>In addition to the benefits that must be included, there can be no cost-sharing for preventive care and there are specified cost-sharing limits for plans, with separate limits for self-only coverage and indexed deductible limitations for employer-sponsored plans.</p> <p>Each level of coverage must meet its own actuarial value of the mandatory covered services as</p>	<p>become the minimum quality standard for employer plans.</p> <p>The basic package will include preventive services and well child care with no cost-sharing, hospitalization, outpatient hospital and outpatient clinic services, including emergency department services, physician and other health professional services, prescription drugs, rehabilitative services, mental health, behavioral health and substance use services, durable medical equipment, prosthetics and orthotics, maternity care, well baby and well child care and oral health, vision, and hearing services, equipment and supplies up to 21 years of age.</p> <p>The out-of-pocket maximum will be \$5,000 for individuals and \$10,000 for families, indexed to the CPI. Copayments are preferred over co-insurance.</p> <p>There will be three levels</p>		

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	<p>determined by the Secretary of DHHS. Bronze level policies must equal 60% of the value of the benefits, silver 70%, gold 80% and platinum 90%.</p> <p>A separate catastrophic-only policy would be available for those 30 and younger.</p> <p>Plans can offer child-only coverage through the exchanges to meet the child-specific benefit provisions.</p> <p>Requires group and individual plans to cover emergency care services even if the provider is not a participating provider at in-network rates, using a reasonable layperson definition of emergency services.</p> <p>Requires plans that make beneficiaries establish a primary care provider to allow the beneficiary to set any available participating provider their primary care physician. Requires that pediatricians be allowed to be set</p>	<p>(actuarially equivalent) of coverage. The basic package will look at the benefits above, as modified by the Health Benefits Advisory Committee, and be required to provide the required benefits, with no more than 30% cost-sharing (not counting premiums).</p> <p>The enhanced package will consist of the same benefits, but with 15% cost-sharing.</p> <p>The premium plan will be designed so that benefits are actuarially equivalent to 95% of the value of the reference benefits.</p>		

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	<p>as primary care providers.</p> <p>Prohibits the requirement of authorizations or referrals for OB/GYN services.</p> <p>Requires coverage of clinical trial participation.</p>			
<p>Government-Run Public Plan Option</p>	<p>The government-run public plan option was eliminated from the Senate bill by the Manager's amendment, but it creates multistate plans to be offered through the exchange, provided by private insurers and administered by the federal Office of Personnel Management (OPM).</p> <p>At least two multistate plans must be offered through each state exchange and offer individual and small group coverage, and one must be offered by a non-profit entity. Multistate plans must operate under specified standards.</p> <p>States can require that multistate plans offer additional benefits that</p>	<p>The measure would create a government-run public plan option that would be made available to consumers purchasing coverage through the Exchange.</p> <p>The bill states the plan shall comply with requirements related to other Exchange plans, and offer basic, enhanced, and premium plan options.</p> <p>Premiums will be established according to exchange rules for other plans.</p> <p>The public plan will be initially financed by unlimited start-up funding provided by Secretary of DHHS, but eventually it must be</p>	<p>Not addressed.</p>	<p>The reconciliation package does not address the creation of a government-run plan option, nor does it make any changes to the multistate or national plan provisions contained in H.R. 3590.</p>

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	<p>are more expensive than what is required federally, but then the states are responsible for the increased cost of exchange subsidies for the provision of those benefits. In addition, if a state imposes stricter age bands than what are imposed nationally (3:1) then the multistate plan has to comply with the state rules.</p> <p>Insurers who contract to be multistate plans must offer qualified coverage in 60% of states the first year of participation, working up to 100% of states by year four of participation.</p> <p>Although OPM also operates Federal Employees Health Benefits Plan (FEHBP), the two programs must have completely separate risk pools. Also OPM cannot divert funds or resources away from FEHBP to operate the multistate plan program.</p> <p>Also give states the option of establishing a federally-funded</p>	<p>self-sustaining.</p> <p>The Secretary will negotiate rates for providers that are not higher than the average reimbursement rates paid by private plans offered through the Exchange.</p> <p>Medicare providers will be assumed to participate, unless they specifically opt-out.</p> <p>The public option will establish a formulary for prescription drugs and PBMS operating with the plan will be subject to new transparency requirements.</p>		

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	<p>non-Medicaid state plan for people between 133-200% FPL who do not have access to affordable employer-sponsored coverage and would otherwise be eligible for subsidized coverage through a state-based exchange. The funding for this program will come from the subsidy dollars.</p> <p>Requires the Secretary to certify that participating individuals do not have to pay more in premiums and cost-sharing than they would have paid under qualified health plans, and that the plans cover essential health benefits.</p> <p>If a state elects this option, the basic health plan choices will be the only subsidized coverage options available to qualified state residents in this income bracket. Upper income individuals would still have access to subsidized private coverage options through the state-based exchange.</p> <p>States that do not create a basic</p>			

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	<p>health care plan would still have subsidized coverage available to residents in this income level and upper income levels through coverage purchased in the state exchange.</p> <p>Also establishes a HRSA grant 10-state demonstration project to create state-based non-profit/private partnerships to provide coverage to the uninsured at reduced fees.</p>			
Cooperatives	<p>Authorizes \$6 billion in federal funding to be distributed before July 1, 2013 for states to create Consumer Operated and Oriented Plan (Co-op) programs for non-profit member-run health insurance companies. The Co-op plans would compete on a level playing field (including by negotiating provider rates, meeting state solvency standards and complying with all applicable state laws for health insurers) with other private plan options in a reformed individual and small group health insurance market. In order to</p>	<p>Provides start-up loans to establish not-for-profit or cooperative plans that compete with private insurers and the public option in the Exchange.</p>	<p>Not addressed.</p>	<p>The reconciliation package would not change the Consumer Operate and Oriented Plan (Co-op) provisions of H.R. 3590.</p>

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	<p>receive Co-op funding loans or grants, which will be distributed by the Secretary of DHHS, an organization must meet a number of specified criteria. Co-op start-up loans and grants must be repaid within 5-15 years.</p>			
<p>State-Level Opt Out Provisions</p>	<p>Beginning in 2014, allows states to apply for a waiver for up to 5 years of requirements relating to qualified health plans, exchanges, cost-sharing reductions, tax credits, the individual responsibility requirement, and shared responsibility for employers.</p> <p>The state would receive the aggregate amount of tax credits and cost-sharing reductions that would have been paid to residents of the state in the absence of a waiver.</p> <p>The state would be required by the DHHS Secretary to provide coverage that is at least as comprehensive and affordable, to at least a comparable number of residents, as this title would</p>	<p>No provision.</p>	<p>Not specifically addressed, although the website does allude to state flexibility and waivers in a number of areas.</p>	<p>The reconciliation package would not change the state-level opt-out provisions contained in H.R. 3590.</p>

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	provide; and that it will not increase the Federal deficit.			
Risk Adjustment	<p>Within 90 days of enactment, any individual who has been uninsured for at least 6 months and has a preexisting medical condition can receive coverage through a high risk pool, which may be a national high risk pool created by DHHS or another arrangement made with a state by DHHS (state high risk pool) that will exist until January 1, 2014 and be funded through a \$5 billion federal appropriation. Premiums will be capped.</p> <p>As the market reforms take effect in January 2014, the temporary high-risk pool coverage will end and covered individuals will be transitioned to the exchanges.</p> <p>Within 90 days of enactment also creates a temporary reinsurance program to provide assistance to qualified employer-sponsored retiree health plans for early retirees (age 55-64). This program would reimburse employers</p>	<p>The bill requires the new federal Health Choices Commissioner to establish for the exchange a mechanism whereby there is an adjustment made of the premium amounts payable” to plans to reflect differing risk profiles in a manner that minimizes adverse selection—and leaves to the Commissioner to determine all of the details of this mechanism.</p> <p>Creates an interim temporary national high-risk pool for those who have been uninsured and/or denied coverage due to preexisting conditions until the market reforms and exchange are fully implemented.</p>	Not addressed in the President's summary. The website calls for a federal reinsurance program to help employers providing coverage to early retirees.	The reconciliation package would not change the risk-adjustment provisions contained in H.R. 3590.

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	<p>retrospectively 80% of claims between \$15,000-90,000, which will be indexed for inflation. It will end on January 1, 2014 and be financed by a \$5 billion appropriation.</p> <p>Reinsurance From 2014-2016 a reinsurance program would be in effect for the individual and group markets and all carriers would be required to contribute \$25 billion total to a non-profit reinsurance entity over the two year period to finance the program.</p> <p>Reinsurance payments would be transparent to the individual and be made based on a list of 50-100 high-risk medical conditions to be developed by the American Academy of Actuaries.</p> <p>The reinsurance program would operate at the state level based on a model to be developed by the NAIC, with federal fallback enforcement through DHHS. State</p>			

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	<p>high risk pools can be converted for this purpose.</p> <p>Risk Corridors After reinsurance is applied, mandatory risk corridors in 2014-2016 modeled those used for PPO organizations in Medicare Part D will be provided to plans that choose to participate. These risk corridors would provide relief on staggered basis to plans with allowable cost that exceed 103% and require payment on a staggered basis from those with costs less than 97 percent.</p> <p>Risk adjustment applies to plans in the individual and group markets, but not to grandfathered health plans.</p>			
Employer Mandate	Employers do not have to offer coverage, but if they employ more than 50 full-time employees they must pay a fine of \$750 per year for each full time employee they don't cover. Coverage must meet	All employers must offer coverage through either Qualified Health Benefit Plans (QHBP) or grandfathered plans as permitted. Employers would be required to pay 72.5% of the cost of	Exempts small business owners with less than 50 employees from all employer responsibility requirements. Uses the Senate model of	The reconciliation bill increases the annual fine specified in H.R. 3590 from \$750 to \$2000, but exempts the first 30 employees from the fine (i.e., if you employ 51 employees and don't provide

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	<p>the essential benefits requirements in order to be considered compliant with the mandate. For the construction industry only, the responsibility requirement to provide affordable coverage applies to employers of more than 5 people with annual payrolls of more than \$250,000. An employer with more than 50 full-time employees that requires a waiting period before an employee can enroll in health care coverage will pay \$600 for any full-time employee subject to more than a 60- day waiting period.</p> <p>An employer with more than 50 employees that does offer coverage but has at least one full-time employee receiving the premium assistance tax credit will pay the lesser of \$3,000 for each of those employees receiving a tax credit or \$750 for each of their full-time employees total. The Secretary of Labor shall conduct a study to determine whether employees' wages are reduced by</p>	<p>acceptable coverage for individuals and 65% for family coverage, and part-time employees must be covered on a pro-rated basis based on average hours worked.</p> <p>In lieu of paying for coverage, the measure creates a "pay or play" option allowing the employer to pay instead 8% of wages to the Commissioner.</p> <p>Small employers with annual payroll up to \$500,000 will be exempt from the requirement. Employers with \$500,001-\$585,000 in annual payroll would pay a fee of 2%, employers with annual payroll of \$585,001-\$670,000 would pay a fee of 4%, and employers with annual payroll of \$670,001-\$750,000 would pay a fee of 6% for non-compliance.</p>	<p>requiring employers to provide coverage, but fining those that do not. It increases the annual fine from \$750 to \$2000, but exempts the first 30 employees from the fine (i.e., if you employ 51 employees and don't provide coverage, you would pay the fine for 21 employees).</p> <p>Allows for a 90-day waiting period for coverage and does not apply the fine to any employee in the waiting period.</p>	<p>coverage, you would pay the fine for 21 employees).</p> <p>For employers that use a benefits waiting period of up to 90 days, as per the specification in H.R. 3590, the fine will not apply to any employee in the waiting period.</p>

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	reason of the application of the assessable payments.			
Individual Mandate	<p>Requires that effective after December 31, 2013, all American citizens and legal residents purchase qualified health insurance coverage. Qualified coverage includes the multistate plans, coverage purchased through the individual market, and qualified employer-sponsored coverage, and Individuals in grandfathered plans meet the terms of the mandate.</p> <p>Exceptions are provided for religious objectors, individuals not lawfully present and incarcerated individuals.</p> <p>Exemptions from the penalty will be made for those who cannot afford coverage, taxpayers with income under 100 percent of poverty, members of Indian tribes, those who have received a hardship waiver and those who were not covered for a period of less than three months during the</p>	<p>The legislation creates an individual mandate to maintain acceptable coverage with a federal income tax penalty equal to 2.5% of the excess of the taxpayer's adjusted gross income over the threshold amount or the average premium in the exchange.</p> <p>The tax shall not exceed the applicable national average premium for individual or family coverage pro-rated for partial year failures.</p> <p>Acceptable coverage includes QHBPs, a grandfathered plan, Medicare, Medicaid, tribal coverage TRICARE and VA coverage.</p> <p>Any entity providing acceptable coverage to individuals must provide them with annual documentation of coverage.</p> <p>Hardship waivers are included.</p>	<p>The summary includes an individual mandate to purchase coverage modeled on the Senate bill, but changes the penalty amounts. The penalty for not maintaining coverage is an excise tax penalty of a flat dollar amount per person or a percentage of the individual's income equal to the higher of: (1) 2.5% of taxable (gross) household income capped at the insurance premium rate for the person's family that phases in beginning in 2014 and becomes fully effective in 2017, or (b) a fixed dollar amount that phases in beginning with \$325 penalty in 2014 to a \$695 penalty in 2016, indexed for inflation thereafter.</p> <p>Individuals with family incomes below the federal income tax filing threshold would be exempt, and the Senate hardship exemption language applies as well.</p>	<p>The reconciliation package changes the excise tax penalty for non-compliance. The penalty structure is now either a flat dollar amount per person or a percentage of the individual's income, whichever is higher. In 2014 the percentage of income determining the fine amount will be 1%, then 2% in 2015, with the maximum fine of 2.5% of taxable (gross) household income capped at the average bronze-level insurance premium (60% actuarial) rate for the person's family beginning in 2016. The alternative is a fixed dollar amount that phases in beginning with \$325 per person in 2015 to \$695 in 2016.</p> <p>The reconciliation package also exempts those with incomes below the federal tax filing threshold from the tax.</p>

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	<p>year.</p> <p>Individuals must report on their federal income tax returns the months of the year for which they had qualified health insurance coverage. Health plans, including self-funded employer plans and public programs, must also provide documentation to individuals and the IRS.</p> <p>The penalty for not maintaining coverage is an excise tax penalty of a flat dollar amount per person or a percentage of the individual's income equal to the higher of: (1) 2% of taxable (gross) household income capped at the average bronze-level insurance premium (60% actuarial) rate for the person's family; beginning in 2016, or (b) a fixed dollar amount that phases in beginning with \$495 per person in 2015 to \$750 in 2016, with a 50% penalty for children up to an annual maximum of \$2250 in 2017.</p>			
ERISA	Requires employers of 200 or	This legislation would have a	Not specifically addressed,	The reconciliation package makes

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	<p>more employees to auto-enroll all new employees into any available employer-sponsored health insurance plan. Waiting periods in existing law can apply. Employees may opt out if they have another source of coverage.</p> <p>Requires all employers provide notice to their employees informing them of the existence of an Exchange.</p> <p>Self-funded plans would be required to report coverage status data on all plan participants to the IRS annually as part of the individual mandate.</p> <p>Coverage plans must comply with the terms of the employer mandate (minimum standard for benefit plans) that would apply to all size groups (regardless of whether insured or self-funded) or pay a penalty.</p> <p>Requires employers to report the value of health benefits on W-2</p>	<p>significant impact on self-funded group health plans in that it (1) would end ERISA's preemption by exposing self-funded groups to potential state criminal and civil actions.</p> <p>Would create new tax on self-funded groups to fund comparative effective research.</p> <p>Would require federal approval of ERISA health plans (similar to the requirement for retirement plans under ERISA).</p> <p>Would require all health plans, whether fully insured or self-funded, to issue coverage regardless of health status, and would eliminate the use of pre-existing conditions exclusions and annual or lifetime limits on benefits. Dependents would have to be covered to age 26.</p>	<p>although a number of the summary provisions appear to apply to all health plans. The website also indicates the president's plan will include auto-enrollment provisions for health plan coverage.</p>	<p>changes to the structure and amount of the employer responsibility provisions that would also apply to self-funded plans government by ERISA.</p> <p>The reconciliation bill increases the annual fine for large employers that do not provide adequate and affordable coverage to their employees specified in H.R. 3590 from \$750 to \$2000, but exempts the first 30 employees from the fine (i.e., if you employ 51 employees and don't provide coverage, you would pay the fine for 21 employees).</p> <p>For employers that use a benefits waiting period of up to 90 days, as per the specification in H.R. 3590, the fine will not apply to any employee in the waiting period.</p>

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	forms, and businesses that receive subsidies for providing prescription drug plans valued at as much as Medicare Part D for their retirees no longer would be allowed to exclude the subsidy payments from their gross income under the bill.			
Ability to Keep Your Current Coverage	Individuals and employer group plans that wish to keep their current policy on a grandfathered basis would only be able to do so if the only plan changes made were to add or delete new employees and any new dependents. In addition, an exception is made for employers that have scheduled plan changes as a result of a collective bargaining agreement.	<p>Existing individual policies would only be able to be retained if the only change to the policy was to add or delete a dependent.</p> <p>Group plans would be allowed to phase in reform requirements over 5 years, eventually these plans would have to change to meet the terms of the proposed individual and employer mandates.</p>	<p>The summary indicates that you will be able to keep your current plan coverage if you wish, but extends a number of market reforms to "grandfathered" plans within months of enactment, including covering adult dependents up to age 26, prohibiting rescissions, including stronger appeals processes, and requiring annual state rate review backed up by the new federal authority.</p> <p>Beginning in 2014, requires all plans, including grandfathered plans, to ban lifetime and annual limits, ban preexisting condition exclusions and prohibit discrimination in favor of highly compensated individuals.</p>	The reconciliation package would require plans that were grandfathered under H.R. 3590 to abide by the market reform requirements specified in H.R. 3590 relative to lifetime and annual dollar limits, rescissions, employer plan waiting periods and coverage of dependent children to age 26 within six months of enactment. For grandfathered group health plans, preexisting condition waiting periods are banned beginning with plan years starting in 2014. In addition, for grandfathered group plans until 2014, the coverage to age 26 provisions only apply to those dependents that do not have another source of employer-sponsored health insurance.

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			<p>By 2018, all plans, including grandfathered plans, will have to cover preventive care with no cost-sharing.</p>	
<p>HSAs, HRAs, FSAs</p>	<p>The bill assumes inclusion of consumer directed and account-based products like HSAs, HRAs and FSAs and clearly includes them in the outlines of minimal creditable coverage. The 60% minimum actuarial value for Bronze level plans should be sufficient to cover many account-based consumer directed high-deductible plans.</p> <p>The definition of medical expenses for purposes of employer provided health coverage (including HRAs, HSAs and FSAs) to the definition for purposes of the itemized deduction for medical expenses. This change means that over-the-counter prescription drugs may not be reimbursed through HRAs, HSAs and FSAs.</p> <p>The bill also increases the tax on</p>	<p>The bill does not directly restrict HSAs, but 70 percent minimum actuarial value equivalents are insufficient to meet HSA qualified high deductible health plan requirements.</p> <p>Prohibition of over-the-counter drugs as an eligible expense in HSAs, HRAs, and FSAs.</p> <p>Limits FSA contributions to \$2500 (not indexed for inflation).</p> <p>Increases the tax on distributions from a health savings account that are not used for qualified medical expenses to 20% (from 10%).</p>	<p>According to the website, the President's plan will impose an additional 10 percent penalty on non-health withdrawals from HSAs and Archer MSAs and limit Flexible Spending Accounts under cafeteria plans to \$2,500.</p>	<p>The reconciliation package delays implementation on the H.R. 3590 provisions that limit FSA contributions for medical expenses to \$2,500 per year with the limit indexed for inflation from 2011 to 2013.</p>

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	<p>distributions from a health savings account that are not used for qualified medical expenses to 20% (from 10%).</p> <p>The bill limits FSA contributions for medical expenses to \$2,500 per year with the limit indexed for inflation.</p>			
Minimum Loss Ratios	<p>Starting on January 1, 2011, creates a minimum loss ratio requirement that applies to all fully insured plans including grandfathered plans. The MLR is 85% for large group plans and 80% for individual and small group plans (100 and below). Allows the Secretary of DHHS to make adjustments to the percentage if it proves to be destabilizing to the individual or small group markets.</p> <p>The amendment creates a premium rebate to individuals for plans that fail to meet the minimum MLR. The calculation is independent of federal or state taxes and any payments as a result of the risk adjustment or</p>	<p>All qualified health benefits plans will have to operate with a minimum loss ratio of 85%. If non-claims costs exceed 15%, beneficiaries must be rebated on a pro-rata basis for the excess.</p>	<p>The official summary does not address a minimum loss ratio requirement, the President's website on the bill summary says the bill will include provisions to provide rebates to consumers from insurance companies when they spend a large percentage of consumers' premiums on advertising, bonuses and other administrative expenses instead of patient care.</p> <p>The bill will also include a preview of unreasonable insurance premium increases and rebates if unjustified; health insurers with a pattern of excessive rate increases can be blocked from selling through new insurance exchanges.</p>	<p>The reconciliation package would not change the minimum loss ratio requirements in H.R. 3590 for individual, small group or large group health plans. However, it does require Medicare Advantage plans to maintain an 85% MLR or face termination from the program.</p>

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	<p>reinsurance provisions.</p> <p>Requires the National Association of Insurance Commissioners (NAIC) to establish uniform definitions regarding the MLR and how the rebate is calculated by December 31, 2010.</p> <p>The legislation also gives the Secretary of DHHS, in conjunction with the states, new authority to monitor health insurance carrier premium increases beginning in 2010 to prevent unreasonable increases and publicly disclose such information. Carriers that have a pattern of unreasonable increases may be barred from participating in the exchange. In addition, \$250,000,000 is appropriated for state grants to increase their review and approval process of health insurance carrier premium rate increases.</p>		<p>While this is not included in the summary, the President's website says his bill will require public disclosure by insurance companies of the amounts they spend on administrative expenses including advertising, profits and salaries compared to what they spend for care.</p>	
<p>New Regulatory Entities</p>	<p>The legislation provides \$30 million in federal funds to help states establish health insurance ombudsman offices or consumer</p>	<p>The measure provides for the creation of several new government entities to regulate the purchase of health insurance</p>	<p>The summary calls for the creation of a new federal Health Insurance Rate Authority.</p>	<p>The reconciliation package does not substantially change the structure of new federal regulatory entities created by H.R. 3590.</p>

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	<p>assistance offices. These offices will provide assistance with claims, appeals, provide uniform enrollment information and assist with questions about subsidies.</p> <p>The bill also requires or encourages the creation of a number of new state-level entities including the state-based exchanges, the Co-ops and their related purchasing council, among others.</p>	<p>coverage including a new government agency, the "Health Choices Administration," governed by a Commissioner who would be appointed by the President and charged with governing the Exchange, enforcing plan standards, and distributing taxpayer-funded subsidies.</p> <p>There would also be a Health Insurance Ombudsman appointed by the new Commissioner to receive and provides assistance with complaints, grievances, and requests for information; handle disenrollment problems; provide assistance to individuals selecting plans, and give assistance to individuals with affordability credits.</p> <p>Finally the bill would establish a new government health board called the "Health Benefits Advisory Committee," chaired by the Surgeon General, to make recommendations on minimum federal benefit standards and cost-</p>		

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<p>Medicaid Expansion</p>	<p>Expands Medicaid coverage to all individuals with incomes up to 133% of the FPL effective January 1, 2014.</p> <p>Creates a new state option to provide Medicaid coverage through a state plan amendment beginning on January 1, 2011.</p> <p>States would be required to maintain current Medicaid income eligibility levels and funding for all populations upon enactment of this measure would be phased out beginning in January 2014 for the adult population and in 2019 for children.</p> <p>Requires that the federal government pay for the entire share of the Medicaid expansion for all states until 2017, then phases out the increased federal match over time. Provides that the federal government will always pay for entire the Medicaid expansion population in perpetuity for the</p>	<p>sharing levels.</p> <p>Would expand Medicaid coverage to all individuals with incomes up to 150% of the FPL, eliminates the asset test for all groups except those receiving long-term care and prohibits the upper income Medicaid beneficiaries from obtaining other private coverage through the exchange. The cost of this expansion would be shared by states and the federal government.</p>	<p>According to the President's website, beginning in April of 2010, States will be allowed to expand Medicaid eligibility to more individuals. Starting on January 1, 2014, his proposal would raise Medicaid eligibility levels for all individual to 133% FPL.</p> <p>Calls for federal payment for the expansion population at 100% between 2014 and 2017, 95% of the costs between 2018 and 2019, and 90 percent matching for subsequent years.</p> <p>All states will be treated equally and will not receive any special matching rates under this provision</p> <p>The website states the President's bill will retain the CHIP program and require state maintenance of effort for income eligibility levels for CHIP through September 30, 2019 with funding extended through FY2015. Starting in FY2016, States will</p>	<p>Modifies the provisions of H.R. 3590 relative to Medicaid by establishes that the federal government will pay 100% of the cost of the new expansion population until 2016, not 2017. Starting in 2017, all states except for the expansion states (including Nebraska), will then have to begin to have to pay a phased in amount of the cost of covering the expansion population, so that the federal government's match is 90% in 2020 and the out-years.</p> <p>For expansion states (where the state is already covering these adults through their Medicaid programs), reduces the amount they are currently paying to cover this population by 50% in 2014 and gradually increases the amount of the federal share, so that by 2019, all states are paying the same amount for the non-pregnant adult Medicaid population.</p> <p>Makes changes to lower the</p>

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	<p>state of Nebraska.</p> <p>Expands Medicaid funding for the states of Vermont and Massachusetts.</p> <p>States would be required to offer premium assistance and Medicaid wrap-around benefits to Medicaid beneficiaries who are offered employer-sponsored coverage if cost-effective to do so, under terms outlined already in current law.</p> <p>Retains the current CHIP program structure under an enhanced federal cost match rate and requires reauthorization of CHIP by September 30, 2015.</p>		<p>receive a 23% increase to their CHIP matching rate to help them cover children under the program.</p>	<p>disproportionate share hospitable (DSH) payment structure and moves up the reduction in payments 2014.</p> <p>Prevents states from lowering the amount they pay Medicaid primary care providers to less than 100% of Medicare rates in 2013 and 2014, and provides additional federal funds to states to ensure compliance.</p>
<p>Individual Subsidies</p>	<p>Creates a complex system of sliding-scale tax credits for people with incomes between 100% and 400% of the FPL.</p> <p>The subsidies would only be available to legal U.S. residents and U.S. citizens who purchase individual coverage through the</p>	<p>The legislation creates a complicated system of sliding-scale tax credits for people with incomes between 100% and 400% of the FPL.</p> <p>The subsidies would only be available through the Exchange.</p>	<p>The summary also contains a complex system of sliding-scale tax credits for people with incomes between 100% and 400% of the FPL available only through the exchange. However, it redistributes the amounts people may receive by income, so that those who earn under \$55K per</p>	<p>The reconciliation makes slight changes to the sliding-scale tax credit formula for people with incomes between 100% and 400% of the FPL purchasing coverage through the Exchange. It provides slight increases to the subsidy amounts for all subsidy-eligible individuals and increases the cost-</p>

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	<p>exchanges or do not have access to affordable employer-sponsored coverage and purchase policies through the Exchange.</p> <p>An employee with employer plan coverage that meets the standards of the coverage may not opt out of that coverage for subsidized coverage in the Exchange unless their income is 400% of FPL or below and their employer plan coverage is deemed unaffordable (exceed 9.8% of their family income) or is not valued at 60% of the actuarial value of the essential benefits package (bronze level coverage).</p> <p>However, beginning in 2014, employers must give a voucher to use in the individual market or exchange to their lower-income employees who would normally be ineligible to purchase subsidized coverage through the exchange instead of participating in the employer-provided plan. The value of vouchers would be</p>	<p>Funding will not be provided for individuals who are not lawfully present in the United States.</p> <p>Only available to individuals without employer-sponsored coverage or those whose share of their employer-sponsored coverage is more than 12% of their family income. Medicaid and Medicare eligible individuals cannot obtain a credit.</p>	<p>year receive more assistance, and those earning more will receive the same amount of subsidy as under the House bill.</p>	<p>sharing subsidies for those making 250% FPL or less.</p> <p>However, beginning in 2019, a failsafe mechanism is applied that reduces overall premium subsidies if the aggregate amount exceeds 0.504 percent of GDP.</p>

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	<p>adjusted for age, and the vouchers would be used in the exchanges to purchase coverage that would otherwise be unsubsidized. The employee can also keep amounts of the voucher in excess of the cost of coverage elected in an exchange without being taxed on the excess amount.</p>			
<p>Small Business Assistance</p>	<p>Beginning in 2010, provides tax credits for qualified small employer contributions to purchase coverage for employees. Would apply to small employers with fewer than 25 employees and average annual wages of less than \$40,000 that purchase health insurance for their employees. The full credit will be available to employers with 10 or fewer employees and average annual wages of less than \$25,000. Small employers could receive a maximum credit of up to 50% of premiums for up to 2 years if the employer contributes at least 50% of the total premium cost. The credit would phase out entirely for employers of more than 25 employees whose average annual</p>	<p>The bill provides a health insurance tax credit for small businesses, equal to 50% of the cost of coverage for firms where the average employee compensation is less than \$20,000 for the first two years the employer provides coverage.</p> <p>Firms with 10 or fewer employees are eligible for the full credit, which phases out entirely for firms with more than 25 workers.</p> <p>Individuals with incomes of over \$80,000 do not count for purposes of determining the credit amount.</p>	<p>Provides \$40 billion in small business tax credits beginning in 2010.</p>	<p>The reconciliation package would not change the structure of the small business tax credits provided in H.R. 3590.</p>

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	<p>salaries exceeded \$40,000.</p> <p>The credit is provided in two phases. In phase one the maximum credit amount is 35% of the employee's premium costs if employer contributes at least 50% of the premium costs or 50% of the benchmark premium. In phase two, the credit only applies if the small employer purchases coverage through the exchange and only applies for two years.</p>			
<p>Wellness Provisions</p>	<p>Codifies and improves upon the HIPAA bona fide wellness program rules and increases the value of workplace wellness incentives to 50% of premiums.</p> <p>Establishes a 10-state pilot program to apply the rules to the individual market in 2014-2017 with potential expansion to all states after 2017. It also calls for a new federal study on wellness program effectiveness and cost savings.</p> <p>Creates grants for small employer-</p>	<p>Creates grants for small employer-based wellness programs.</p> <p>Creates national task forces on evidence-based prevention and wellness.</p> <p>Increases Medicare and Medicaid beneficiary access to proven preventive care services.</p>	<p>While not specifically mentioned in the summary, the President's website states the plan will include wellness program grants for small businesses and allow for improved incentives for qualified employer wellness programs. The website also calls for a variety of wellness promotion and prevention programs, mostly offered and funded through the CDC. In addition it says the President's plan will include increased wellness coverage for Medicaid and Medicare beneficiaries.</p>	<p>The reconciliation package would not change the wellness provisions contained in H.R. 3590.</p> <p>The package does appropriate \$11 billion in additional funding for community health centers over 5 years.</p>

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	<p>based wellness programs. Appropriates \$200 million in funding from 2011-2015.</p> <p>Establishes a Prevention and Public Health Investment Fund. The goal of the Investment Fund is to provide an expanded and sustained national investment in prevention and public health programs to improve health and help restrain the rate of growth in private and public sector health care costs.</p> <p>For Medicare beneficiaries, allows for coverage of an annual health risk assessment and expanded preventive care coverage.</p> <p>Provides at-risk populations who utilize community health centers with a comprehensive risk-factor assessment and an individualized wellness plan designed to reduce risk factors for preventable conditions.</p> <p>Requires the CDC to study and</p>			

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	<p>evaluate best employer-based wellness practices and provide an educational campaign and technical assistance to promote the benefits of worksite health promotion to employers.</p> <p>Expresses the sense of the Senate that the Congress should work with the Congressional Budget Office to develop better methodologies for scoring prevention and wellness programs given that results may occur outside the 5 and 10 year budget windows.</p> <p>Requires the DHHS Secretary to evaluate the effectiveness of existing Federal health and wellness initiatives. The Secretary will consider whether such programs are effective in achieving their stated goals and evaluate their effect on the health and productivity of the Federal workforce.</p>			
Agent Provisions	The bill assumes the use of health insurance agents and brokers and includes specific language to	Requires the federal Health Choices Commissioner to develop uniform marketing standards for all	Not addressed.	The reconciliation package would not change the agent provisions contained in H.R. 3590.

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	<p>ensure that agents and brokers may sell coverage, enroll individuals and assist with subsidy implementation in the Exchanges.</p> <p>The measure also gives grants to states to contract with health coverage navigators could be private and public entities that could act as facilitators for those looking for health insurance coverage to provide information about Gateways. Entities eligible to become navigators may be licensed, although the licensing provisions are not explicit enough. Navigators include trade, industry and professional organizations, unions and chambers of commerce, small business development centers, licensed agents and brokers, and others, but there is also language in the bill that states that Navigators can't be employed by health insurance carriers and language that may impact the navigator's ability to be paid a commission by the carriers.</p>	<p>entities offering Qualified Health Benefit Plans.</p> <p>Specifically says that the role of agents and brokers will be unchanged in the bill and that all qualified health benefits plans must use agents, including the public plan.</p> <p>Grants authority to the Exchange's commissioner, in consultation with the Small Business Administration, will include within the exchange the following services: "Educational activities to increase awareness of the Health Insurance Exchange and available small employer health plan options; distribution of information to small employers with respect to the enrollment and selection process for health plans available under the Health Insurance Exchange, including standardized comparative information on the health plans available under the Health Insurance Exchange; distribution</p>		

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		<p>of information to small employers with respect to available affordability credits or other financial assistance; referrals to appropriate entities of complaints and questions relating to the Health Insurance Exchange; enrollment and plan selection assistance for employers with respect to the Health Insurance Exchange; and responses to questions relating to the Health Insurance Exchange.”</p>		
<p>Coverage Across State Lines</p>	<p>Allows for the creation of interstate compacts and national plans for the sale of similar insurance products in different states.</p> <p>Creates multistate plans to be offered through the exchange, provided by private insurers and administered by the federal Office of Personnel Management (OPM).</p> <p>At least two multistate plans must be offered through each state exchange and offer individual and small group coverage, and one must be offered by a non-profit</p>	<p>Allows for the creation of interstate compacts for the sale of similar insurance products in different states and provides grants to states creating compacts.</p>	<p>Not addressed.</p>	<p>The reconciliation package would not change the interstate compact and national plan provisions contained in H.R. 3590.</p>

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	<p>entity. Multistate plans must operate under specified standards.</p> <p>States can require that multistate plans offer additional benefits that are more expensive than what is required federally, but then the states are responsible for the increased cost of exchange subsidies for the provision of those benefits. In addition, if a state imposes stricter age bands than what are imposed nationally (3:1) then the multistate plan has to comply with the state rules.</p> <p>Insurers who contract to be multistate plans must offer qualified coverage in 60% of states the first year of participation, working up to 100% of states by year four of participation.</p>			
Medical Liability Reform	<p>Includes a sense of the Senate resolution supporting state demonstration projects.</p> <p>Provides \$50 million over five</p>	<p>Allows for a new voluntary state grant program to encourage states to implement alternatives to traditional medical malpractice reforms.</p>	<p>While not specifically mentioned in the summary, the website promises to advance medical liability reform through grants to states.</p>	<p>The reconciliation package would not change the grant funding for state-based demonstration projects relative to medical liability alternatives provisions contained in</p>

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	years in grant funding for state-based demonstration projects relative to medical liability alternatives.			H.R. 3590.
Medicare Advantage	<p>Sets Medicare Advantage payments based on the average of the bids from Medicare Advantage plans in each market. Creates performance bonus payments based on a plan's level of care coordination and care management and achievement on quality rankings. Provides a four-year transition to new benchmarks beginning in 2011. Provides a longer transition of the amount of extra benefits available from plans to beneficiaries in certain areas where the level of extra benefits available is highest relative to other areas. New bidding process is expected to cut \$120 billion in funding to the MA program.</p> <p>Prohibits Medicare Advantage plans from charging beneficiaries cost sharing for covered services that is greater than what is charged under the traditional fee-</p>	<p>This legislation would reduce Medicare Advantage payment benchmarks to traditional Medicare fee-for-service levels over a three-year period.</p> <p>The bill also imposes requirements on Medicare Advantage plans to offer cost-sharing no greater than that provided in government-run Medicare, and imposes price controls on MA plans, limiting their ability to offer innovative benefit packages.</p> <p>Specifically, the bill requires MA plans to report their ratio of total medical expenses to overall costs (i.e. a medical loss ratio), requires plans with a medical loss ratio of less than 85 % to offer rebates to beneficiaries, prohibits plans with a medical loss ratio below 85 % for three consecutive years from enrolling new beneficiaries, and</p>	<p>Reduces Medicare Advantage payments by creating benchmark payments at different percentages of the current average fee-for-service payments in given areas and phases these reductions in over time. Rebates and reimbursements would be tied to quality and satisfaction measures. The plan also would require increased payment adjustments for unjustified coding patterns. The exact amount of the Medicare Advantage funding cuts in not specified, but it is indicated that the President's cuts would be greater than the \$120 billion proposed in the Senate bill.</p> <p>Closes the Medicare Part D "donut hole" by initially providing a \$250 rebate to Seniors who hit the "donut hole" in 2010 and phases it out entirely to just a 25% coinsurance payment by 2020.</p>	<p>The reconciliation package increases the total amount of cuts to the Medicare Advantage program from approximately \$120 billion in H.R. 3590 to \$202 billion. The cuts represent \$130 billion in direct reductions in payment for Medicare Advantage payments and \$70 billion due to other cuts to traditional Medicare.</p> <p>The legislation would freeze benchmark payments in 2011 and then reduces benchmark payments over 3-7 years by different percentages of fee-for-service Medicare spending by service area, but includes bonus payments for quality and enrollee satisfaction. The bill also increases CMS's regulatory authority and ability to reduce payments because of plan coding practices.</p>

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	<p>for-service program. Requires plans that provide extra benefits to give priority to cost sharing reductions, wellness and preventive care, and then benefits not covered under Medicare.</p> <p>Slightly extends the Medicare annual election period for Medicare Advantage and Part D enrollees by seven days and also moves it up to slightly earlier in the year, so that it will be October 15-December 7, rather than November 15-December 31.</p> <p>Eliminates the traditional MA OEP, but allows Medicare beneficiaries enrolled in MA or MA-PD plans to return to original Medicare in the first 45 days of the Calendar Year.</p> <p>Enhances penalties for those who do not comply with the Medicare Advantage rules, including the marketing requirements. Provides protections against Medicare Advantage benefit cuts to residents of New York,</p>	<p>exclude plans with a medical loss ratio below 85 % for five consecutive years.</p> <p>Changes the annual election period to November 1-December 15.</p> <p>Eliminates the Part D donut hole over time and provides a 50% discount for enrollees in the donut hole immediately.</p>		<p>Medicare advantage plans will also be required to maintain at least an 85% minimum loss ration, or be terminated from the program.</p> <p>Closes the Medicare Part D “donut hole” by initially providing a \$250 rebate to Seniors who hit the “donut hole” in 2010 and phases it out entirely to just a 25% coinsurance payment by 2020.</p>

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	Pennsylvania and Florida.			
Long-Term Care	<p>The bill creates a new national insurance program to help adults who have or develop functional impairments to remain independent, employed and stay a part of their communities.</p> <p>There would be a five-year vesting period before participants would be eligible for benefits. No underwriting would be required. Initial premiums are estimated at \$65 per month, although a provision was added to require that any premiums charged be actuarially sound for at least a 75 year period. Actuarially sound benefits are to be developed by the Secretary and have been estimated to begin at \$50 per day.</p> <p>Financed through voluntary payroll deductions (with opt-out enrollment similar to Medicare Part B), this program will provide a cash benefit to individuals unable to perform two or more functional activities of daily living. EMPLOYERS ARE</p>	<p>The bill creates a new national insurance program to help adults who have or develop functional impairments to remain independent, employed and stay a part of their communities.</p> <p>There would be a five year vesting period before participants would be eligible for benefits. No underwriting would be required. Initial premiums are estimated at \$65 per month, although a provision was added to require that any premiums charged be actuarially sound for at least a 75 year period.</p> <p>Actuarially sound benefits are to be developed by the Secretary and have been estimated to begin at \$50 per day.</p> <p>Financed through voluntary payroll deductions (with opt-out enrollment similar to Medicare Part B), this program will provide a cash benefit to individuals unable to perform</p>	<p>The bill creates a new national insurance program to help adults who have or develop functional impairments to remain independent, employed and stay a part of their communities.</p> <p>The summary indicates the President would change the Senate bill's provisions to ensure long-term solvency (the current program begins to lose money as soon as pay-outs begin which is five years after premiums begin to be collected) but provides no specifics as to how it would do so.</p>	<p>The reconciliation package would not change the long-term care provisions contained in H.R. 3590.</p>

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	REQUIRED TO PAYROLL DEDUCT THIS BENEFIT ON AN OPT-OUT BASIS.	two or more functional activities of daily living. EMPLOYERS ARE REQUIRED TO PAYROLL DEDUCT THIS BENEFIT ON AN OPT-OUT BASIS.		
Financing the Reforms	<p>Excise tax of 40% would apply to insurance premiums in excess of \$8,500 for individuals and \$23,000 for families. For qualified retirees and individuals in high-risk professions, the thresholds would still be \$9,850, and \$26,000 for families.</p> <ul style="list-style-type: none"> • HSAs, HRAs and FSAs included in calculation • Amounts indexed annually for inflation • 17 highest cost states allowed transitional higher amounts for 2013 (120%); 2014 (110%) and 2015 (105%) <p>Increases the Medicare payroll tax from 2.9 percent to 3.8 percent for wages and self-employment income above \$200,000 (\$250,000 married). Current 2.9 percent rate</p>	<p>Surtax on the AGI of upper-income Americans of 5.4% for joint filers making \$1 million/single filers making \$500,000 or more beginning in 2011 and thereafter. .</p> <p>Prohibition of over-the-counter drugs as an eligible expense in HSAs, HRAs, and FSAs.</p> <p>Limits FSA contributions to \$2500.</p> <p>Increases the tax on distributions from a health savings account that are not used for qualified medical expenses to 20% (from 10%).</p> <p>Pay or play payments from employers, as described above (</p> <p>Eliminates the tax deduction for retiree prescription drug coverage.</p>	<p>The Obama plan will increase the Medicare payroll tax from 2.9 percent to 3.8 percent for wages and self-employment for households with incomes exceeding \$200,000 for singles and \$250,000 for married couples filing jointly. In addition, it would add a 2.9% tax for such households on interest, dividends, annuities, royalties and rents (excluding income from active participation in S corporations).</p> <p>An excise tax of 40% would apply to insurance premiums in excess of \$27,500 for families and \$10,200 for singles beginning in 2018 and would be adjusted at the consumer price index plus one thereafter.</p> <p>The plan will impose fees on</p>	<p>The reconciliation package makes significant changes to the tax on health insurers included in H.R. 3590. While it delays the tax until 2014 and eliminates existing exemptions for certain insurers from the Senate-passed bill, it increases the amount of fees once they become effective. The fees start at \$8 billion in 2014, going up to \$11.3 billion in 2015 and 2016, \$13.9 billion in 2017, and \$14.3 billion in 2018. After 2018 the fee is indexed to the annual amount of premium growth in subsequent years. At the same time, it reduces the fee for certain tax exempt health plans by allowing them to calculate the fee based on only 50 percent of their premiums. The bill's insurer tax provisions also exempt: (1) nonprofit insurers that receive over 80 percent of their</p>

	<p>Senate Democratic Legislation, the Patient Protection and Affordable Care Act, H.R. 3590</p> <p>Status: Passed by the United States Senate (60-39) on December 24, 2009</p>	<p>House Democratic Legislation, The Affordable Health Care for America Act, H.R. 3962</p> <p>Status: Passed by the United States House of Representatives (220-215) on November 7, 2009</p>	<p>President Obama's Summary of Comprehensive Health Reform Legislation and Website</p> <p>Status: Released on February 22, 2010 in Advance of the Bipartisan Health Summit</p>	<p>The Reconciliation Package The Health Care and Education Affordability Reconciliation Act of 2010</p> <p>Status: Released on March 18, 2010</p>
	<p>retained for wages and self-employment income below this amount</p> <p>Increases penalty for "taxable distributions" for non-qualified medical expenses from HSAs (from 10% to 20%)</p> <p>Over-the-counter prescription drugs may not be reimbursed through HRAs, HSAs and FSAs.</p> <p>Limits FSA contributions for medical expenses to \$2,500 per year indexed for inflation.</p> <p>Requires employers to report the value of health benefits on W-2 forms, and businesses that receive subsidies for providing prescription drug plans valued at as much as Medicare Part D for their retirees no longer would be allowed to exclude the subsidy payments from their gross income under the bill.</p> <p>Eliminates Medicare Part D</p>	<p>2.5 percent excise tax on medical devices.</p> <p>Payments by employers to Exchanges</p> <p>Delaying Worldwide Interest Allocation until 2020</p> <p>Limiting eligibility for reduced treaty withholding rates based on residency of foreign parent</p> <p>Codification of Economic Substance Doctrine and penalties for underpayments.</p> <p>Payments from uninsured individuals.</p> <p>Cuts to Medicare Advantage Program.</p>	<p>various sectors of the health industry, including: (i) a fee on branded prescription drug pharmaceutical companies in proportion to their federal sales; (ii) an excise tax on medical devices; (iii) an annual fee on health insurance companies (which is delayed to 2014); and (iv) an excise tax on indoor tanning services.</p> <p>According to the website, the President's plan will impose an additional 10 percent penalty on non-health withdrawals from HSAs and Archer MSAs; limit Flexible Spending Accounts under cafeteria plans to \$2,500; eliminate, starting in 2012, the deduction for employer subsidies for retiree drug coverage under Part D; raise the floor on the itemized deduction for major medical expenses to 10 percent of AGI for the non-elderly and non-disabled; and limit excessive compensation paid by certain health insurance companies.</p>	<p>gross revenues from government programs like Medicare, Medicaid, and CHIP; and (2) voluntary employee benefit associations that are established by non-employers.</p> <p>Delays implementation of the limit on FSA contributions for medical expenses to \$2,500 per year with the limit indexed for inflation from 2011 to 2013.</p> <p>Changes the effective date of the Senate's tax on "Cadillac" plans from 2013 to 2018. It also raises the threshold for premiums that are exempt from the assessment from \$8,500 for individual coverage to \$10,200 and from \$23,000 for families to \$27,500. The bill also reduces the formula for indexing the thresholds even further (to just inflation, not inflation plus 1%) so that more plans will fall under the tax faster, but also allows plans to take into account age, gender and certain other factors that impact premium costs. Stand-alone vision</p>

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	<p>deduction.</p> <p>Creates a new 10 percent excise tax on indoor tanning.</p> <p>Annual \$2 billion fee/tax on Rx manufacturers.</p> <p>Annual \$2 billion fee/tax on medical device manufactures. Beginning in 2011, imposes an annual \$6 billion fee/tax on health insurance companies with \$50 million in profits and assess the tax on a pro-rated basis to insurance companies based on profits. Carves out certain non-profit insurers from the insurer assessment</p> <p>Raises 7.5% AGI floor on medical expense deduction to 10%; AGI floor for 65+ remains at 7.5%.</p> <p>Prohibits health insurance companies from deducting any executive pay in excess of \$500,000 if at least 25 percent of its gross premium income is</p>		<p>The president's plan will also raise unspecified revenues by improving enforcement and close loopholes in the tax code. These measures include: (i) expanding corporate information reporting requirements; (ii) closing the loophole that allows certain byproducts of paper production to be eligible for the cellulosic biofuels producer credit; and (iii) helping prevent tax shelters by clarifying the definition of when activities have true "economic substance" beyond evading taxes.</p>	<p>and dental plans are also excluded from the tax.</p> <p>Clarifies that the group health insurance income tax exclusion is extended to dependents up to age 26.</p> <p>Delays implementation of the elimination of the corporate deduction for Medicare Part D payments by two years to 2013.</p> <p>Increases the Medicare payroll tax from 2.9% on unearned income to 3.8 percent for individuals with incomes over \$200,000 and families with incomes over \$250,000, beginning on January 1, 2013.</p> <p>The legislation would also increase the 1.45 percent Medicare payroll tax on workers' wages to 2.35 percent on earnings that exceed \$200,000 for an individual and \$250,000 for a couple. The portion of the Medicare payroll tax paid by</p>

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	<p>derived from health insurance plans that meet specified minimum requirements. Under current law, businesses can deduct up to \$1 million annually per executive.</p>			<p>the employer would remain at 1.45 percent.</p> <p>Delays the excise tax on brand-name pharmaceuticals by one year to 2011 but increases the overall amount.</p> <p>Modifies and delays the tax on medical devices to 2013.</p> <p>Eliminates a tax provision that allows certain byproducts of paper production to be eligible for the cellulosic biofuels producer credit.</p> <p>Reduces tax shelters by clarifying the definition of when activities have true "economic substance" beyond evading taxes.</p> <p>Makes an adjustment to corporate estimated tax payments in 2014.</p>
Effective Dates	<p>The majority of the provisions in the bill especially those relative to health insurance coverage, take</p>	<p>The majority of the provisions in the legislation would take effect on January 1, 2013, but effective</p>	<p>The exact proposed effective dates are unclear, but there are many references to 2014. In addition,</p>	<p>As with H.R. 3590, the majority of the provisions in the bill take effect on January 1, 2014. Effective</p>

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	<p>effect on January 1, 2014. Effective dates by provision do vary, and different effective dates are noted in each section of the chart.</p>	<p>dates do vary by provision and are noted when possible.</p>	<p>some reforms will take place "within months" of enactment. Other effective dates, where noted, are included in this chart by provision. The website also indicates the President's plan would appropriate \$1 billion for transitional expenses.</p>	<p>dates by provision do vary, and different effective dates are noted in each section of the chart.</p> <p>The reconciliation package also appropriates \$1 billion to DHHS for the administrative costs of implementing these reforms.</p>

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