Healthcare Reform: Where Saturday Night's Vote Puts Us

Erica Werner, Ricardo Alonso-Zaldivar, AP

Here’s a look at bills currently before Congress. The Democratic-controlled House passed its legislation on a 220-215 vote Saturday night, with nearly unanimous Republican opposition. In the Senate, Majority Leader Harry Reid is finalizing legislation merging the work of two committees and making other changes. The Senate Democrats' bill has not yet been made public, so some specifics are unknown.

The House bill, i.e. The Affordable Health Care For America Act:

Who’s Covered: About 96 percent of legal residents under age 65 — compared with 83 percent now. About one-third of the remaining 18 million people under age 65 left uninsured would be illegal immigrants.

Cost: The Congressional Budget Office says the bill's cost of expanding insurance coverage over 10 years is $1.055 trillion. The net cost is $894 billion, factoring in penalties on individuals and employers who don't comply with new requirements. That's under President Barack Obama's $900 billion goal. However, those figures leave out a variety of new costs in the bill, including increased prescription drug coverage for seniors under Medicare, so the measure may be around $1.2 trillion.

How It’s Paid For: $460 billion over the next decade from new income taxes on single people making more than $500,000 a year and couples making more than $1 million. The original House bill taxed individuals making $280,000 a year and couples making more than $350,000, but the threshold was increased in response to lawmakers' concerns that the taxes would hit too many people and small businesses.

There are also more than $400 billion in cuts to Medicare and Medicaid, including a new $20 billion fee on medical device makers; $13 billion from limiting contributions to flexible spending accounts; sizable penalties paid by individuals and employers who don't obtain coverage; and a mix of other corporate taxes and fees.

Individuals must have insurance, enforced through a tax penalty of 2.5 percent of income. People can apply for hardship waivers if coverage is unaffordable. Employers must provide insurance to their employees or pay a penalty of eight percent of payroll. Companies with payrolls under $500,000 annually are exempt — a change from the original $250,000 level to accommodate concerns of moderate Democrats. The penalty is phased in for companies with payrolls between $500,000 and $750,000. Businesses with 10 or fewer workers get tax credits to help them

provide coverage.

Individuals and families with annual income up to 400 percent of poverty level, or $88,000 for a family of four, would get sliding-scale subsidies to help them buy coverage. The subsidies would begin in 2013.

Choosing Your Health Insurance: Beginning in 2013, a new Health Insurance Exchange would be open to individuals and, initially, small employers. It could be expanded to large employers over time. States could opt to operate their own exchanges in place of the national exchange if they follow federal rules.

A committee would recommend a so-called essential benefits package including preventive services. Out-of pocket costs would be capped. The new benefit package would be the basic benefit package offered in the exchange. Insurance companies would not be allowed to deny coverage based on pre-existing conditions and higher premiums would not be allowed for pre-existing conditions or gender. Limits on higher premiums would be based on age.

This bill would also strip the health insurance industry of a long-standing exemption from antitrust laws covering market allocation, price fixing and bid rigging. The Federal Trade Commission will also have the authority to look into the health insurance industry at its own initiative.

Government-Run Option: A new public plan available through the insurance exchanges would be set up and run by the secretary of Health and Human Services. Democrats originally designed the plan to pay Medicare rates plus five percent to doctors. But the final version would let the HHS secretary negotiate rates with providers.

Changes To Medicaid: The federal-state insurance program for the poor would be expanded to cover all individuals under age 65 with incomes up to 150 percent of the federal poverty level, which is $33,075 per year for a family of four. The federal government would pick up the full cost of the expansion in 2013 and 2014; thereafter the federal government would pay 91 percent and states would pay 9 percent.

Drugs: This bill grants 12 years of market protection to high-tech drugs used to combat cancer, Parkinson's and other deadly diseases. Phases out the gap in Medicare prescription drug coverage by 2019 and requires the HHS secretary to negotiate drug prices on behalf of Medicare beneficiaries.

The Senate Democratic Bill:

Who’s Covered: An estimated 94 percent of Americans. Illegal immigrants would not receive government benefits.

Cost: Senate leaders aim to keep it under $900 billion over 10 years.

How It’s Paid For: Fees on insurance companies, drug makers and medical device

manufacturers. A tax is levied on insurance companies, equal to 40 percent of total premiums paid on insurance plans costing more than $8,000 annually for individuals and $21,000 for families. But that number may rise to $23,000. Retirees over age 55 and people in high-risk professions may be allowed to have somewhat more valuable plans before they're taxed. Medicare and Medicaid could be cut and a fee would be assesed to employers whose workers receive government subsidies to help them pay premiums. Fines would be levied on people who fail to purchase coverage.

Almost everyone must get coverage through an employer, on their own or through a government plan. The Senate Finance Committee version required individuals and families to buy coverage as long as it costs no more than 8 percent of their income. Those who are obligated to buy coverage and refuse would face a fine.

Employers would not be required to offer coverage, but companies with more than 50 full-time workers would pay a fee as high as $750 multiplied by the total size of the work force if the government ends up subsidizing an employees' coverage. Tax credits would be available for individuals and families likely making up to 400 percent of the federal poverty level, which computes to $88,200 for a family of four. Tax credits for small employers would be available.

Benefits: All plans sold to individuals and small businesses would have to cover basic benefits. The government would set four levels of coverage. Under legislation passed by the Senate Finance Committee the least generous would pay an estimated 65 percent of health care costs per year and the most generous would cover an estimated 90 percent, but those numbers could change.

Insurance Industry Restrictions: No denial of coverage based on pre-existing conditions and no higher premiums would be allowed for pre-existing conditions or gender. Limits on higher premiums would be based on age and family size.

Government-Run Option: Reid proposed a new federal insurance plan this week with payment rates to providers negotiated by the health and human services secretary. Unlike the House bill, states could opt out of the plan.

It's not clear if the proposal commands enough votes to survive, and it could be replaced by a standby system that would not go into effect until it was clear individual states were experiencing a lack of competition among private companies. The bill also would create non-profit, member-owned co-ops to compete with private insurers.

Choosing Your Health Insurance: Self-employed people, uninsured individuals and small businesses could pick a plan offered through new state-based purchasing pools. Employees would be generally encouraged to keep their work-provided coverage.

Drugs: The bill grants 12 years of market protection to high-tech drugs used to combat cancer, Parkinson's and other deadly diseases. Drug companies contribute $80 billion over 10 years with the majority of the money used to limit the

prescription coverage gap in Medicare.

Changes To Medicaid: Income eligibility levels are likely to be standardized to 133 percent of poverty, which is $29,327 a year for a family of four, for all parents, children and pregnant women. States could negotiate with insurers to arrange coverage for people with incomes slightly higher than the cutoff for Medicaid.

Source URL (retrieved on *04/16/2014 - 6:17am*):
http://www.surgicalproductsmag.com/news/2009/11/healthcare-reform-where-saturday-nights-vote-puts-us?qt-recent_content=0