

House Democrats Health Care Reform Legislation

Summary of Major Provisions

I. ACCESS TO COVERAGE AND CHOICE

- **A National Health Insurance Exchange:** The new Health Insurance Exchange creates a marketplace for individuals and small employers to comparison shop among private and public insurers. It sets and enforces insurance reforms and consumer protections, facilitates enrollment, and administers affordability credits to help low and middle income individuals and families purchase insurance. The Health Insurance Exchange would be open to small employers first and to larger employers over time. It would offer small employers the opportunity to provide their employees with broad choices for coverage and the ability to eliminate the administrative costs of maintaining their own health plan contracts. Recognizing that many businesses want to continue providing their own health coverage as they do today, business participation in the exchange is simply a new option for those that are eligible – no business is required to enter.
- **A Public Health Insurance Option:** One of the choices of health insurance within the national Health Insurance Exchange includes a public health insurance option. This option is subject to the same market reforms and consumer protections as other private plans in the exchange and will be self sustaining, financed only by its premiums. The public option will use reimbursement rates similar to Medicare.
- **Guaranteed Coverage and Insurance Market Reforms:** Whether people are covered through the exchange or their employer individuals will no longer be turned down for health insurance coverage due to pre-existing health conditions. The bill also protects consumers by prohibiting lifetime and annual limits on benefits and restricts discrimination in premiums or other limitations based on a person's health status. It allows a narrow band of variation in premiums based on age (two to one), geographic area and family size.
- **Essential benefits:** A new independent advisory committee with providers and other healthcare experts, chaired by the Surgeon General, will recommend a benefits package based on standards set in the statute. This new essential benefit package will serve as the basic benefit package for coverage in the exchange and over time will become the quality standard for employer plans. Essential benefits would include:
 - Inpatient hospital services
 - Outpatient hospital services
 - Physician services
 - Equipment and supplies incident to physician services
 - Preventive services
 - Maternity services
 - Prescription drugs
 - Rehabilitative and habilitative services
 - Well baby and well child visits and dental, vision, and hearing services for children

II. AFFORDABILITY

- **Provides sliding scale affordability Credits:** Credits are available on a sliding scale, phasing out at 400 percent of the federal poverty level (\$43,000 for individuals or \$88,000 for families of four). The sliding scale credits limit individual family spending on premiums for the essential benefit package to no more than 1% of income for those with the lowest income and phasing up to no more than 10% of income for those at 400% of poverty. The Exchange administers the affordability credits in relationship with other federal and state entities, such as local Social Security offices and Medicaid agencies.
- **Medicaid Expansion:** Individuals and families with incomes below 133 percent of the federal poverty level will be fully federally financed in an expanded Medicaid program.
- **Cap on total out of pocket spending:** All new policies will cap total and out-of-pocket spending.

III. SHARED RESPONSIBILITY

- **Individual Mandate:** Once market reforms and affordability credits are in effect, individuals will be responsible for having health insurance coverage, with an exception in cases of hardship. Those who do not obtain coverage will face a tax penalty of two percent of their income, capped at the average cost of a premium in the exchange.
- **Employer Mandate:** Employers will have the option of providing health insurance coverage for their workers or contributing funds on their behalf. Employers would have to pay 72.5% of the premium for individual coverage and 65% of the premium for family coverage. Employers who choose to, can pay a fee equal to eight percent of the wages paid by the employer to the employee, instead of providing their employees with health insurance.
- **Assistance for Small Employers:** Small businesses, with payrolls less than \$250,000 per year, will be exempt from the employer responsibility requirement. In addition, new small business tax credit will be available for those firms who want to provide health coverage to their workers, but cannot afford it today.

IV. PREVENTION AND WELLNESS

- Expansion of Community Health Centers.
- Prohibition of cost-sharing for preventative services in benefit packages.
- Creation of community-based programs to deliver prevention and wellness services.
- A focus on community-based programs and new data collection efforts to better identify and address racial, ethnic, regional and other health disparities.
- Funds to strengthen state, local, tribal and territorial public health departments and programs.

V. WORKFORCE INVESTMENTS

- Increases to the National Health Service Corp.
- More training of primary care doctors and an expansion of the pipeline of individuals going into health professions, including primary care, nursing and public health.
- Greater support for workforce diversity.
- Expansion of scholarships and loans for individuals in needed professions and shortage areas.

VI. CONTROLLING COSTS

- **Health Care Delivery System Reforms:** Federal health programs including Medicare, Medicaid and the new public health insurance option will reward high quality and efficient care through innovative payment approaches, better care coordination, reductions of hospital readmissions, and innovative programs such as Accountable Care Organizations and Medical Homes.
- **Modernization and Improvement to Medicare:** Replaces the physician payment formula in Medicare (the SGR), with an update that wipes away accumulated deficits, provides for a fresh start, better rewards primary care services, care coordination and efficiency. This bill also improves the Medicare Part D program, extends solvency to and creates new consumer protections for Medicare Advantage Plans, and improves low-income subsidy programs, so that Medicare is affordable for all seniors and other eligible individuals.
- **Waste, Fraud and Abuse Prevention:** New tools will be provided to combat waste, fraud and abuse within the entire health care system.
- **Administrative Simplification:** The Secretary will have the authority to simplify the paperwork burden that adds tremendous costs to today's health care system.