



A Pretty Short Summary of the Three House Committee Health Care Reform Bills

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Health insurance will be provided through (1) employers; (2) a national insurance exchange; or (3) an expanded Medicaid program. Most aspects of the legislation will take effect starting in 2013.

Benefits: A minimum benefits package will be required, with more specific requirements related to care and prevention for children. Insurers will not be able to deny coverage based on pre-existing conditions. No annual or lifetime limits on coverage. There will be no cost-sharing for preventive care. There will be annual limits on out-of-pocket expenses (\$5,000 for individuals; \$10,000 for families).

Requirements on Employers: They must cover at least 72.5 percent of the premium for an individual, or 65 percent for family coverage. Or pay 8 percent or less of annual payroll costs into a Health Insurance Exchange Trust Fund. Small businesses (with payrolls of \$500,000 or less) are exempted; businesses with payrolls of \$500,000 - \$750,000 pay a smaller amount. Very small employers with low-wage employees will get a subsidy if they provide insurance.

Requirements on Individuals: Individuals must have/purchase coverage meeting minimum standards, with exemptions for low-income and certain other reasons. If they do not have coverage, individuals will face a tax penalty related to their income.

Subsidies for Individuals: Subsidies will be available to individuals or families with incomes up to 400 percent of the federal poverty line (at current level, below \$43,320 for an individual, or \$73,240 for a three-person family), with the amount tied to the cost of basic plans in the geographic area. Individuals or families with incomes at 400 percent of the poverty line would pay no more than 12 percent of their income for premiums; with an income of only 133 percent of the poverty line (about \$14,404 for an individual), the family or individual's contribution would be capped at 1.5 percent of income.

Medicaid and Children's Health Insurance Program (CHIP): Medicaid will be expanded to cover all children, parents, and disabled adults under age 65 with incomes at or below 133 percent of the federal poverty level, with elimination in most instances of assets tests to determine eligibility. Newborns without insurance will automatically be covered by Medicaid until their first birthday, 100 percent federally funded. Expansions in Medicaid will at first be 100 percent federally funded; in later years, states will pay 10 percent. CHIP will expire by September 30, 2013, with children who receive CHIP coverage either transferred to Medicaid or enrolled in a plan through the Exchange, with the assurance that no child will lose coverage in the shift. States cannot make standards for Medicaid or CHIP more restrictive than they were in June, 2009.

Ways of Paying for the Reform Plan: In addition to employer, individual/family and state contributions, the bills include a surcharge on income taxes of couples with incomes of \$350,000 or more (or individuals with incomes of \$280,000 or more) with a higher surcharge for those with even higher incomes. The surcharge would raise about \$544 billion over 10 years. In addition, the bills contain cost containment measures estimated by the House Committee on Energy and Commerce to save about \$500 billion over 10 years.