

Health-care reform: How the proposals stack up

With the Senate about to pass its health-care bill, several contentious differences remain between its version and the House bill. The Senate is expected to prevail on jettisoning the “public option,” leaving House Democrats hopeful they will win on other points, including efforts to make coverage more affordable.

Key provisions

HOUSE BILL

SENATE BILL

Government-run insurance

YES. Creates a **public** insurance option. Providers would negotiate reimbursement rates with the **government**.

NO. Instead of a public option, the final bill would allow **private** firms for the first time to offer **national insurance policies** to all Americans across state lines. Those plans would be negotiated through the Office of Personnel Management, the same agency that handles health coverage for federal workers and members of Congress.

Employer mandate

YES. Employers must pay **65 percent** of family premiums or pay a penalty based on payroll. Small businesses with less than \$500,000 in payroll are exempt.

NO. Does not require employers to offer health insurance. However, if even one employee of a firm with more than 50 employees receives a subsidy through the new exchanges, the firm would face a fine equal to **\$750 for every person on its payroll**.

Exchanges

YES. Sets up a **single nationwide exchange**, in which people without employer-based coverage will buy insurance.

YES. Sets up **50 exchanges**, administered by the states.

Abortion restrictions

YES. Bans abortion from being covered in the public option or in any of the exchange’s private plans that take subsidized customers, who will make up 85 percent of the exchange. The exchange can offer separate “riders” for abortion coverage.

YES. The new insurance exchanges can offer plans that cover abortion, but people who choose those plans must pay for their coverage with separate checks — one for abortion coverage, one for the rest of their health-care services.

Medicaid expansion

YES. Medicaid expanded to cover households earning less than **150 percent** of the federal poverty level, or \$33,075 for a family of four.

YES. Medicaid expanded to cover everyone earning less than **133 percent** of the federal poverty level, or \$29,327 for a family of four.

How it's paid for

Would be financed through **billions in Medicare cuts and new taxes**, including a surcharge on taxpayers who earn more than \$500,000 a year, or \$1 million a year for families.

Would also be financed through billions in Medicare cuts and new taxes, including an excise tax on insurance plans that are worth more than \$23,000 for a family of four. Couples making more than \$250,000 would pay additional Medicare taxes.

Medicare costs

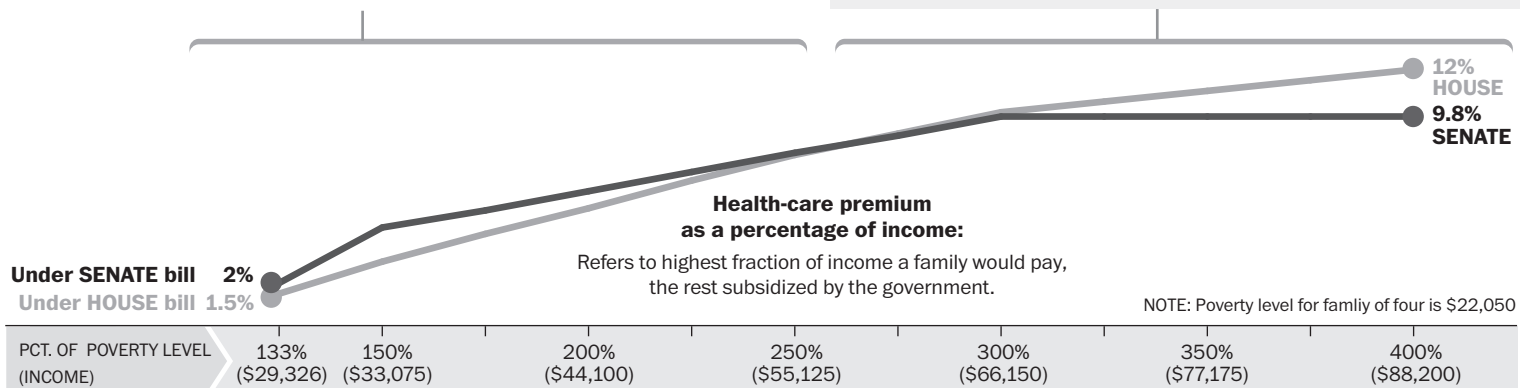
No new independent Medicare commission, leaving it to Congress and the existing advisory panel to set rates.

Creates a new independent commission to set policies and rates for Medicare.

Subsidies

YES. Subsidies are more generous than in the Senate bill at the **lower end of the income ladder**, with families paying a smaller percentage of their income.

YES. Subsidies are more generous than in the House bill for families making **250 percent to 400 percent of the poverty level**, with families paying a smaller percentage of their income.



SOURCE: Staff reports, Congressional Budget Office, AP, U.S. Senate, familiesusa.org

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Reform moves closer, details remain unclear

Pending reconciliation, Senate bill finds favor with more employers

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Mark A Hofmann

WASHINGTON—House and Senate negotiators are about to start hammering out a final health care reform bill, a process some experts say they expect to be completed sooner rather than later.

While the House and Senate health care reform bills present problems for employers, the measure the Senate approved Dec. 24 appears more palatable, observers say. Both measures have to be reconciled into one final bill, which analysts say is likely to pass.

Before the Senate bill came to a vote, Democratic leaders agreed to drop a provision that would have created a public option, or government-run health insurance plan, and a proposal to expand Medicare to allow individuals as young as age 55 to purchase coverage through Medicare. These changes allowed Democrats to pick up support needed for the measure to pass. The bill approved in November by the House, however, includes a public option.

The Senate bill also was revised in other ways. The original version imposed a \$2,500 cap on employees' contributions to flexible spending accounts starting in 2011. The revised bill retains the cap, but it will rise to match Consumer Price Index increases for urban areas, starting in 2012.

Another Senate bill revision will benefit employers in high-turnover industries that impose significant waiting periods before new employees can enroll in corporate health plans. Under the previous version, employers with waiting periods between 31 and 90 days would have paid a penalty. Under the revised bill, an employer could have up to a 60-day waiting period without being penalized for not offering coverage to new employees. After that, the penalty would be \$600 per employee. The Senate bill would prohibit waiting periods exceeding 90 days.

Other key provisions in the revised Senate bill are similar to the previous measure proposed by Majority Leader Harry Reid, D-Nev. For example, the bill retains a 40% excise tax on health insurance premiums that exceed \$8,500 for individual coverage and \$23,000 for family coverage, starting in 2013. The cost threshold would be slightly higher for plans covering early retirees and employees in certain high-risk industries. The House bill contains no such provision.

The House bill, however, does have a provision that would require employers to extend COBRA health care continuation coverage years longer than they anticipated. The House bill also would remove employers' ability to design health care plans and the government would tell them what benefits they must offer and the cost-sharing limitations they can impose. That loss of control could occur through a provision that would establish a new commission charged with developing recommendations on benefits to be covered and health plan enrollee cost-sharing that could be required. The Department of Health and Human Services secretary would have the authority to adopt and impose commission recommendations.