

# 2009 HEALTHCARE REFORM: MAJOR COMPONENTS

## TWO PLANS THAT OFFER INSIGHT INTO WHAT REFORM MAY LOOK LIKE

KEY COMPONENTS	SEN. BAUCUS WHITE PAPER	HEALTHY AMERICANS ACT
<b>General Plan for Reform</b>	<b><u>Mandates that all Americans have health insurance either through public or private plans.</u></b> Ensures meaningful coverage for all Americans by expanding Medicaid and SCHIP eligibility. Establishes a National Health Insurance Exchange, allowing Americans age 55-64 to buy into Medicare, and offering substantial assistance to make premiums more affordable.	<b><u>Establishes a centrally financed system of private health insurance for all Americans except those covered through Medicare or the military.</u></b> Choose from a selection of private plans offered through newly created regional purchasing organizations called "Health Help Agencies." All Americans would have coverage as comprehensive as health coverage now provided Congress and federal workers.
<b>Medicaid</b>	Provide Medicaid coverage, at a minimum, to everyone with incomes up to 100% of poverty.	Eliminate Medicaid except for its wraparound and long-term care functions. State will have to work with the Secretary of Health and Human Services (HHS) State to ensure transition from Medicaid is orderly and that individuals receiving other benefits from Medicaid continue to do so
<b>State Health Insurance Program (S-CHIP)</b>	Provide S-CHIP coverage to children with family incomes up to 250% of poverty.	Eliminate S-CHIP. State will have to work with the Secretary of HHS to ensure transition from SCHIP is orderly.
<b>Medicare</b>	Temporarily allow Americans age 55-64 to buy into Medicare coverage (until the National Health Insurance Exchange is in place). Phase out the 2-year waiting period for Medicare coverage for people with disabilities	Medicare will remain intact. The Secretary may adjust Part B premiums for an individual based on whether or not the individual participates in healthy behaviors. Requires Medicare to have a chronic disease management program available to all Medicare beneficiaries.
<b>Prevention</b>	Uninsured would be given a "RightChoices" card that guarantees access to recommended preventive care. Those whose screenings detected and diagnosed one or more of the most common chronic conditions would qualify to receive treatment on a temporary basis until viable coverage options are available under the Health Insurance Exchange. Current Medicare, Medicaid, and S-CHIP beneficiaries would receive recommended preventive services with little or no co-payment. Preventive services covered by all insurance options offered through the Health Insurance Exchange.	Insurers will be required to implement and emphasize prevention, early detection and chronic disease management and ensure wellness programs are available.
<b>New Plans</b>	Establish the National Health Insurance Exchange through which individuals and small businesses in the market for insurance can obtain affordable health care coverage. The	Healthy Americans Private Insurance (HAPI) Plans: At least two plans that meet the requirements of the Act must be offered through the Health Help Agency in each State. The offerings permitted through



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<p><b>New Plans – Cont.</b></p>	<p>Exchange would be an independent entity, the primary purpose: to organize affordable health insurance options, create understandable, comparable information about those options, and develop a standard application for enrollment in a chosen plan.</p> <p>The Exchange would also include a new public plan option, similar to Medicare. Would abide by the same rules as private insurance plans participating in the Exchange.</p>	<p>Health Help include several options: (1) a plan similar to the Blue Cross Blue Shield Standard Plan provided under the Federal Employees Health Benefit Program; (2) plans with additional benefits added to the standard plan so long as those benefits are priced and displayed separately; and (3) actuarial equivalent plans to the standard plan.</p> <p>Plans must provide benefits for wellness programs; provide coverage for catastrophic medical events; create a health home for the covered individual or family.</p> <p>Requires existing provisions of law currently applied to group health markets to be applied to the plans offered through Health Help Agencies including: protections for coverage of pre-existing conditions guaranteed availability of coverage; guaranteed renewability of coverage prohibition of discrimination based on health status coverage protections for mothers and newborns, mental health parity, and reconstructive surgery following a mastectomy, and prohibition of discrimination on the basis of genetic information.</p> <p>Each state will establish a Health Help Agency (HHA) to administer Health Americans Private Insurance (HAPI) plans. The HHA will determine and administer subsidies to eligible individuals and collect premium payments made by or on behalf of individuals and send the payments to the plans.</p>
<p><b>Employer’s Responsibility</b></p>	<p>Employers who do not offer health insurance would be required to contribute to a fund that would help cover those who remain uninsured. Mid-sized to small would be required to pay less than larger firms.</p> <p>Businesses with the fewest workers and the lowest wages would be offered a new tax credit to purchase health insurance for their employees, and would be exempt from contributions to the general coverage fund if they were still unable to offer insurance to employees.</p>	<p>Every employer must make an employer shared responsibility payment (ESR) for each calendar year in the amount equal to the number of full-time employees multiplied by a percentage of the average HAPI plan premium.</p> <p>Employers who offered health insurance prior to enactment will contribute “make good” payments to their employees. They payments will be equal to the cash value of the health insurance provided and the amount will be added to the employee’s wages.</p>



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<b>Employer's Responsibility -Cont.</b>	Eligible individuals and small businesses would receive subsidies to make sure that coverage would be affordable.	These employers will not be required to make any other payments in the first 2 years.  Limits the current employer deduction for the costs of employee health care coverage to the following: 1) shared responsibility payments made by employers, 2) coverage of retirees under existing retiree health plans, 3) continuing employer-provided health plans under existing collective bargaining agreements, 4) employer-provided wellness programs, 5) on-site first aid coverage for employees.
<b>Insurance Market Reforms</b>	Insurance companies could not deny coverage to any individual nor discriminate against individuals with pre-existing conditions. Rules for rating insurance policies will be specified in statute after consultation with the National Association of Insurance Commissioners, consumer advocates, and others.  The ability of insurance companies to rate on age would also be limited. In order to avoid sever adverse selection the rating rules for the Exchange would apply in the Exchange as well as in private non-group and small group markets.	Requires existing provisions of law currently applied to group health market to be applied to the plans offered through Health Help Agencies including: protections for coverage of pre-existing conditions; guaranteed renewability of coverage; prohibition of discrimination based on health status; coverage protections for mothers & newborns, mental health parity, reconstructive surgery following a mastectomy; and prohibition of discrimination on the basis of genetic information.
<b>Mandates</b>	The responsibility for all Americans to obtain coverage would be enforced possibly through the U.S. tax system or some other point of contact between individuals and the government. Every individual would receive a certificate of coverage from their insurer to demonstrate that they are meeting their responsibility.	Each adult has the responsibility to enroll each child in a plan.  If an individual fails to purchase coverage and does not meet the exceptions, then a financial penalty will be assessed. The state HHA also may establish a procedure to waive the penalty if the penalty poses a hardship.
<b>Affordability</b>	In order to make health coverage affordable for all Americans, refundable tax credits would be available to individuals and families with incomes at or below four times the Federal poverty level. Tax subsidies would be available to individuals and families who purchased coverage through the Health Insurance Exchange. The Independent Health Coverage Council would define what an "affordable" premium by taking into account the reasonable percent of income to be spent on health care coverage.	Individuals and families with incomes of 100% of poverty and below will be eligible for a full subsidy with which to purchase health insurance. For individuals and families with income between 100% and 400% of poverty subsidies will be provided on a sliding scale.



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<b>Oversight</b>	<p>Authorizes a board of directors – called the Independent Health Coverage Council. Would ensure that coverage would be affordable, clinically appropriate, provide access to necessary health services, and protect enrollee against high health care expenses. Would ensure appropriate, income-related annual limits on out-of-pocket expenses.</p> <p>The Council and the Exchange would both be subject to regular reviews and oversight by the Comptroller General so that Congress &amp; the public can closely monitor activities.</p>	<p>The Secretary of Health and Human Services shall create a 15-person advisory committee that will report annually to Congress and the Secretary concerning modifications to benefits, items and services.</p>
<b>Sources</b>	<p>Call-to-action Plan, Health Reform 2009, Senate Finance Chairman Max Baucus (D-Mont). Available @ <a href="http://www.finance.senate.gov">www.finance.senate.gov</a></p>	<p>“Cost and Coverage Estimates for the ‘Healthy Americans Act.’” Prepared by John Sheils, Randall Haught, Evelyn Murphy—The Lewin Group December 12, 2006. Available @ <a href="http://wyden.senate.gov/issues/Healthy%20Americans%20Act/HAA_Cost_Coverage_Report.pdf">wyden.senate.gov/issues/Healthy%20Americans%20Act/HAA_Cost_Coverage_Report.pdf</a> Healthy Americans Act S. 334</p>



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