

## HEALTH CARE REFORM UPDATES

This week's bulletin on Health Care Reform addresses the following topics:

- House Committee Bill on Health Care Reform
- House Republicans offer an Alternative
- Delay in the Senate on Health Care Reform Bill

Please keep in mind that the proposals discussed are in preliminary stages and that much of the information presented is only a high level overview of proposed legislation that is yet to be written.

### **HOUSE COMMITTEE BILL ON HEALTH CARE REFORM**

Health care reform in the House of Representatives is being led by a consortium of three committees: Ways and Means, Energy and Commerce, and Education and Labor. On June 9<sup>th</sup> the tri-committee released its summary of forthcoming legislation. The following highlights key concepts included in the proposal. A hearing held by the Education and Labor Committee is scheduled for Tuesday, June 23.

#### Goals of the tri-committee's health reform proposal:

- Reduce costs
- Protect current coverage and choice of providers
- Ensure affordable, quality health care for all

#### Primary tenants of the proposal are:

- Maintain the ability to keep existing coverage
- Invest in the healthcare workforce, prevention and public health programs
- Create a new national Health Insurance Exchange
- Establish responsibility for coverage
- Offer credits to ensure affordability of coverage
- Reform the healthcare delivery system
- Expand authority to prevent waste, fraud, and abuse

#### The features that could impact employer-sponsored health plans include:

- Benefit design mandates:
  - Waive cost sharing for preventive care

- Prohibit insurers from excluding pre-existing conditions
- Limit the total out of pocket spending on all new plans
- Establish defined benefit packages based on statutory requirements
- Implement benefit and quality requirements for employer plans
- Prohibit rating based on gender, health status, or occupation and strictly limit age-based premium variances
- Introduce administrative simplification and standardization to reduce administrative costs (no further detail provided)
- Establish a Health Insurance Exchange as a marketplace for individuals and small employers (not defined) to select coverage
  - Provide credits in the Exchange for low-income individuals
- Establish a public health insurance option that is offered in the Exchange
  - Envisioned to be self sustaining and compete on a “level field” with private insurance offerings
  - Individuals and employers could select the public plan
- Introduce a coverage requirement
  - For all individuals, with hardship exceptions
  - “Pay or Play” – employers required to offer employer-sponsored plans or contribute funds (not defined further)
  - Small businesses (not defined) exempted and provided a tax credit (not defined)

The proposal did not reference any change to tax policy nor provide details on financing these provisions.

Read the full text of the proposal at

<http://waysandmeans.house.gov/media/pdf/111/tri.pdf>.

## **HOUSE REPUBLICANS OFFER AN ALTERNATIVE**

The proposal discussed above was developed by the chairmen of the three committees, all Democrats. There is a group of conservative Democrats, the so-called Blue Dog Coalition that supports health care reform which focuses on affordability and choice of provider. However, they express concern for a public health insurance option contained in the tri-committee proposal.

Further, Republicans in the House expressed concern over these proposals. In response, the Republicans have issued two alternative proposals to the options presented by the Democrat majority.

- *Medical Rights and Reform Act* – Authored by Representative Mark Kirk (R., IL) and sponsored by a group of moderate Republicans calling themselves the Tuesday Group. Key features include lowered costs, expanded access via small business incentives for coverage and state-level insurance reform, preservation of provider choice, expanded preferential tax treatment of health care costs for the self-employed and small businesses, and coverage for children to age 26. Read the complete text of the proposal at [http://www.house.gov/apps/list/press/il10\\_kirk/centrist\\_leaders\\_unveil\\_medical\\_rights\\_and\\_reform\\_act.html](http://www.house.gov/apps/list/press/il10_kirk/centrist_leaders_unveil_medical_rights_and_reform_act.html)

- *Proposal from the Health Care Solutions Group* – Authored by Representative Mark Camp (R., MI) and sponsored by the Republican Health Care Solutions Group led by its chairman, Representative Roy Blunt (R., MO). Key features include expansion of preferential tax treatment of health insurance to individuals, pooling of small business and other organizations for health insurance, coverage for children to age 26, preservation of existing coverage and provider choice, improving HSAs and FSAs, tax benefits for long term care premiums, and tax credits for small businesses offering health coverage. Read the complete text of the proposal at [http://camp.house.gov/UploadedFiles/House\\_GOP\\_Solutions\\_Group\\_Outline\\_Health\\_Care\\_Plan.pdf](http://camp.house.gov/UploadedFiles/House_GOP_Solutions_Group_Outline_Health_Care_Plan.pdf)

## **DELAY IN THE SENATE ON HEALTH CARE REFORM BILL**

The Senate Finance Committee will delay the introduction and markup of its health care reform bill, originally expected this week. Senator Max Baucus, chairman of the committee, did not provide a time frame for the bill to be introduced, but indicated that it may not be ready until after the 4<sup>th</sup> of July break.

The price tag associated with health reform appears to be the big issue tying up the bill. The committee is attempting to limit cost associated with their bill to under \$1 trillion. At this point, it is unclear what impact this delay will have on the proposed timeframe for passage of a bill in the Senate before the August recess.

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