

Healthcare Reform Proposals

The healthcare reform proposals being circulated by various Congressional committees address many topics of vital interest to the bleeding disorders community, such as private market reforms, public program expansions, subsidies and mandates. With the bombardment of media coverage surrounding these proposals, it can be difficult to tell which ones are workable and which are not. It may be even harder to decide which proposals will most benefit the members of the community and which will not affect us. While all the proposals are still works in progress, this summary is an attempt to highlight the relevant provisions of the three major proposals to help our members sort things out and come to their own conclusions.

The three proposals that are the most viable at this time are: 1) the Senate Health, Education, Labor, and Pensions (HELP) Committee proposal; 2) the Senate Finance Committee proposal; and 3) the so-called "House Tri-Committee" proposal, which is the combined effort of the three relevant committees of the U.S. House of Representatives. *(Note that no bill has been filed to date.)*

Expansion of Access

All of the committees have in some way addressed the problem of accessibility and affordability of coverage in the private market. The HELP Committee is proposing "American Benefits Gateways," to be established by the states with funds from the U.S. Department of Health and Human Services (HHS). Individuals and small employer groups could purchase health insurance policies through the Gateways. The policies will be certified to meet prescribed benefit and premium requirements and would offer three benefit tiers, categorized by the percentage of allowed benefit costs covered by the plan. The tiers would range from coverage for 76% to 93% of benefits offered. In states that opt out of establishing Gateways, HHS will step in and establish them. The Gateways also would function as a single point of entry for all federal programs, such as Medicaid and the states' Children's Health Insurance Programs (CHIP).

The Senate Finance Committee is proposing the establishment of either one national -- or multiple regional -- insurance "Exchange(s)," also established by HHS. The Exchanges would function like the HELP Committee's Gateways, but would *require* all individual and small employer insurers to participate. Like the HELP proposal, it would require insurers to offer a comprehensive benefits package, but would divide benefit levels into *four* categories: lowest, low, medium and high.

The House Tri-Committee proposal creates a National Health Insurance Exchange that would operate similarly to the other proposals. It would grandfather existing plans for a given period and would require all participating insurers to offer *at least* a minimum benefits package (basic), with options to offer additional defined packages described as enhanced, premium and premium plus.

All three of the proposals require guaranteed issue and renewability. *Pre-existing condition exclusions would no longer be allowed. Also, they all prohibit lifetime and annual benefit caps.* The proposals prescribe rating restrictions and requirements

related to the amount of each premium dollar that insurers must spend on paying for services (loss ratios). All proposals offer some sort of premium and cost-sharing subsidies for families with incomes up to 400% of the federal poverty level (FPL).

The HELP proposal includes a provision that would allow young adults to remain on a parent's policy until age 26. Unlike dependent age extensions passed by several state legislatures, this provision would apply to *all* health plans, both fully insured and self-funded. Any of the three access expansion proposals described here should result in a significant increase in the availability and affordability of private health insurance options for members of the bleeding disorders community.

The Public Option

Perhaps the most controversial healthcare reform proposal on the table is the creation of a "Public Health Insurance Option" that would be sold by the federal government through the Gateways or Exchanges. The plan would be required to meet the same benefit and actuarial standards as the private plans being sold. Proponents say it will provide much-needed competition to private insurers because government programs traditionally operate in a more cost-efficient manner. They contend that the presence of the Public Option in the marketplace will force commercial insurers to become more cost efficient and consumer friendly. Opponents say that private insurers have costs that a government plan would not typically have, and therefore the commercial insurers would not be able to compete with the Public Option. They argue that the presence of a Public Option in the marketplace will decimate the commercial insurance market.

All three proposals either include a provision for a Public Option, or have placeholders to add a provision later. The HELP Committee proposal allows workers to enroll in the Public Option *only* if their employer-sponsored plan premiums are more than 12.5 percent of the employee's total salary. The Finance Committee proposal includes four options being considered by the committee: a Medicare-like public plan; a public plan that is privately administered by multiple third parties; a state-run public option; or no public plan at all.

A proposal by Senator Kent Conrad (D-ND) establishes the creation of Health Care Co-Operatives as an alternative to traditional, private sector insurance. While few details are available, it appears that the cooperatives would involve groups that voluntarily join forces to cover their healthcare expenses, with favorable tax treatment as nonprofits.

Expansion of Existing Public Programs

All three proposals call for the expansion of Medicaid. The Finance Committee would expand eligibility to all individuals with incomes up to 115% of the FPL, the HELP Committee to individuals with incomes up to 150% of the FPL, and the House Committees to those with incomes up to 133% of the FPL. Further, the House proposal would provide optional Medicaid coverage for low-income individuals who are HIV-positive.

The Finance Committee and House Committee proposals would require CHIP coverage to be obtained through the Exchange, and the Finance Committee would raise the minimum eligibility requirement for CHIP to 275% of the FPL, effective in 2013. The HELP Committee proposal would also give those eligible for CHIP the option of enrolling in CHIP or purchasing a policy through the Gateway.

The Finance Committee proposal would allow individuals ages 55 through 64 who do not have coverage to enroll in Medicare at full cost until the Exchange is available. *The proposal would also phase out the two-year waiting period for people with disabilities to become eligible for Medicare.* The HELP Committee proposal would provide reinsurance for employers who cover retirees between the ages of 55 and 64, until the Gateways are established.

Individual and Employer Mandates

All three proposals include a provision that requires every individual to obtain health coverage. The coverage required by all proposals must be for a defined, minimum set of benefits. Those who do not meet the requirement could face tax penalties. The House proposal requires employers to contribute approximately 72.5% of the premium cost for single coverage and 65% for family coverage, or they must pay 8% of their payroll into the Health Insurance Exchange Trust Fund. This type of requirement is commonly referred to as a “pay or play” provision. The Finance Committee is considering two options: 1) requiring employers with more than \$500,000 in annual payroll to contribute 50% of the cost of employees’ premiums; or 2) no “pay or play” requirement at all. The HELP Committee would require employers with 25 or more employees to pay 60% of the cost of their employees’ insurance, or they will be assessed an annual fee of \$750 for each uncovered family and \$375 for each uncovered individual.

Progress Updates

There are a number of cost containment, efficiency and quality improvement measures in all three bills and there are a variety of methods being discussed to finance the reform, including taxing health benefits. Many details and finer points of the provisions described here remain to be worked out in the coming weeks and months. It is difficult to tell which of these proposals will actually end up in the final healthcare reform law. As developments occur, NHF will do its best to keep everyone informed of those proposals that will have the most significant impact on the bleeding disorders community.