



## SUMMARY OF SENATE HELP COMMITTEE HEALTH REFORM PACKAGE

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### Insurance Market Reforms

- Guaranteed issue and renewability
- Rating by age is permitted to vary by up to 2:1
- No rating by gender, class of business or claims experience
- Permits rating by geography, family size, tobacco use and actuarial value of benefits
- Rates permitted to incentivize health promotion and disease prevention practices
- Public reporting of MLRs (medical loss ratios)
- Must cover preventive services with minimal cost sharing
- Cannot discriminate in issuance based on health status, medical condition, claims experience, genetics, medical history or evidence of insurability
- Must include incentives for high quality health care
- No lifetime or annual limits
- No discrimination based on salaries – e.g. cannot cover high salaried and exclude low salaried or vice versa
- Coverage for dependent children until age 26
- Grandfathering of existing coverage

### Health Insurance Exchanges (State Based Gateways)

- Each state must establish a Gateway for the voluntary offer of insurance – i.e. no plan or individual is required to participate
- States may require more benefits than the minimum basic plan defined federally, but must pay for their added costs through the Gateway with no federal subsidy for those employers and individuals who are eligible for subsidies
- Will include a public plan
- Will be self supporting through a surcharge on the participating plans
- Will adjust for adverse risk selection
- Will assist with enrollment for all publicly subsidized programs
- Can be regional for several states or within a state
- Plans can sell outside Gateways but will still be subject to state regulation; this means the rules could be different for plans operating inside and outside the Gateways
- Sec'y establishes marketing, adequacy of networks and understandability standards for plans within Gateways
- Sec'y establishes essential benefit design, which must include ambulatory care, emergency care, hospitalizations, maternity, newborn and pediatric services, mental health and substance abuse, rehabilitative and habilitation services



- States can be establishing, participating or non-participating.
  - Establishing states create their own Gateway as early as possible.
  - Participating states allow the Sec'y to establish the Gateway and state passes necessary accompanying legislation.
  - Non-participating states are ineligible for premium credits, small business credits and enhanced Medicaid match. After six years of non-adoption, Sec'y sets up Gateway in these states.
- Navigators are public and private entities that help employers, workers and the self-employed get affordable coverage through the Gateways; these include chambers, unions, associations, SBDC's, etc.
  - Cannot be paid by insurers.
- Small employers of up to 50 employees can buy through the Gateway and can continue their Gateway coverage if they grow over 50 employees
- Community Health Insurance Option provides only the minimum qualifying benefits package,
  - Sec'y negotiates provider reimbursement rates (not higher than Gateway average),
  - Contracts with plan(s) for 5-10 years,
  - Competitive bidding for new contracts.
  - Fees can be increased or decreased based on contractor's performance in reducing costs, increasing quality and customer service.
- Qualifying coverage includes public or private that meets federal minimum, plus grandfathered coverage. Premiums in excess of 12.5% of adjust gross are deemed to be unaffordable.

**Premium Subsidies**

- Premium credits available only through the Gateways for private insurance on a sliding fee scale to individuals with incomes up to 400% of FPL
- Only for citizens or legal permanent residents
- Risk adjusted for variations in patient characteristics
- Geography adjusted for the three lowest cost plans in the area
- Only pays for federal minimum benefits, states can make higher subsidies or subsidize additional services
- CHIP kids can use Gateway coverage with their parents or continue CHIP coverage, but not both.
- Use tax returns to verify income
- Small business get a 50% tax credit if they pay at least 60% of worker's premiums
  - For self-employed and small businesses of up to 50 employees
  - Credits vary based on type of coverage, size of employer, proportion of time employer paid for coverage and are made available for up to 3 consecutive years



**Individual and Employer Mandates**

- Individuals required to buy qualifying coverage
  - Exemptions for those for whom it is unaffordable (see above) or unavailable, or reside in a state that has not yet established a Gateway
  - Penalties of \$750 per year
- Employers of more than 25 employees who do not offer qualifying coverage or pay 60% of premium cost must pay a fee of \$750 per uninsured full time worker and \$375 per uninsured part time worker.
  - In calculating fee, first 25 employees are exempt

**Community Health Centers**

- 2010 – Allocated \$2.9 billion; 2011 - \$3.8 billion; 2012 - \$4.9 billion; 2013 - \$6.4 billion, etc

**National Health Service Corps**

- 2010 – Allocated \$320 million; 2011 - \$414 million, 2012 - \$535 million; 2013 - \$691 million, etc.

**Community based mental and behavioral health -- \$50 million**

**Temporary reinsurance program** for employers of retirees 55-64 until the State Gateway is operational

**National Voluntary Insurance Program** to help adults with functional impairments purchase community living assistance that allows them to live at home

**National Strategy to improve Health Care Quality**

- Measure quality
- Report quality
- Best practices to improve quality
- Community health teams
- Grants to improve management of medications for patients with chronic diseases
- Reports on preventable readmission rates
- Regional emergency and trauma care
- Health outcomes research and evaluations
- Administrative simplification
- Improving women’s health

**National Prevention Strategy**

- Prevention, Promotion and Public Health Council
- Prevention, Promotion and Public Health Fund
- Right Choices: temporary prevention program for chronically ill uninsured adults
- School-based clinics
- Oral health prevention in schools
- Community transformation grants



- Healthy Aging, living well grants to states for reduce chronic disease in the pre-Medicare (55-64) population
- Immunizations for adults
- Menu labeling
- Employer wellness programs (30-50% premium reduction incentives for employees)
- Best practices
- Data and impact assessments

**Health Care Workforce Innovations**

- Realign federal resources to meet nation’s needs
- State grants
- Better access to federal loans
- Loan repayment help for pediatricians and mental health professionals in medically underserved areas
- Nurse managed health clinics
- Enhanced funding for primary care training
- Enhanced funding for Centers of Excellence

**Fraud and Abuse Improvements**

- Targets fraudulent MEWAs

**Expanded access to 340B program**

- Drug discounts for inpatient facilities serving a large volume of uninsured and Medicaid patients

Source: HELP Health Reform Legislation – Section by Section Narrative (7/15/09) prepared by Senate Health, Education, Labor and Pensions Committee