



Congressional Health Reform Legislation

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Guiding Principles of Reform: Outlined in President's Budget

➤ **Eight principles**

- **Protect families' financial health**
- **Make health coverage affordable**
- **Aim for universality**
- **Provide portability of coverage**
- **Guarantee choice**
- **Invest in prevention and wellness**
- **Improve patient safety and quality care**
- **Maintain long-term fiscal sustainability**

➤ **Reform must be deficit neutral with financing coming from both savings from the health system due to health system improvements and new revenue**

➤ **Details of the reform plans left to committees of jurisdiction in Congress**



Figure 1. Insurance Reform Proposals As Of 10.09

	Senate Finance Committee 10/13/09	Senate HELP Committee 7/15/09	House of Representatives Tri-Committee 7/31/09
Insurance Market Regulations	GI, adjusted CR 4:1; 5 yr phase-in for small group; report medical loss ratio; uninsured eligible for high risk pools until 2013	GI, adjusted CR 2:1; meet medical loss standards	GI, adjusted CR 2:1; meet medical loss standards
Individual mandate	Penalty \$750/year per adult in household phased in at \$200 in 2014, \$400 in 2015, \$600 in 2016, \$750 in 2017; exempts premiums >8% of income	Penalty \$750/year per person (exemptions if unaffordable)	Penalty: 2.5% of the difference between the tax filing threshold and MAGI up to the average national premium
Exchange	State or Regional	State or Regional	National or state
Plans offered	Private and Co-op	Private and public	Private, public and co-op
Eligibility for exchange	Individuals and small businesses 50 -100, 100 by 2015, 100+ at state option	Individuals and small businesses < 50	Individuals and small businesses phase in <10-20+
Minimum benefit standard, tiers	Essential health benefits 65%-90% actuarial value, Four tiers plus young adults policy	Essential health benefits 76%-93% actuarial value, Three tiers	Essential Health Benefits 70%-95% actuarial value, Four tiers
Premium / cost-sharing assistance	Sliding scale 2%-12% of income up to 300% FPL/ flat cap at 12% 300%-400%; cost sharing credits for 100-200%FPL	Sliding scale 1%-12.5% of income up to 400% FPL	Sliding scale 1.5%-12% of income up to 400% FPL; cost-sharing credits 133%-350%FPL
Medicaid / CHIP expansion	Up to 133% FPL	Up to 150% FPL	Up to 133% FPL
Shared Responsibility / Employer Pay-or-play	Firms >50 FTEs pay uncovered worker fee Small employer tax credit	Play or Pay; firms >25 workers 60%+ premium contribution; penalty \$750/yr per uncovered FTE, \$375/yr per uncovered PTE Small employer subsidy	Play or pay; firms >\$500,000 payroll 72.5% + prem. contribution for ind/65% + for families; sliding scale phased-in from 2% to 8% of payroll Small employer tax credit

Figure 2. System Improvement Provisions of National Health Reform Proposals, 2009



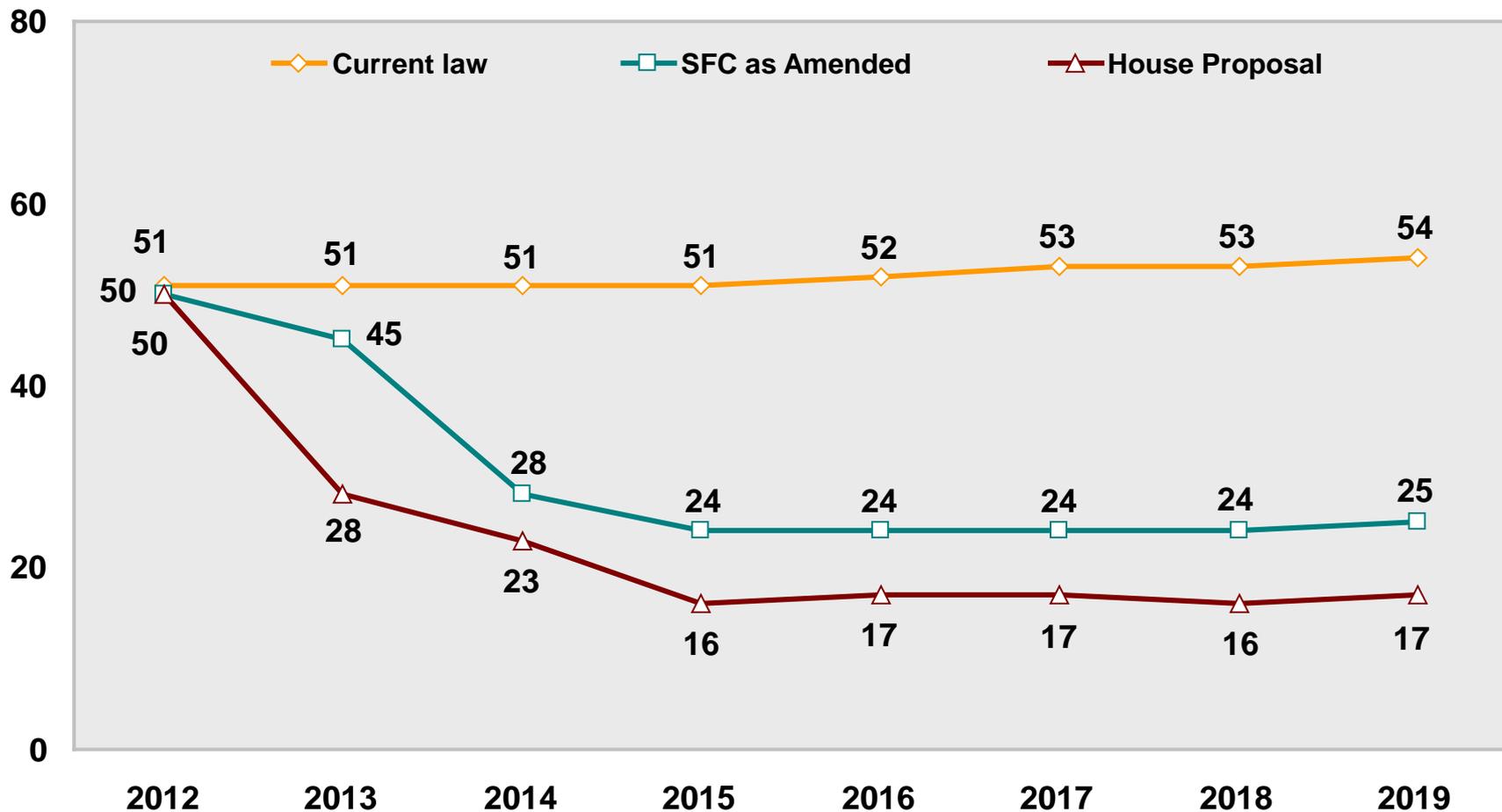
	Senate Finance Committee 10/13/09	Senate HELP Committee 7/15/09	House of Representatives Tri-Committee 7/31/09
Exchange Standards and Plans	State or regional exchanges; private and co-op plans offered; Essential health benefits 65%-90% actuarial value, four tiers plus young adults policy; insurers must report percent of premium spent on items other than medical care	State exchanges (can band together to form regional); private and public plans offered; Essential health benefits 76%-93% actuarial value, three tiers; insurers must meet specified medical loss ratio	National or state exchanges; private, public or co-op plans offered; Essential health benefits 70%-95% actuarial value, four tiers; insurers must meet specified medical loss ratio
Primary Care	10% bonus payments for 5 years; cut all other payments by 0.5%		Increase Medicare payments for PCPs by 5%; bring Medicaid PCPs up to Medicare level
Prevention and Wellness	Provide annual wellness visit and/or health risk assessment for Medicare beneficiaries; strengthen state & employer wellness programs; remove cost-sharing for proven preventive services	Develop a national prevention and wellness strategy; invest in preventive programs; grants to wellness incentive programs; grants to support community prevention programs	Develop a national prevention and wellness strategy; remove cost-sharing for proven preventive services in Medicare; grants to support employer wellness programs
Innovative payment pilots: medical homes, accountable care organizations, bundled hospital and post-acute care	Allow Medicaid beneficiaries to designate medical home; ACOs to share savings in Medicare; Innovations Center	Grants to support medical home model	Adopt medical homes, ACOs, and bundled payments on large scale if pilot programs prove successful; Center for Payment Innovation
Productivity Improvements	Modify market basket updates to account for productivity improvements		Modify market basket updates to account for productivity improvements
Comparative Effectiveness	Create Patient-Centered Outcomes Research Institute	Create Center for Health Outcomes Research and Evaluation with AHRQ	Establish Comparative Effectiveness Research within AHRQ
Quality Improvement	Direct HHS to develop national quality strategy	Provide grants for improving health system efficiency	Establish the Center for Quality Improvement to identify, develop, evaluate, disseminate, and implement best practices; develop national priorities for performance improvement and quality measures

Source: Commonwealth Fund analysis of health reform proposals.



Figure 3. Trend in the Number of Uninsured, 2012–2020 Under Current Law and Senate Finance and House Tri-Committee Proposals

Millions



Note: The uninsured includes unauthorized immigrants. With unauthorized immigrants excluded from the calculation, nearly 94% and 97% of legal nonelderly residents are projected to have insurance under the Senate Finance and House proposal, respectively.
Data: Estimates by The Congressional Budget Office.

Figure 4. House and Senate Payment and System Reform Savings, 2010–2019



Dollars in billions	CBO estimate of Senate Finance Committee Bill as Reported	CBO estimate of H.R. 3200
Total Savings from Payment and System Reforms	\$ -404	\$ -219
➤ Physician payment SGR reform	11	229
Total Savings other than SGR Reform	-415	-448
➤ Productivity improvement/provider payment updates	-162	-201
➤ Medicare Advantage reform	-130	-162
➤ Primary care, geographic adjustment	4	19
➤ Payment innovations	-10	0
➤ Hospital readmissions	-2	-19
➤ Disproportionate share hospital adjustment	-45	-17
➤ Prescription drugs	1	-30
➤ Home health	-33	-34
➤ Independent Commission	-22	-
➤ Other improvements and interactions	-16	-4

Source: The Congressional Budget Office Preliminary Analysis of the Senate Finance Chairman's Mark of the America's Healthy Future Act as Amended, October 7, 2009, <http://www.cbo.gov/doc.cfm?index=10642>. The Congressional Budget Office Analysis of HR 3200, The Affordable Health Choices Act, July 17, 2009, <http://www.cbo.gov/ftpdocs/104xx/doc10464/hr3200.pdf>.

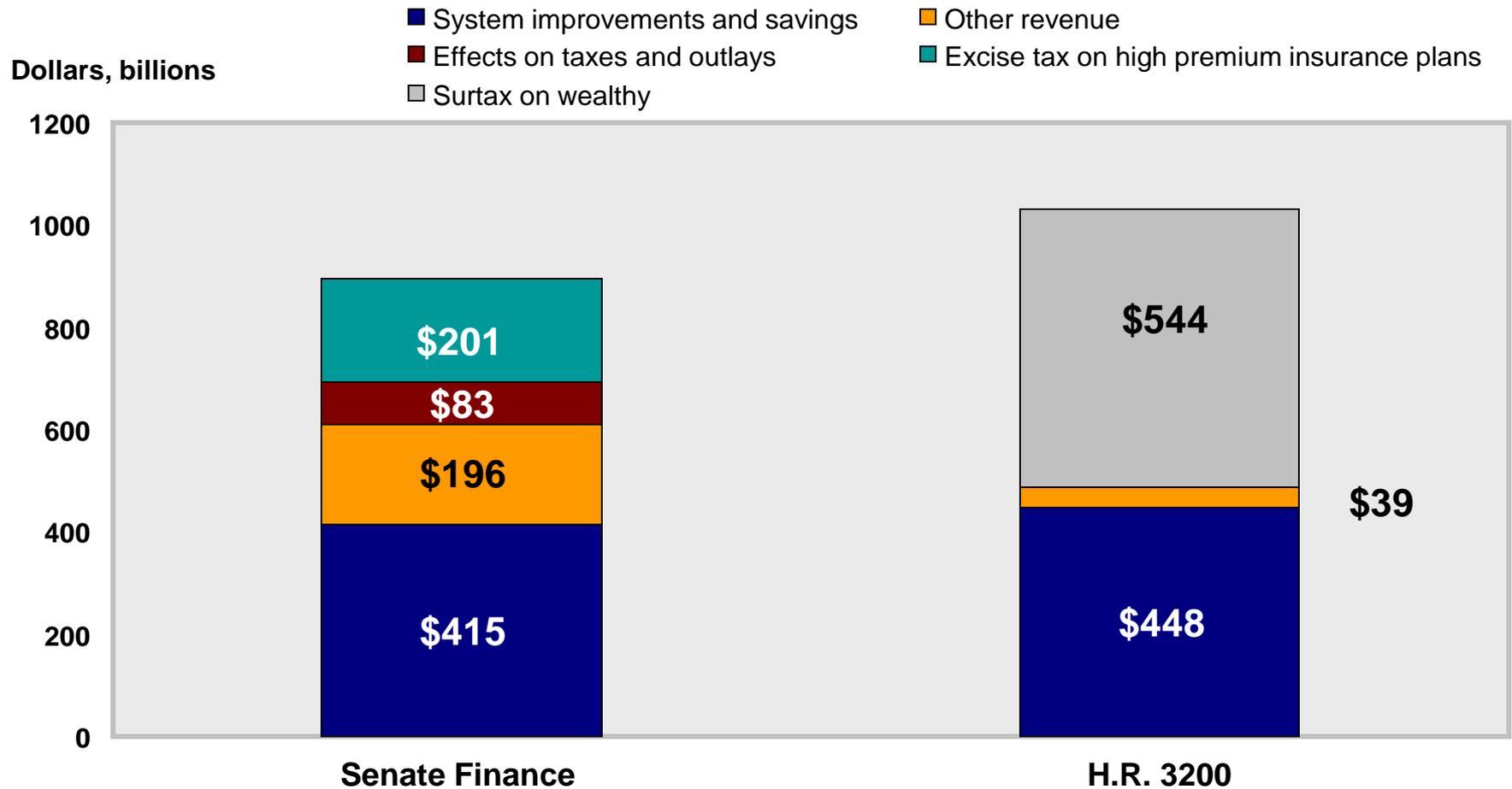


Figure 5. Major Sources of Savings And Revenues Compared with Projected Spending, Net Cumulative Effect on Federal Deficit, 2010–2019

Dollars in billions	CBO estimate of Senate Finance Committee Bill as Reported	CBO estimate of H.R. 3200, as of 7.31.09
Total Net Impact on Federal Decifict, 2010-2019	-\$81	\$239
Total Federal Cost of Coverage Expansion and Improvement	\$719	\$1,042
➤ Medicaid/CHIP outlays	345	438
➤ Exchange subsidies	461	773
➤ Payments by employers to exchanges	--	-45
➤ Small employer subsidies	23	53
➤ Payments by uninsured individuals	-4	-29
➤ Play-or-pay payments by employers	-23	-163
➤ Associated effects on taxes and outlays	-83	15
Total Savings from Payment and System Reforms	-\$404	-\$219
➤ Physician payment SGR reform	11	229
➤ Net improvements and savings	-415	-448
Total Revenues	-\$397	-\$583
➤ Excise tax on high premium insurance plans	-201	--
➤ Surtax on wealthy individuals and families	--	-544
➤ Other revenues	-196	-39

Source: The Congressional Budget Office Preliminary Analysis of the Senate Finance Chairman's Mark of the America's Healthy Future Act as Amended, October 7, 2009, <http://www.cbo.gov/doc.cfm?index=10642>. The Congressional Budget Office Analysis of HR 3200, The Affordable Health Choices Act, July 17, 2009, <http://www.cbo.gov/ftpdocs/104xx/doc10464/hr3200.pdf>.

Figure 6. Proportions of System Savings and New Revenue in H.R. 3200 as Amended & Senate Finance Committee Bill as Reported



*Numbers may not sum to total due to rounding.

Source: The Congressional Budget Office Preliminary Analysis of Specifications for the Senate Finance Chairman's Mark of the America's Healthy Future Act, October 7, 2009, <http://www.cbo.gov/doc.cfm?index=10642>, and The Joint Committee on Taxation Estimated Revenue Effects of the Revenue Provisions in the Chairman's Mark, As Modified, September 22, 2009, <http://jct.gov/publications.html?func=startdown&id=3581>. The Congressional Budget Office Analysis of HR 3200, The Affordable Health Choices Act, July 17, 2009, <http://www.cbo.gov/ftpdocs/104xx/doc10464/hr3200.pdf>



Figure 7. Proposals' Impact on Insurance Coverage and Costs, 2019

	Senate Finance Committee Modified Chairman's Mark 10/2/09	House of Representatives Tri-Committee 7/31/09
Formerly uninsured now covered, 2019	29 million	35 million
Additionally covered by Medicaid/CHIP, 2019	11 million	9 million
Covered in exchange, 2019	25 million	30 million
Net cost of coverage expansion, 2010-2019	\$719 billion	\$1,042 billion
Net impact on federal deficit, 2010-2019	-\$81 billion	\$239 billion

Source: The Congressional Budget Office Preliminary Analysis of Specifications for the Senate Finance Chairman's Mark of the America's Healthy Future Act, October 7, 2009, <http://www.cbo.gov/doc.cfm?index=10642>.
The Congressional Budget Office Analysis of HR 3200, The Affordable Health Choices Act, July 17, 2009, <http://www.cbo.gov/ftpdocs/104xx/doc10464/hr3200.pdf>

Figure 8. Major Areas of Similarities and Differences



Similarities between bills	Differences between bills
<ul style="list-style-type: none"> ❖ Individual mandate ❖ Insurance exchange ❖ Premium and cost-sharing subsidies ❖ Insurance market regulations ❖ Essential standard benefit package standard ❖ Medicaid / CHIP expansion ❖ Pilot programs for rapid cycle testing of innovative payment methods ❖ Creating a national quality improvement strategy ❖ Improving primary care reimbursement ❖ Center for Comparative Effectiveness Research ❖ Create and expand wellness and prevention programs 	<ul style="list-style-type: none"> ❖ Choice of public plan in exchange ❖ Employer shared responsibility ❖ Changing the Sustainable Growth Rate formula for Medicare physician fee update ❖ Medicare Commission to extend Medicare solvency, slow Medicare cost growth and increase quality of care ❖ Sources of revenue: surcharges on higher income vs. excise tax on high cost health plans



Thank you!



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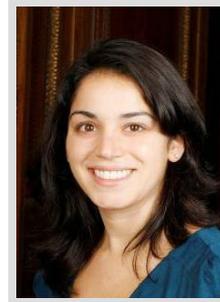
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