



## SUMMARY OF HR 3200

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### Underwriting Reforms

- Guaranteed issue and renewal
- No pre-existing condition exclusions
- No rescissions
- Age rating banded at 2:1 ratio
- Permits variations on geography and family size
- 85% medical loss ratio
- Transparency, plain language and prior notice requirements
- Timely claims payment
- Standardized rules for coordination of benefits
- Administrative simplification of claims payment, eligibility and enrollment

### Benefits

- Three tiers/categories: basic, enhanced and premium
  - Recommended by Health Benefits Advisory Committee to HHS
- No cost sharing for prevention
- Out of pocket caps: \$5,000 for an individual, \$10,000 for a family

### Health Insurance Exchange

- Uninsured can buy through the exchange
- Small employers of less than 10 can buy through the exchange
- Small employers of less than 20 can buy through the exchange (year two)
- Flexibility to go larger
- Competitive bidding and negotiating with plans
- Distributes subsidies for uninsured individuals between 133% and 400% of FPL
- Plans may offer and price add-on benefits, such as adult dental and vision
- Plans must be licensed in the state(s) in which they are doing business, report required data, and contract for outpatient services with 340B clinics
- States can form their own exchanges and operate in lieu of the national exchange with national approval

### Public Plan Option

- Level playing field with private plans re: market reforms, network requirements
- Reserves, self sustaining w/o public subsidies and other consumer protections
- Payment rates are Medicare plus 5% (for providers who participate in Medicare)
- Only available through the exchange



- Flexibility to innovate in payment rates, including negotiations for prescription drug prices

Subsidies and Individual Affordability Credits

- For individual basic coverage
- Only through the exchange
- For persons with incomes 133%-400% of FPL use (verified federal tax returns)
- Subsidies on a sliding fee scale from 1.5% of income for those at 133% of FPL to 11% of income for those at 400% of FPL
- Reduced cost sharing as well for individuals between 133 and 400% of FPL
- No FFP (federal financial participation) for undocumented

Individual Mandate

- Enforced by 2.5% assessment on adjusted gross income
- Hardship exemptions available
- Acceptable coverage is grandfathered coverage, public coverage or private coverage

Employer

- Must pay 72.5% of individual basic coverage and 65% of family coverage
- *Or* pay a payroll tax – 8% of average salary
  - Below \$250,000 exempt and phases up to 8% by \$500,000 in average salary
  - Pro rata for part time employees
- Tax credit equal to 50% of what a small employer pays for coverage
  - Phased down for employees from 10-25 employees
  - Phased down for average wages from \$20,000 to \$40,000 annually

Medicare

- Freeze for SNF, home health and inpatient rehab reimbursement rates for 2010 and productivity adjustments for all inpatient hospital care and home health
- Report on drop in hospital uncompensated care and reduction in Medicare DSH beginning in 2017
- Changes the sustainable growth rate formula for physician services to enhance primary care services and eliminate the decrease in physician reimbursement rates due to increased spending on drugs and lab tests
- Provides incentives to physicians practicing in the most efficient regions of the country
- Updates the geographic adjustment for California
- Requires ambulatory surgery centers to submit cost data
- Adjusts payment rates for imaging services to reflect more efficient use of services
- Bundles payments for hospital care to reduce avoidable readmissions



- Reduces overpayments to Medicare Advantage plans to fee for service levels over 3 years
- 85% minimum loss ratio for Medicare Advantage plans
- Eliminates Part D donut hole over 12 years and reduces Medicaid payments for prescriptions to pay for this coverage expansion; gives 50% discount for brand name drug prices in the donut hole
- Increase in the assets test eligibility for the low income subsidy to \$17,000 for individuals and \$34,000 for families
- Alternative payment system to encourage and reward successful Accountable Care Organizations (ACOs)
- Pilot programs for two types of medical homes to manage care for high cost chronically ill populations
- Increased payment rate for primary care by 5%

Quality

- Center for Comparative Effectiveness Research
- Nursing home transparency
- Set national priorities for quality improvements
- Reporting on financial relationships between physicians and distributors/manufacturers of drugs and devices
- Reporting on hospital-acquired Infections
- Enhanced monitoring and reduction of fraud and abuse

Medicaid

- Covers all the poor up to 133% of FPL
- Federal government pays 100% of costs of newly eligible
- Maintenance of state effort (eligibility rules) in Medicaid and CHIP until Exchange opens in 2013
- Required coverage of preventive services
- Primary care must be reimbursed at 80% of Medicare payment rates in 2010, 90% in 2011 and 100% in 2012
- Medical home pilots for high cost beneficiaries
- Transitional Medicaid (one year of coverage for families going from welfare to work) extended to 12/31/2012
- Increases drug rebates on brand name drugs and extends the rebates to Medicaid MCOs
- Reduces federal DSH payments by \$10 billion based on reductions in uninsured rates and uncompensated care
- 85% medical loss ratio for Medicaid MCOs
- Enhanced monitoring and reduction of fraud and abuse

Community Health Centers

- \$38 billion augmentation over the next 10 years

Prevention and Wellness Trust

- \$35 billion augmentation over the next 10 years



Source: America's Health Choices Act Section by Section Analysis (July 14, 2009),  
Prepared by Committees on Energy and Commerce, Ways and Means and Education  
and Labor