



Summary of Partial Draft of Health Reform Bill from Senate Health, Education, Labor and Pensions Committee June 8, 2009

A partial draft of health reform legislation from the Senate's Health, Education, Labor and Pensions Committee was leaked Fri., June 5. The 171-page document provides some insight into the structure of the bill Sen. Edward Kennedy (D-MA) will put before his committee, but leaves unresolved some key issues, and does not address others. Over the weekend, a committee spokesman said the leaked document was "a draft of a draft," several weeks old, and only a part of the final bill. We expect to see the full initial proposal from Sen. Kennedy later this week, which will be likely followed by drafts from both the Senate Finance Committee and several House committees the week after. Floor debate is scheduled for the last weeks of July.

Below are some of the main points of the draft. Community Catalyst will offer analysis of the committee's proposals once the complete official bill is released.

Insurance Reform

The bill would overhaul the individual and group health insurance markets to ensure that everyone can buy insurance on the same footing. The bill would:

- require insurers to offer coverage to everyone and to renew policies
- prohibit exclusions for pre-existing conditions
- bar insurers from basing premiums on health status, gender, genetic information, disability, type of work, or claims history. Premiums could vary based on age, but the spread is constrained to a 2:1 ratio
- require insurers providing group coverage to spend 80 percent of the premiums collected on medical benefits, and those providing individual coverage to use 75 percent of the premiums for medical care.
- require insurers to disclose how much they spend for patient care, and how much goes for administration, advertising, and profit
- mandate that insurers develop quality measures, such as care management, reduction of preventable hospital readmissions, use of evidence-based medicine, and wellness activities
- restrict co-pays and deductibles for preventive care to minimal amounts
- include dependents through age 26 in all family coverage
- prohibit caps on lifetime or annual benefits

Insurance Exchanges

The bill would establish state “Health Benefit Gateways,” insurance Exchanges that would facilitate purchase of insurance by individuals and businesses. The Gateways would also offer sliding-scale subsidized coverage to low- and moderate-income people. Participation in the Gateways would be voluntary. Provisions include:

- The Gateways would facilitate comparison of premiums, out-of-pocket costs, and other features of plans, and will support electronic enrollment.
- To spread the risk of covering sicker patients both within and outside the Gateway, the government would assess insurers with healthier-than-average members to help support insurers with sicker-than-average members.
- States would set up assistance centers and helplines, and enlist community organizations to educate and sign people up.
- Gateway plans could only contract with hospitals that meet patient safety standards for assuring adequate care after patients are discharged.
- A new board, called the Medical Advisory Council, would set benefit levels and define affordability. Those benefits must be broad, including emergency services, hospitalization, medical and surgical care, mental health care, prescription drugs, rehabilitative care and prevention.

Affordability Provisions

The bill would establish a sliding scale subsidy program for low- and moderate-income people, and assistance for small businesses. Many of the dollar amounts are left blank in the draft. One section, yet to be detailed, expands Medicaid coverage to 150 percent of the federal poverty level (FPL), or about \$16,000 for an individual. The bill would mandate:

- Sliding-scale subsidies to people earning up to 500 percent FPL, or about \$54,000 annual income for a single person. Subsidies will increase in future years with inflation.
- Limits on out-of-pocket costs, linked to a percentage of family income (to be determined)
- No benefits go to people unlawfully present in the U.S.
- Subsidies for small businesses – up to 27 full-time employees – based on the number of full-time employees. Businesses paying lower wages or with fewer employees would get a larger credit per employee under a complex formula
- A public plan option, dubbed the “Affordable Access Plan,” that would pay providers 10 percent more than Medicare rates. The plan must cover its costs through premiums

Shared Responsibility for Health Care

The bill would require individuals to obtain health insurance if an affordable plan is available, and require employers to offer coverage to their workers. Provisions include:

- People with access to affordable coverage who do not enroll would face a “shared responsibility payment” on their taxes. The payment may be waived in cases of financial hardship. The amount of the payment and the determination of affordability would be set by regulation.
- Employers who do not provide coverage or who do not contribute a minimum amount (to be set) to premiums for that coverage would pay a fee to the government.. The amount of the fee is not specified. Employers would pay the full amount for full-time workers, and a proportionate amount for part-timers. Small employers would be exempt, but the definition of small employer is unspecified.
- Employers who do not provide coverage to their workers would also pay a “Free Rider Penalty” (amount not specified) if their workers receive care paid for by the federal government.

Electronic Enrollment

The federal government would establish information technology standards to streamline enrollment in health programs. Grants to implement enrollment technology would be available to states and local governments.

Insurance for Care at Home

The bill would set up the Community Living Assistance Services and Supports (CLASS) program, a national voluntary insurance program to help cover services and supports for disabled people living at home or in a residential setting. People would be automatically enrolled through their employer, unless they opt out, and would pay fixed premiums throughout their life. Participants in the program who become disabled would receive cash benefits (no less than an average of \$50 per day) for non-medical services, such as personal care attendants, counseling and other supports to help them maintain independence. The benefits would supplement, not supplant, other benefits for which the enrollee is eligible (such as Medicaid or other federal programs). The bill would allow participants to use the program to pay family caregivers who are providing covered services and supports.