

A Historic Act

The Senate-passed bill approved by the House on Sunday, March 21, 2010 makes sweeping changes to health care financing. Here are some of its provisions, along with elements of a reconciliation bill that would avoid a filibuster by Senate Republicans.

	SENATE BILL	RECONCILIATION
Requirement to buy insurance	Starting in 2014, most Americans will be required to buy health insurance or pay a penalty that will rise to as much as \$2,250 by 2016.	Penalties will be somewhat higher at first, but no more than \$2,085 in 2016.
Where to get insurance	Those who do not have employer coverage can buy on “exchanges” administered by the states. Insurers that try to drastically raise premiums might be excluded from exchanges.	No major changes.
Subsidies	Households without insurance making up to \$88,200 will get tax credits to cover health care costs. The lowest income group, those making less than \$33,075 for a family of four, will pay 2 percent to 4.6 percent of income on premiums, with the rest covered by subsidies.	Slightly more generous subsidies.
Medicaid for millions more	Starting in 2014, a family of four making \$29,327 or less will be eligible, adding 16 million new recipients. The federal government will pay all of the cost for new recipients at first and eventually reduce that to 90 percent. States will pay the rest - except Nebraska which will pay nothing.	Medicaid payments to doctors will be increased substantially and Nebraska will have as much to pay as much as other states.
Abortion	Health plans on exchanges	No major changes.

	can offer abortion coverages. But if they do, subscribers who get federal subsidies will have to make separate premium payments for coverage.	
Illegal Immigrants	Cannot buy insurance on the exchanges, even if they can afford it without subsidies.	No major changes.
Pre-existing conditions	Insurance companies cannot exclude people with medical problems, starting in 2014. Until then, such people can buy from a high-risk pool.	Will extend the ban to employer-sponsored plans by 2014.
Premiums for young and old	The premiums of older people can be no more than three times as expensive as those of younger people, who are cheaper to insure.	No major changes.
Canceling coverage	Within six months of the bill's passage, companies will have to stop canceling policies of people who get sick.	Ban will be extended to employer-sponsored plans as well.
Lifetime coverage limits	Insurers will be banned from limiting coverage over a lifetime.	Ban will apply to employer sponsored-plans as well.
Profits	Insurers, who have been paying about 74 cents out of every dollar for medical care, will have to spend between 80 and 85 cents.	No major changes.
New taxes	High-value employer-sponsored plans will be subject to a 40 percent excise tax in 2014; families making more than \$250,000 will pay higher Medicare payroll taxes on their wages.	Taxes on the high-value plans will be delayed until 2018; unearned income-like capital gains will be subject to an additional 3.8 percent tax.
New fees	The health care industry, including drug companies, medical device manufacturers and	Implementation of fees will be delayed by one to three years.

	insurance companies, will pay billions of dollars in new fees, some starting this year.	
Employer penalties	Employers with 50 or more workers will pay a \$750-per-worker penalty if they do not offer coverage and their workers get subsidies for private insurance.	The penalty will rise to \$2,000, but the first 30 employees are exempted from the calculation.
Medicare benefit cuts	Medicare benefits will be squeezed by nearly \$500 billion over 10 years, including \$116 billion in cuts to subsidies for privately offered Medicare Advantage plans.	Will impose an additional \$16 billion in cuts to Medicare advantage plans.
Minimum coverage level	Insurers will have to cover at least 60 percent of the cost of benefits. Out-of-pocket costs will be capped at \$11,900 a year for a family. Better-paying plans could also be offered.	No major changes.

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