

## FEDERAL HEALTH REFORM PROPOSALS

	<i>Obama</i>	<i>Senator Baucus (D., MT)</i>	<i>Senator Kennedy (D., MA)</i>	<i>Rep. Waxman (D., CA)</i>
<b>Key Elements of Reform</b>	<ul style="list-style-type: none"> <li>• <b>Individual mandate</b> if hardship waiver included</li> <li>• <b>Public plan</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Individual mandate</b> (with hardship waiver)</li> <li>• <b>Public plan</b></li> <li>• <b>Prohibits discriminatory enrollment</b> practices based on health-status related factors.                ”Rules for rating insurance policies — which have to do with how an insurer can determine a policyholder’s premium based on various criteria such as age, tobacco use, previous illness, or factors that encourage healthy lifestyles — will be specified in statute.”</li> <li>• <b>Premium subsidies</b> would be available for families ≤ 400% FPL</li> <li>• <b>National insurance exchange</b></li> <li>• <b>Pay-or-Play</b> (Small companies exempt.)</li> <li>• <b>Medicaid expansion</b> (available to any American below the poverty level)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Individual mandate</b> (with hardship waiver)</li> <li>• <b>Public plan?</b> (unclear currently)</li> <li>• <b>Prohibits discriminatory enrollment</b> practices based on health-status related factors.                Premiums can only vary by “family structure; community rating area; the actuarial value of the benefit; age, except that such rate shall not vary by more than 2 to 1; and such rate shall not vary by health status-related factors, gender, class of business, claims experience, or any other factor not described in above.”</li> <li>• <b>Premium subsidies</b> for families ≤ 500% FPL</li> <li>• <b>State (or multi-state) insurance exchanges</b>, modeled on MA’s Commonwealth Connector</li> <li>• <b>Pay-or-Play</b> (Small business would be exempt and would potentially be eligible for government subsidies to help cover the cost of insurance.)</li> <li>• <b>Medicaid expansion</b> by increasing eligibility to ≤150% FPL and basing eligibility solely on income</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Individual mandate</b> (with hardship waiver)</li> <li>• <b>Public plan</b></li> <li>• <b>Prohibits discriminatory enrollment</b> practices based on health-status related factors, gender, or occupation; strictly limits premium variation based on age</li> <li>• <b>Premium subsidies</b> for families ≤ 400% FPL</li> <li>• <b>Insurance exchange</b> – national, or states could establish their own</li> <li>• <b>Pay-or-Play</b> (Small companies that pay low wages are exempt.)</li> <li>• <b>Medicaid expansion</b> by basing eligibility solely on income</li> </ul>
<b>Additional Proposed Reforms</b>		<ul style="list-style-type: none"> <li>• <b>Medicare buy-in</b> for Americans age 55-64 (until national insurance exchange is established)</li> </ul>	<ul style="list-style-type: none"> <li>• Would allow <b>young adults</b> up to 26 years old to enroll in their parents health plan</li> </ul>	NA

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		<ul style="list-style-type: none"> <li>•<b>Phase out 2-year Medicare waiting period</b> for people with disabilities</li> <li>•All states would use the State <b>Children’s Health Insurance Program (CHIP)</b> to cover children ≤ 250% FPL</li> <li>•Additional funding for <b>IHS</b></li> </ul>	<ul style="list-style-type: none"> <li>•Would exempt existing <b>union health benefit contracts</b> from certain requirements</li> <li>•Provision allows purchase of <b>long-term care coverage</b> for \$65/month</li> <li>•Group health plans with 250 or fewer members would be prohibited from <b>self-insuring</b>. ERISA would only be for big businesses.</li> </ul>	
<b>Proposed Financing</b>	<ul style="list-style-type: none"> <li>•Would <b>limit the value of itemized deductions</b> for families earning more than 250k a year</li> <li>•Would cap these itemized tax deductions at 28 percent</li> <li>•Would make reforms to <b>close tax loopholes</b></li> </ul>	<ul style="list-style-type: none"> <li>•<b>Tax ESI</b> if the plans exceed the benefit levels received by members of Congress                             <ul style="list-style-type: none"> <li>-option to grandfather the tax exclusion for insurance plans established under collective bargaining agreements in effect when the change is enacted, until the termination of the agreement.</li> </ul> </li> <li>•<b>Other Possibilities:</b> <ul style="list-style-type: none"> <li>-modifying or repealing the itemized deduction for medical expenses;</li> <li>-modifying HSAs;</li> <li>-modifying or repealing the exemption for FSAs and HRAs; -</li> <li>modifying the requirements for tax-exempt hospitals</li> <li>-alcohol excise tax, sugar-sweetened beverage excise tax</li> </ul> </li> </ul>	TBD	TBD
<b>Issues, Problems</b>	<ul style="list-style-type: none"> <li>•Republican opposition to public plan</li> <li>•Concern among lawmakers that capping itemized deductions would hurt charities</li> </ul>	<ul style="list-style-type: none"> <li>•Republican opposition to public plan</li> <li>•Obama administration officials worry that limiting tax benefits of ESI could reduce access for the majority of Americans who have ESI.</li> <li>•Labor unions object to taxing ESI</li> </ul>	•Republican opposition to public plan	•Republican opposition to public plan