

Senate, House Democratic health bills compared

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A comparison of the health care bills before Congress:

The Senate Democratic bill (Patient Protection and Affordable Care Act):

**WHO'S COVERED:** About 94 percent of legal residents under age 65 — compared with 83 percent now. Government subsidies to help buy coverage start in 2014. Illegal immigrants would not receive assistance.

**COST:** Coverage provisions cost \$849 billion over 10 years.

**HOW IT'S PAID FOR:** Fees on insurance companies, drugmakers, medical device manufacturers. Medicare payroll tax increased to 1.95 percent on income over \$200,000 a year for individuals; \$250,000 for couples. New 5 percent tax on elective cosmetic surgery. Cuts to Medicare and Medicaid. Excise tax on insurance companies, keyed to premiums paid on health care plans costing more than \$8,500 annually for individuals and \$23,000 for families. Fees on employers whose workers receive government subsidies to help them pay premiums. Fines on people who fail to purchase coverage.

**REQUIREMENTS FOR INDIVIDUALS:** Almost everyone must get coverage through an employer, on their own or through a government plan. Exemptions for economic hardship. Those who are obligated to buy coverage and refuse to do so would pay a fine starting at \$95 in 2014 and rising to \$750

**REQUIREMENTS FOR EMPLOYERS:** Not required to offer coverage, but medium and large companies would pay a fee if the government ends up subsidizing employees' coverage.

**SUBSIDIES:** Tax credits for individuals and families likely making up to 400 percent of the federal poverty level, which computes to \$88,200 for a family of four. Tax credits for small employers.

**BENEFITS PACKAGE:** All plans sold to individuals and small businesses would have to cover basic benefits. The government would set four levels of coverage: The least generous would pay an estimated 60 percent of health care costs per year; the most generous would cover an estimated 90 percent.

**INSURANCE INDUSTRY RESTRICTIONS:** Starting in 2014: no denial of coverage based on pre-existing conditions. No higher premiums allowed for pre-existing conditions or gender. Limits on higher premiums based on age and family size. Starting

upon enactment of legislation: children up to age 26 can stay on parents insurance; no lifetime limits on coverage.

**GOVERNMENT-RUN PLAN:** A new federal insurance plan would be offered to compete against private carriers. The government would negotiate — not dictate — payment rates for medical providers. Unlike the House bill, states could opt out of the plan. It's not clear the proposal commands enough votes to survive, and it could be replaced by a standby system pushed by moderates that would not go into effect until it was clear individual states were experiencing a lack of competition among private companies.

**HOW YOU CHOOSE YOUR HEALTH INSURANCE:** Self-employed people, uninsured individuals and small businesses could pick a plan offered through new state-based purchasing pools. Employees would be generally encouraged to keep their work-provided coverage.

**DRUGS:** Grants 12 years of market protection to high-tech drugs used to combat cancer, Parkinson's and other deadly diseases. Drug companies contribute \$80 billion over 10 years with the majority of the money used to limit the prescription coverage gap in Medicare.

**CHANGES TO MEDICAID:** Income eligibility levels likely to be standardized to 133 percent of poverty, which is \$29,327 a year for a family of four, for all parents, children and pregnant women. Federal government would pick up the full cost of the expansion during the first three years. States could negotiate with insurers to arrange coverage for people with incomes slightly higher than the cutoff for Medicaid.

**LONG-TERM CARE:** New voluntary long-term care insurance program would provide a basic benefit designed to help seniors and disabled people avoid going into nursing homes.

**ANTITRUST:** Amendment expected to be offered on the Senate floor to strip the health insurance industry of its antitrust exemption.

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The House bill (Affordable Health Care for America Act):

**WHO'S COVERED:** About 96 percent of legal residents under age 65 — compared with 83 percent now. Government subsidies to help buy coverage start in 2013. About one-third of the remaining 18 million people under age 65 left uninsured would be illegal immigrants.

**COST:** The Congressional Budget Office says the bill's cost of expanding insurance coverage over 10 years is \$1.055 trillion. The net cost is \$894 billion, factoring in penalties on individuals and employers who don't comply with new requirements. That's

under President Barack Obama's \$900 billion goal. However, those figures leave out a variety of new costs in the bill, including increased prescription drug coverage for seniors under Medicare, so the measure may be around \$1.2 trillion.

**HOW IT'S PAID FOR:** \$460 billion over the next decade from new income taxes on single people making more than \$500,000 a year and couples making more than \$1 million. The original House bill taxed individuals making \$280,000 a year and couples making more than \$350,000, but the threshold was increased in response to lawmakers' concerns that the taxes would hit too many people and small businesses.

There are also more than \$400 billion in cuts to Medicare and Medicaid; a new \$20 billion fee on medical device makers; \$13 billion from limiting contributions to flexible spending accounts; sizable penalties paid by individuals and employers who don't obtain coverage; and a mix of other corporate taxes and fees.

**REQUIREMENTS FOR INDIVIDUALS:** Individuals must have insurance, enforced through a tax penalty of 2.5 percent of income. People can apply for hardship waivers if coverage is unaffordable.

**REQUIREMENTS FOR EMPLOYERS:** Employers must provide insurance to their employees or pay a penalty of 8 percent of payroll. Companies with payrolls under \$500,000 annually are exempt — a change from the original \$250,000 level to accommodate concerns of moderate Democrats — and the penalty is phased in for companies with payrolls between \$500,000 and \$750,000.

Small businesses — those with 10 or fewer workers — get tax credits to help them provide coverage.

**SUBSIDIES:** Individuals and families with annual income up to 400 percent of poverty level, or \$88,000 for a family of four, would get sliding-scale subsidies to help them buy coverage. The subsidies would begin in 2013.

**HOW YOU CHOOSE YOUR HEALTH INSURANCE:** Beginning in 2013 through a new Health Insurance Exchange open to individuals and, initially, small employers. It could be expanded to large employers over time. States could opt to operate their own exchanges in place of the national exchange if they follow federal rules.

**BENEFITS PACKAGE:** A committee would recommend a so-called essential benefits package including preventive services. Out-of-pocket costs would be capped. The new benefit package would be the basic benefit package offered in the exchange.

**INSURANCE INDUSTRY RESTRICTIONS:** Starting in 2013, no denial of coverage based on pre-existing conditions. No higher premiums allowed for pre-existing conditions or gender. Limits on higher premiums based on age.

**GOVERNMENT-RUN PLAN:** A new public plan available through the insurance exchanges would be set up and run by the secretary of Health and Human Services. Democrats originally designed the plan to pay Medicare rates plus 5 percent to doctors. But the final version — preferred by moderate lawmakers — would let the HHS secretary negotiate rates with providers.

**CHANGES TO MEDICAID:** The federal-state insurance program for the poor would be expanded to cover all individuals under age 65 with incomes up to 150 percent of the federal poverty level, which is \$33,075 per year for a family of four. The federal government would pick up the full cost of the expansion in 2013 and 2014; thereafter the federal government would pay 91 percent and states would pay 9 percent.

**DRUGS:** Grants 12 years of market protection to high-tech drugs used to combat cancer, Parkinson's and other deadly diseases. Phases out the gap in Medicare prescription drug coverage by 2019. Requires the HHS secretary to negotiate drug prices on behalf of Medicare beneficiaries.

**LONG-TERM CARE:** New voluntary long-term care insurance program would provide a basic benefit designed to help seniors and disabled people avoid going into nursing homes.

**ANTITRUST:** Would strip the health insurance industry of a long-standing exemption from antitrust laws covering market allocation, price-fixing and bid rigging. The bill also would give the Federal Trade Commission authority to look into the health insurance industry at its own initiative.

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