

# Health Reform At A Glance

	House HR 3962 Passed November 7, 2009	Senate HR 3590 Passed December 24, 2009	President's Proposal Introduced February 22, 2010
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## Employer Mandate

1	<b>Play or Pay Penalty for not offering coverage</b>	8% of pay; permits separate election by line of business or FTE/PTE status. Effective 2013	\$750 per FTE, indexed. Effective 2014	\$2,000 per FTE, indexed. Effective 2014
2	<b>Waiting Periods Allowed</b>	No provision	No penalty to 60 days; \$600 penalty for 61 to 90 days. Over 90 days not permitted	Up to 90 days with no penalty. Over 90 days not permitted. Effective 2014
3	<b>Pay and Play Penalty for opt-outs electing coverage through the Exchange (effective 2014)</b>	8% of average payroll for each opt-out enrolling in the Exchange	\$3,000 (indexed) for FTEs who enroll in Exchange and receive subsidy; aggregate cap of \$750 times total number of FTEs	President's Proposal does not specifically address, but appears to follow Senate bill
4	<b>Employee Vouchers for Exchange</b>	No provision	Employers must offer cash vouchers to employees under 400% FPL with contributions between 8.0% to 9.8% of AGI	President's Proposal does not specifically address, but appears to follow Senate bill
5	<b>Employer Minimum Subsidy</b>	72.5% of single; 65% of family coverage; proportionately reduced for part-timers	No provision	President's Proposal does not specifically address, but appears to follow Senate bill
6	<b>Auto Enrollment Required</b>	Yes	Yes	Yes
7	<b>Employer Reporting Requirements</b>	Similar to Senate	Reporting to both Secretary and employees regarding minimum essential coverage	President's Proposal does not specifically address, but appears to follow Senate bill

## Individual Mandate

8	<b>Play or Pay Penalty</b>	2.5% of Adjusted Gross Income (AGI) above filing threshold starting in 2013	Greater of 0.5% of AGI or \$95/person in 2014, 1.0% or \$495/person in 2015, 2.0% or \$750/person in 2016; indexed. Family flat dollar amount capped at 300% of adult	Greater of 1.0% of AGI or \$95/person in 2014, 2.0% or \$325/person in 2015, 2.5% or \$695/person in 2016; indexed. Family flat dollar amount capped at 300% of adult
9	<b>Minimum Value of Employer Coverage</b>	Actuarial value of at least 70 percent (effective 2018)	Actuarial value of at least 60 percent (effective 2014)	President's Proposal does not specifically address, but appears to follow Senate bill
10	<b>"Unaffordable" Employer Coverage for Employees Under 400% of FPL (effective in 2014)</b>	Employee contributions above 12% of AGI – eligible for subsidized Exchange coverage	Employee contributions above 9.8% of AGI – eligible for subsidized Exchange coverage and employer is assessed penalty; Between 8.0-9.8% of AGI – employee eligible for opt-out voucher from employer	President's Proposal does not specifically address, but appears to follow Senate bill

## Qualifying Health Coverage to Satisfy Mandate

11	<b>Required Service Categories &amp; Coverage (e.g. hospitalization, maternity)</b>	Mandated statutory list, to be supplemented by the Secretary of HHS with the input of the Health Benefits Advisory Committee	Similar to House but limited to insured plans	President's Proposal does not specifically address, but appears to follow Senate bill
12	<b>Preventive Care must be covered @100%</b>	Yes	Yes	Yes. 2018 for grandfathered plans.
13	<b>Maximum Out-of-pocket Limit</b>	\$5K/individual & \$10K/family (lower for those eligible for premium subsidies)	Cannot exceed the OOP limit for HSA-compatible HDHP; Indexed	President's Proposal does not specifically address, but appears to follow Senate bill
14	<b>Prohibits Pre-existing Condition Exclusions</b>	Yes, in 2013; interim reduction in look-back/exclusion periods	Yes, in 2014. For children under 19, plan years starting 6 months after enactment.	Yes, in 2014.
15	<b>Requires Expansion of Child Coverage</b>	Yes, through age 26	Yes, through age 25	Yes, through age 25, applies immediately after enactment.
16	<b>Prohibits Lifetime Limits</b>	Yes, in 2010	Yes	Yes, in 2018
17	<b>Permits Continuation of Current Coverage without Penalty</b>	Yes. 5 year grace period. Defers compliance with above requirements (except lifetime limits) to 2018	Yes. Above provisions, waiting periods over 90 days, wellness incentives and uniform explanation of coverage provisions do not apply to a grandfathered plan	Yes.

## Other Employer Requirements

18	<b>Income Tax Exclusion of Employer Health Benefits</b>	Expanded to include domestic partners and older children	No change to current tax law	President's Proposal does not specifically address, but appears to follow Senate bill
19	<b>COBRA Expansion</b>	COBRA continued until eligible for Exchange or other coverage	No provision	President's Proposal does not specifically address, but appears to follow Senate bill
20	<b>Uniform Explanation of Coverage</b>	Disclosure requirements for group plans; harmonized with plans offered in Exchange	Federally prescribed appearance, content, language and timing	President's Proposal does not specifically address, but appears to follow Senate bill
21	<b>HIPAA Wellness Incentives</b>	No provision	Codifies HIPAA Wellness incentives, but with a maximum differential of 30%; Secretary can raise to 50%	President's Proposal does not specifically address, but appears to follow Senate bill

## Retiree Health

22	<b>Retiree "Maintenance of Effort" Requirement</b>	Prohibits any reductions in benefits after individual retires unless concurrent change is made for actives – effective on enactment	No provision	President's Proposal does not specifically address, but appears to follow Senate bill
23	<b>Reinsurance Program for Early Retirees (55-64)</b>	\$10B to subsidize 80% of a retiree's costs between \$15K-\$90K	Similar to House but limited to \$5B max funding	President's Proposal does not specifically address, but appears to follow Senate bill
24	<b>Coverage in Part D Donut Hole</b>	Similar to Senate except entire donut hole is phased out in 9 years	Drug manufacturers required to discount brand drugs in donut hole by 50%	Yes. Follows Senate bill plus \$250 rebate in 2010 for beneficiaries who reach donut hole. Phases out donut hole by 2020

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## Insurance Market Reform for Individuals and Small Groups

25	<b>Minimum Benefit Package</b>	Essential Benefits Packages defined with actuarial values of 70% - 95%	Bronze, Silver, Gold and Platinum with actuarial values of 60% - 90%	President's Proposal does not specifically address, but appears to follow Senate bill
26	<b>Guaranteed Issue and Renewability</b>	Yes, includes interim high risk pool for currently uninsured	Similar to House	Yes. Also creates a federal Health Insurance Rate Authority to provide oversight on unreasonable rate increases and unfair practices of insurance plans (does not replace State authority)
27	<b>Community Rating – Limits on age rating</b>	2 to 1 ratio maximum	3 to 1 ratio maximum (50% surcharge also permitted for tobacco use)	President's Proposal does not specifically address, but appears to follow Senate bill
28	<b>Medical Loss Ratios - Minimum Standards</b>	85%	75% Individual market; 85% Group market; sunsets December 31, 2013	President's Proposal does not specifically address, but appears to follow Senate bill
29	<b>Small Employer Subsidies</b>	Yes, up to 25 employees	Similar to House	President's Proposal does not specifically address, but appears to follow Senate bill

## Purchasing Exchanges

30	<b>Exchanges</b>	National exchange for health plans for individuals and small groups starting in 2013	Similar to House, except state-based exchanges which starts in 2014	Yes, starting in 2014
31	<b>Low Income Premium Subsidy in the Exchange</b>	Yes. Affordability Credits up to 400% federal poverty level	Similar to House	Yes, with increased tax credits
32	<b>Public Plan Option</b>	Yes. Provider reimbursement rates negotiated by Secretary	No. Instead the U.S. Office of Personnel Management would contract with national or multi-state health insurance plans	No. Appears to follow Senate bill

## Financing

33	<b>Income Tax Provisions</b>	5.4% income tax surcharge on high income individuals. (\$500K individual; \$1M married)	Itemized medical deduction threshold increased from 7.5% to 10%. Starts in 2013, except for taxpayers over age 65 where effective in 2017	Yes, follows Senate bill
34	<b>Medicare Hospital Insurance Tax</b>	No provision	Increases tax rate from 1.45% to 2.35% starting in 2013 for high income earners. (income in excess of \$250K joint filers; \$200K others)	Increases tax rate from 1.45% to 2.35% starting in 2013 for high income earners, and implements a new 2.9% tax on unearned income. (income in excess of \$250K joint filers; \$200K others)
35	<b>"Cadillac Plan" Excise Tax</b>	No provision	40% tax on value above \$8,500/individual and \$23,000/family (2013; indexed at CPI-U+1%). \$9,850/ \$26,000 for retirees and high risk industries. Includes dental, vision, health FSA, HRA and HSA. Temporary higher limits for 17 high-cost states	40% tax on value above \$10,200/individual and \$27,500/family (starting in 2018; indexed at CPI-U+1%). Higher limit based on age, gender, and high risk industries. Includes health FSA, HRA and HSA.
36	<b>Annual Provider Surcharges</b>	2.5% excise tax on medical devices	Pharmaceutical manufacturers (\$2.3B in 2009+), medical devices (\$2.0B 2010-16, \$3.0B 2017+), and insurers (\$2.0B in 2011 to \$10.0B in 2017 and later)	Pharmaceutical manufacturers (\$33B over 10 years starting in 2011), medical devices (\$20B excise tax over 10 years starting in 2013), and insurers (\$67B over 10 years starting in 2014)
37	<b>Exchange Reinsurance Program</b>	No provision	\$25B tax on insurers and TPAs from 2014 to 2016 for Exchange reinsurance program	President's Proposal does not specifically address, but appears to follow Senate bill
38	<b>Comparative Effectiveness Research</b>	Tax on insured and self-funded plans of \$1/ee/yr in 2013, \$2 in 2014 and indexed thereafter	Similar to House	President's Proposal does not specifically address, but appears to follow Senate bill
39	<b>Cap Health FSAs at \$2,500</b>	Yes, starting in 2013; indexed	Yes, starting in 2011; indexed	Yes, follows Senate bill
40	<b>Tax on Indoor Tanning Services</b>	No provision	10% excise tax on indoor tanning services; paid by individuals but collected and remitted by provider. Starts in July, 2010	President's Proposal does not specifically address, but appears to follow Senate bill
41	<b>Reporting Plan Value on W-2</b>	No provision	Yes	President's Proposal does not specifically address, but appears to follow Senate bill
42	<b>Standardize Definition of Medical Expenses</b>	Yes	Yes	President's Proposal does not specifically address, but appears to follow Senate bill
43	<b>Medicare Part D Premiums</b>	No provision	Increased for higher income retirees	President's Proposal does not specifically address, but appears to follow Senate bill
44	<b>Taxability of RDS payments to employers</b>	Yes, starting in 2013	Yes, starting in 2011	Yes, follows Senate bill, except starting in 2012
46	<b>Funding for Medicare Advantage Plans</b>	Reduced payments	Reduced payments	Reduced payments based on combination of House and Senate bills.
47	<b>Penalty for Non-qualified HSA Withdrawals</b>	Increased from 10% to 20% starting in 2011	Same as House	Yes, follows Senate bill