

A National Public Option, Available on Day One

A public health insurance option is needed to increase competition and keep insurance companies honest. Market-based pressure, which insurers often do not experience now, will force insurance companies to improve their product and their prices, or give consumers a viable alternative not run by an insurance company.

The Senate Finance Committee should approve a public option that is:

- Public
- National, not state-based
- Available on day one
- Able to establish payment rates

A Public Option Should Be...	H.R. 3200	HELP Committee	Baucus Mark (9/16)
Public	Public, administered by qualified non-profit plans.	Public, administered by qualified non-profit plans	No public option
National, not state-based	National	National, with State Advisory Councils that recommend policy options	
Available on day one	Available on day one	Available on day one	
Able to establish payment rates	Secretary has the authority to establish payment rates, using Medicare rates for the first 3 years. In subsequent years, more innovative payment systems are anticipated. (E&C: Secretary will negotiate provider rates that are not lower than Medicare and not higher than the average rates paid in the Exchange.)	Secretary negotiates provider rates, which may be, on average, no higher than the average private insurance rate in Gateway.	

Benefits as Good as Congress

A strong benefit standard – both inside and outside of the Exchange – is necessary to ensure that people are not denied needed care and will not face exorbitant out-of-pocket costs to pay for uncovered care. In 2007, 62% of families filing for bankruptcy said medical bills contributed to their debt.

The Senate Finance Committee should approve benefits that are:

- At least as good as FEHBP
- Defined, either by the Secretary or an expert body

Benefits Should Be...	H.R. 3200	HELP Committee	Baucus Mark (9/16)
At least as good as FEHBP, inside and outside the Exchange	<p><u>In the Exchange:</u> All plans will offer at least the “essential benefits package.”</p> <p><u>Outside of the Exchange:</u> Current plans are grandfathered. Over time, all plans will be required to offer at least the minimum benefits.</p>	<p><u>In the Gateways:</u> All plans will offer the essential health care benefits package.</p> <p><u>Outside of the Gateways:</u> Current plans are grandfathered. To meet coverage requirements, plans must meet minimum qualifying coverage standard, which will be defined by the Secretary.</p>	All plans sold in the non-group and small group markets would be required to cover certain categories of benefits. Plans offered by an employer of any size, including fully insured and self-insured plans, will not be required to comply with the list of benefits.
Defined, either by the Secretary or an expert body	Benefit categories are defined broadly in the legislation. A new independent Benefit Advisory Committee, chaired by the Surgeon General with up to 27 members, will recommend specific services for the essential benefit package, updates to the package and cost-sharing levels.	Benefit categories are defined broadly in the legislation. A temporary independent commission will advise the Secretary on benefits.	Beyond general benefit categories, health plans would design benefits.

Employer Responsibility

For responsibility to be truly shared, employers must contribute to their employees’ health coverage by offering insurance directly, offering insurance through the Exchange, or contributing to the cost of health insurance. Eighty percent of the uninsured are employed, so an employer responsibility requirement would have a powerful impact in reducing the number of families without insurance.

The Senate Finance Committee bill should include an employer responsibility requirement that is:

- A meaningful contribution toward good coverage
- Or a monetary contribution toward Exchange subsidies

Employer Responsibility Should Be...	H.R. 3200	HELP Committee	Baucus Mark (9/16)
A meaningful contribution toward good coverage	Employers are required to contribute 72.5%/65% (single/family) of employees’ premium cost for coverage purchased inside or outside of the Exchange. Coverage must, over time, meet the essential benefit standard.	Employers are required to contribute 60% of the premium cost. Coverage must meet minimum qualifying coverage requirements.	Employers are not required to provide coverage. If coverage is offered, it does not have to comply with Exchange benefit categories, but must have an actuarial value of at least 65% and offer first dollar coverage of prevention. It cannot have a maximum OOP limit greater than those for HSAs.
Or a monetary contribution toward Exchange subsidies	Employers that choose not to offer insurance coverage will pay a surcharge of 8% of the wages for each employee, with a reduced assessment for small businesses.	Employers that choose not to offer insurance coverage will pay an assessment of \$750 per full-time employee and \$375 for each part-time employee, with payment exempted for the first 25 employees.	Employers with 50 or more employees will pay an assessment based on a fixed average tax credit, capped at \$400 times the number of employees in the firm.

Individual Responsibility

It’s important to have everyone in the health care system. However, insurance should only be required if certain conditions are met to make insurance high quality and affordable. These conditions include affordability protections inside and outside of the exchange, a defined benefit package, employer responsibility, and the availability of a public option.

At a minimum, the Senate Finance Committee bill’s individual responsibility requirement should:

- Be a modest amount, related to income
- Have hardship exemptions

Individual Responsibility Should...	H.R. 3200	HELP Committee	Baucus Mark (9/16)
Be a modest amount, related to income	Those without acceptable health coverage pay a penalty of 2.5% of modified adjusted gross income	Those without qualifying health coverage would pay a minimum tax penalty of no more than \$750 per year	Taxpayers between 100-300% FPL will pay \$750 per year, with a maximum of \$1500 per family. Taxpayers with income above 300% FPL will pay \$950 per year with a maximum of \$3800 per family
Have hardship exemptions	Exemptions for dependents, religious objections, and financial hardship	Exemptions for people in states without a Gateway, members of an Indian tribe, those without an offer of affordable coverage (12% of income), and those without coverage for fewer than 90 days	Exemptions for unaffordable coverage (10% of income), hardship, Native Americans, undocumented immigrants, religious objections, those without coverage for fewer than 90 days, and individuals below 100% FPL

Affordability

Affordability is a benchmark many Americans use in assessing the quality of their health care plan. In the last nine years, the cost of health insurance has risen 120% while wages grew only 29%. About 45% of Americans say they are “very” worried about having to spend more on health insurance premiums and medical costs.

The Senate Finance Committee should include affordability protections that:

- Safeguard the middle class (at least to 400% FPL)
- Offer premium protection in the Exchange
- Limit out-of-pocket cost exposure in the Exchange
- Ensure that employment-based insurance has similar protections

Affordability Should Mean...	H.R. 3200	HELP Committee	Baucus Mark (9/16)
Safeguard the middle class (at least to 400% FPL)	Includes premium protections up to 400% FPL	Includes premium protections up to 400% FPL	Includes premium protections up to 400% FPL
Offer premium protection in the Exchange	Premium credits will be based on income tiers, starting at 1.5% of income for those at 133% FPL to 11% of income at 400% FPL. [E&C - Premium credits will be based on income tiers, starting at 1.5% of income for those at 133% FPL to 12% of income at 400% FPL.]	Premium credits will be based on a sliding scale. Families with income at 150% FPL will pay 1% of income and at 400% FPL will pay 12.5% of income.	Tax credits will be based on income tiers, starting at 3% of income for those at 100% FPL to 13% of income at 300% FPL. Families between 300-400% FPL would have their premium liability capped at 13% of income for the purchase of a Silver plan (covering 70% of health expenses).

Affordability Should Mean...	H.R. 3200	HELP Committee	Baucus Mark (9/16)
Limit out-of-pocket cost exposure in the Exchange	Cost-sharing exposure in the Exchange is based on income tiers, with families in the lowest income bracket (133-150% FPL) responsible for 3% of their benefit cost and families in the 350-400% FPL income bracket responsible for 30% of their costs.	Cost-sharing exposure in the Gateway is related to the tier of coverage purchased.	Cost-sharing exposure in the Exchange is based on income tiers. Assistance for families in the lowest income bracket (100-150% FPL) tied to the platinum plan; 150-200% FPL tied to Gold plan; 200-300% FPL tied to Silver plan. In addition, the total out-of-pocket limit is capped at one-third or one-half of the HSA limits at incomes of 100-200% FPL and 200-300% FPL, respectively.
Ensure that employment-based insurance has similar protections	People with an offer of coverage from an employer are eligible for the Exchange, including income-related premiums credits, if premiums exceed 11% of income (12% in E&C).	People with an offer of coverage from an employer are eligible for the Gateways, including income-related premiums credits, if premiums exceed 12.5% of income. In addition, out-of-pocket spending cannot exceed HSA limits (\$5,800/\$11,600)	People with an offer of coverage from an employer are eligible for the Exchange, including income-related premiums credits, if premiums exceed 13% of income.

Inclusivity

All people living in the United States should have access to quality, affordable health care. At a minimum, on a go-forward basis, no distinction should be made between legal residents and U.S. citizens.

The Senate Finance Committee should promote inclusivity by:

- Removing the bar against Medicaid coverage for legal immigrants
- Prohibiting discrimination against legal immigrants in the Exchange

Inclusivity Should Be Promoted By...	H.R. 3200	HELP Committee	Baucus Mark (9/16)
Removing the bar against Medicaid coverage for legal immigrants	No provision	No provision	No provision
Prohibiting discrimination against legal immigrants in the Exchange	Allows subsidies for income-eligible “lawfully present” immigrants	Allows subsidies for income-eligible “lawfully present” immigrants	Allows subsidies for income-eligible “lawfully present” immigrants

Progressive Financing, Not Taxing Benefits or Insurance

Money should be raised from the wealthiest Americans, those that received a huge windfall from Bush tax cuts. We should not tax high-cost health insurance or benefits.

The Senate Finance Committee should pay for health care reform by:

- Raising money from the wealthiest
- No benefit taxation

Health Care Reform Should be Financed By . . .	H.R. 3200	HELP Committee	Baucus Mark (9/16)
Raising money from the wealthiest	A 1% surcharge for families with income \$350k-500k; 1.5% surcharge for families between \$500k-1mil; and 5.4% surcharge for income greater than \$1 million.	No provision	No provision
No benefit taxation	No provision	No provision	A 35% excise tax on health insurance administrators for plans valued in excess of \$8,000 (indiv) or \$21,000 (family).