HEALTH CARE FOR AMERICA NOW!

Summary of the Reconciliation Bill (H.R. 4872)

Improves Affordability

- Improves the premium subsidy scale for working class families buying insurance in the exchange.
- Increases the percentage of medical expenses the insurer is required to cover, reducing the cost-sharing for families.
- Delays implementation of the high-cost plan excise tax to 2018 and raises the amount of premiums exempt from the tax. Individual plan costing less than $10,200 and family plans costing less than $27,500 are exempt (compared to $8,500 and $23,000, respectively). Makes further adjustments to these amounts based on inflation experienced prior to 2018, age and gender of a plan's workforce, and for retirees and workers in riskier occupations. Excludes vision and dental plans from the calculation of plan costs.

Enhances Shared Responsibility

- Improves the employer responsibility framework. For large employers that do <u>not</u> offer coverage, the payment required will be $2,000 per year per full-time employee, instead of $750. The employer payment required is $3,000 per full-time worker that is eligible for a subsidy in the exchange due to an offer of inadequate insurance from the employer. For the purpose of determining which firms qualify as large employers, part-time workers' hours are calculated as full-time equivalents, based on a 30-hour full-time work week. For large employers, 30 employees are disregarded from the calculation of the penalty payment.
- Modifies the individual responsibility contribution. The penalty is the greater of a flat amount or a percentage of income. The full contribution (beginning in 2017) for people without insurance is the greater of $695 (individual)/$2,085 (family) or 2.5% of household income. This contribution is phased in.
  - 2014: $95 or 1% of taxable income
  - 2015: $325 or 2% of taxable income
  - 2016: $695 or 2.5% of income
  - Exemptions are granted for families with income below the tax filing threshold ($18,700 for a married couple) and for other hardship reasons.

Improves Medicare

- In 2010, seniors who reach the Medicare Part D donut hole will receive a $250 rebate.
- Closes the Medicare Part D donut hole completely by 2020.
- Eliminates the overpayments to Medicare Advantage plans and bases more of their payment on quality and beneficiary satisfaction ratings.
- Additional fraud and abuse protections in Medicare.

Increases Funding to States

- Increases federal Medicaid funding to the states.
  - All states will be paid 100% of their costs for expanding their Medicaid eligibility to the newly-eligible populations in 2014, 2015 and 2016. The federal contribution will be phased down to 90% in 2020 and beyond.
  - For states that previously expanded coverage to the new "mandatory eligible" population, their federal match rate will be gradually increased to 90% over the 2014 to 2019 period.
  - The special increase for Nebraska is eliminated.
- In 2013 and 2014, provides federal funds to set Medicaid payment rates for primary care physicians equal to 100% of Medicare payment rates for primary care services.

Increases Revenue

- Broadens the tax base for Medicare Hospital Insurance (HI) by adding a 3.8% tax on investment income, excluding distributions from retirement accounts, for individuals with incomes over $200k and family income over $250k, beginning in 2013.

Expands Consumer Protections

- Applies additional consumer protections to grandfathered plans, including pre-existing condition exclusion limits, elimination of excessive waiting periods, prohibition of lifetime limits, prohibition of rescission, and expanded dependent coverage.
- Up to $1 billion in implementation funds are authorized, subject to appropriations.