

# Policies and Issues August 2009

**Group 1**      **8/27/09**

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## **National Health Care Reform:**

### *Goals of Health Care Reform*

- Increase coverage and access
- Help the chronically ill, uninsured, underinsured, small businesses
- Control skyrocketing costs of health care
- Reduce waste
- Regulate private health insurance companies
  - More emphasis on preventive care
  - Reduce barriers for those with pre-existing conditions

### **Overview of Presentation**

- Senate Bills/ House Bill
  - Insurance Programs
  - Cost Containment
  - Financing
  - Process
- White House Objectives
- Reasons For and Against Reform
- Local Opinions

### **Insurance Programs (Public and Private) Senate Finance Committee**

- Individual mandate - all individuals must have insurance that meets minimum coverage standards or pay a tax
  - Exemptions for financial hardship –i.e. income below 100% FPL or if the lowest cost plan option is greater than 10% of an individual's income
- Creates a Health Insurance Exchange for individuals and small businesses to purchase insurance
- Private option still available but new public option provides alternative and competition for private plans
- Could be administered by the states, the federal government, or multiple third-party administrators

**Insurance Programs (Public and Private)  
Senate Finance Committee**

- No “pay or play” requirement:
  - Employers with more than \$500,000 in total payroll per year must offer coverage or pay a fee
- Expand Medicaid and CHIP
- Medicaid expansions to 115% FPL with coverage provided through the current program structure or through the Health Insurance Exchange
- Offer temporary Medicare buy-in for pre-Medicare population

**Cost Containment and Process  
Senate Finance Committee**

**Cost Containment**

- Expanded use of health information technology
- Reduction in fraud and waste in public programs
- Transparency in payment and incentive relationships between drug and device manufacturers and providers

**Process**

- Draft of Finance Committee Bill due September 15
- The draft from Baucus and Grassley is expected to be more bipartisan in nature

**Insurance Programs (Public and Private)**  
**Senate HELP Committee (Affordable Health Choices Act)**

- Individual mandate- all individuals required to have adequate insurance
- Subsidies for health coverage provided for those up to 400% of the FPL
- State-based American Health Benefit Gateways (AHBG) for individuals and small businesses
  - Offers coverage through state licensed insurance products and public plan.
- Private Insurance Companies continue to exist but will be regulated
- Medicaid expansion to all individuals with incomes up to 150% FPL

**Insurance Programs (Public and Private)**  
**Senate HELP Committee (Affordable Health Choices Act)**

- Health Insurers must notify if their coverage does not meet standards for the individual mandate
- Health insurers must give providers an incentive to incorporate wellness treatment, especially in the prevention and management of chronic disease
- “Pay or play” mandate for employers
  - exceptions for small employers
- Encourage employers to provide wellness programs; encourage employees to participate
- CLASS Act - voluntary national insurance program covering non-medical services and supports for adults with functional impairments

## Cost Containment

### Senate HELP Committee (Affordable Health Choices Act)

- Adopt standards to reduce financial and administrative waste
  - Electronic transactions and standardized processes for claims and denial management
- Develop a council for policy, program development, and fraud in public and private coverage
- Conduct research on the effectiveness of health care services and procedures
- Develop a national strategy
- Develop quality measures
- Provide grants for improving health system efficiency

## Process

### Senate HELP Committee (Affordable Health Choices Act)

- Bill passed July 15, 2009
- Democrats are considering splitting the bill
  - 1<sup>st</sup> part passed through budget reconciliation, 2<sup>nd</sup> part through legislation

#### Splitting the Bill

Senate Democrats are weighing whether to split health legislation into two parts. Here's how it might work:

##### 1st part

Under 'reconciliation' process for budget items, requires 51 votes to pass.

- Federal subsidies to buy insurance
- Expansion of Medicaid
- New taxes to pay for these items

##### 2nd part

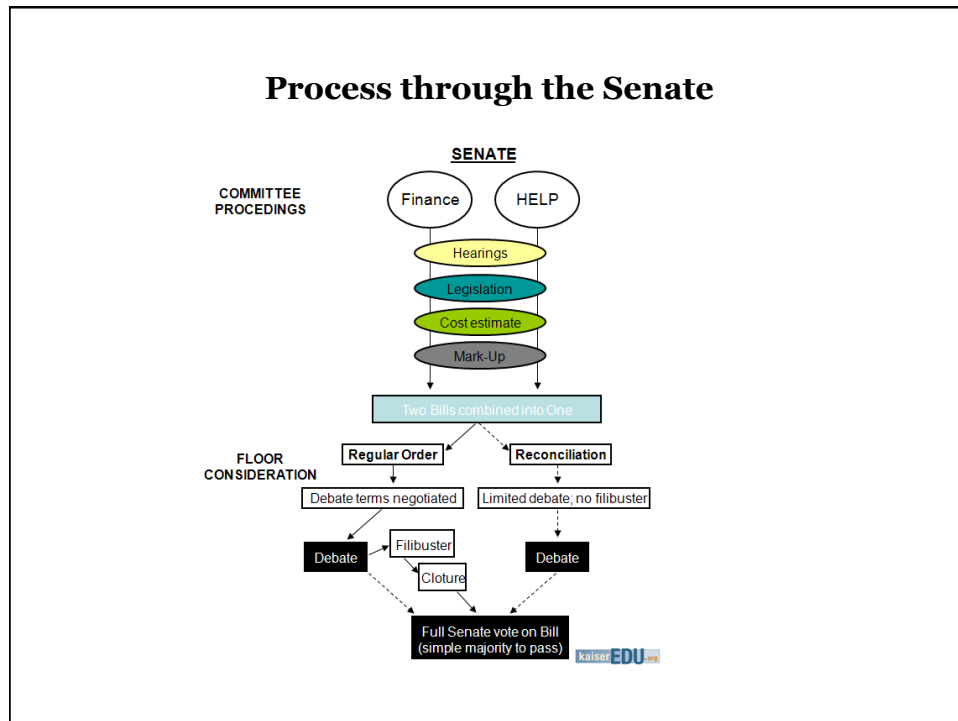
Requires 60 votes to overcome filibuster

- Require most Americans to have health insurance or pay fine
- Prohibit insurers from rejecting customers over pre-existing conditions
- Cap out-of-pocket expenses

##### Gray area

Unclear whether in first or second part

- Establish public health-insurance plan or nonprofit co-operatives to compete with private insurers
- Set up 'exchanges' where people can comparison-shop for insurance.



## **Insurance Programs (Public and Private)**

### **H.R. 3200 (America's Affordable Health Choices Act of 2009)**

- Individual mandate
- All health benefit plans must provide essential benefits
  - hospitalization, drugs, mental health, preventive services, maternity, dental, etc.
- Health Choices Administration runs the Health Insurance Exchange to provide individuals and employers with coverage choices including a public health insurance option
- Prohibition of pre-existing condition exclusions

### **Insurance Programs (Public and Private)**

**H.R. 3200 (America's Affordable Health Choices Act of 2009)**

- Prohibits premium variances except for reasons of age, area, or family enrollment
- “Pay or play” mandate for employers
  - exemption for companies with payrolls below \$250,000
- Expansion of Medicaid to 133% FPL
  - more payments for preventive services and primary care
- Expansion of insurance through Medicaid
  - includes subsidies for private insurance or public insurance plan option

### **Cost Containment and Process**

**H.R. 3200 (America's Affordable Health Choices Act of 2009)**

#### **Cost Containment**

- Reduce abuse of public programs
  - Accomplished by provider screening, Medicare/Medicaid compliance programs, and other measures
- Creates Center for Comparative Effectiveness Research

#### **Process**

- Bill passed July 31, 2009 by House tri-committee:
  - Ways and Means
  - Energy and Commerce
  - Education and Labor

## Financing

Senate Finance Committee	Senate HELP Committee (Affordable Health Choices Act)	H.R. 3200 (America's Affordable Health Choices Act of 2009)
<ul style="list-style-type: none"> <li>• Revised version will cost about \$1 T (CBO)</li> </ul>	<ul style="list-style-type: none"> <li>• \$615 B (CBO)</li> <li>• Financing mechanisms to be developed with the Senate Finance Committee</li> </ul>	<ul style="list-style-type: none"> <li>• \$1.042 T (CBO)</li> <li>• Financed by a combination of taxes:               <ul style="list-style-type: none"> <li>• Income surcharges on wealthy-income above \$350,000</li> <li>• Taxes on employers who don't provide health insurance</li> <li>• Taxes on individuals who do not insure themselves</li> <li>• Savings from Medicare and Medicaid                   <ul style="list-style-type: none"> <li>– reducing preventable hospital readmissions, changing drug rebate provisions, cutting Medicaid DSH payments, etc.)</li> </ul> </li> </ul> </li> </ul>

## Insurance Programs (Public and Private) White House (Obama)

- HHS Secretary Kathleen Sebelius:
  - public option not “essential” to health reform
  - mostly need to create legitimate competition to private insurers
  - new support for possible insurance cooperatives as an alternative
- End-of-Life Care counseling removed from reform plans
- Prohibition of pre-existing condition exclusions
- Greater emphasis on preventative medicine
- Increased attention to quality initiatives and better patient care
- Reduce long-term health care costs
  - Reduce high administrative costs, unnecessary tests and services, waste
- Support families:
  - no health care-related bankruptcies
  - choice of doctor and health plans
  - maintain coverage after job loss

### Who is for/against healthcare reform?

#### Pro Healthcare Reform

- President Obama and the Democrats
- Labor Unions
- The Coalition to Protect Patient's Rights
- American Medical Association
- AFL-CIO
- United American Nurses (Public Option)
- American Public Health Association
- Americans Health Insurance Plans
- Leapfrog Group
- PhRMA

#### Against Healthcare Reform

- Republicans
- Large Firms
- Small Firms
- Insurance Companies
- Conservatives for Patient's Rights
- Pharmaceutical Companies

### Reasons that organizations are advocating healthcare reform

- Wouldn't have to negotiate for health benefits under a natural insurance plan (Labor Unions)
- "The prevention provisions included in the bills adhere to the understanding that meaningful health reform must shift the paradigm from sickness to wellness by **promoting primary care, early intervention and measures that stop preventable conditions in their tracks,**" said Georges C. Benjamin director of APHA

### Reasons that organizations are advocating healthcare reform

- “...urge Congress to enact a public health care option that is available to everyone.” (United American Nurses)
- “We support health system reform. We believe that our health care system is the best in the world, and we agree that we can make it better. Too many Americans are being forced to struggle without health coverage – we know there must be a way to **extend access to every citizen**. We support tax credits, health savings accounts, and vouchers – for those who truly cannot afford health insurance. We also believe that **personal ownership of health insurance policies will make each patient a better, more informed advocate for their care and make insurance companies more competitive and offer more services.**” (The Coalition to Protect Patient’s Rights)

#### A MESSAGE FROM THE AMERICAN MEDICAL ASSOCIATION



##### OUR VISION FOR HEALTH SYSTEM REFORM

No one said that achieving meaningful health system reform this year was going to be easy. But tackling the tough challenges is something the American Medical Association (AMA) has been doing for 162 years.

The AMA is the nation's largest organization representing physicians from every state and nearly every medical specialty and the patients in their care.

We see firsthand the devastating effects of our broken health care system. 47 million uninsured people live sicker and die younger—and their ranks are growing every day. Physicians and patients have to fight with insurers to approve treatment—and then fight again for payment. Dedicated physicians are driven from the profession by the burdens of bureaucracy, astronomical medical liability premiums, and reimbursements that fail to cover practice costs.

That's why the AMA is committed to achieving health system reform that:

- Protects the sacred relationship between patients and their physicians, without interference by insurance companies or the government
- Provides affordable health insurance for all through a choice of plans and eliminates denials for pre-existing conditions
- Promotes quality, prevention and wellness initiatives
- Repeals the Medicare physician payment system that harms seniors' access to care
- Eases the crushing weight of medical liability and insurance company bureaucracy

Physicians, patients, policymakers and others have found common ground on real health system improvements. Difficult issues must still be resolved. But it's time for results, not rhetoric. It's time to shift our focus from arguing about differences to working together to resolve them.

The status quo is unacceptable. America's patients and physicians deserve better. The AMA will press on until a better health system is a reality for all Americans.

TO LEARN MORE ABOUT THE AMA'S VISION FOR  
HEALTH SYSTEM REFORM AND TO GET INVOLVED VISIT  
[www.ama-assn.org/goforreform](http://www.ama-assn.org/goforreform)



### Reasons that organizations are against healthcare reform

- Afraid of government meddling
- Against employer mandates, because it is too expensive for small firms to provide health care plans
- Republicans are concerned because some liberal democrats are now pushing for a 'go it alone' strategy on health care reform that does not include Republicans at all
- Republicans are also worried that “The proposed government-sponsored health insurance plan, or ‘public option,’ could **drive private insurers out of business and that millions of Americans would lose their current health insurance**”
- Insurance Companies are concerned that they will not be able to compete with the Public Option
- Pharmaceutical companies are afraid of drug price setting

### Saxby Chambliss (Georgia Senator)

- Chambliss supports healthcare reform, but not the way it is currently being considered under the Obama administration. These are his thoughts:
  - “Americans need **greater access to health insurance**, and we must ensure that families are **able to choose** the best plan suited for them. **I do not believe a Washington-run, big government health care system is the answer.** I am an original cosponsor of S. 1019, the “Universal Health Care Choice and Access Act,” legislation to provide individuals and families with **tax incentives to allow them to afford to purchase their own health insurance.** This tax break would put people on the same playing field as corporations, and employees would no longer have to pay more for the same coverage provided through work and could take their coverage with them if they decided to change jobs. **Private insurance companies would have to cater to individuals’ needs, and individuals will have to power to choose the plan best suited for them.** As the Senate debates this issue further, I will continue to work to see that Americans are provided with quality, affordable healthcare. This is a critical issue that faces every single American family and **we must get it right.**” (<http://chambliss.senate.gov/public/index.cfm?p=HealthCare>)

**Congressman Paul Broun  
(10th District which includes Athens)**

- Opposed to healthcare reform being presented by the Obama administration because the bill is too complex
- His constituents are also afraid that they will lose their healthcare coverage and face increased costs