

Health Care Foundation of Greater Kansas City

Summary of Health Reform Bill

March 22, 2010

Pending signing by President Barack Obama, federal health care reform has passed. The components of health care reform could change if, as expected, the Senate passes a reconciliation bill. As currently passed by the House and Senate, here are some of the major components of health care reform.

COVERAGE

- Would expand coverage to 32 million Americans who are currently uninsured. Contrary to some stereotypes, most of the uninsured Americans covered by this bill work. In Kansas and Missouri, 71% of the uninsured are from households with at least one full-time worker.
- Low-income adults, including those without children, would be eligible for Medicaid as long as their incomes don't exceed 133% of the federal poverty level (FPL), which is \$29,327 for a family of four.
- Uninsured and self-employed U.S. citizens would be able to purchase insurance through state-based exchanges. Sliding scale subsidies will be available to those with incomes between 133 and 400% FPL.
- For families/individuals below 400% FPL, out-of-pocket health expenses would be limited.
- Separate exchanges would be created for small business to purchase coverage effective in 2014.
- Closes the Medicare prescription drug "donut hole" by 2010. Seniors who hit the donut hole by 2010 will receive a \$250 rebate. In 2011, seniors in the gap will receive a 50% discount on brand name drugs.
- The bill also includes \$500 billion in Medicare cuts over the next decade. Many of these cuts are through reduced payments to Medicare Advantage, the private-plan part of Medicare.

MANDATES

- Most Americans would be required to have insurance by 2014 or pay a maximum \$695 annual fine.
- Companies with more than 50 workers would face penalties of up to \$2,000 per full-time employee if they don't offer insurance. Companies could get tax credits to help buy insurance if they have 25 or fewer employees and a workforce with an average wage of up to \$50,000. Tax credits of up to 35% of the cost of premiums would be available this year and would reach 50% in 2014.

INSURANCE REFORM

- By 2014, insurance companies will be prohibited from denying coverage based on pre-existing conditions. Beginning within six months, this exclusion will take effect for children only. Until then, people with pre-existing conditions will be eligible for subsidized coverage through a new high-risk insurance program.
- Within six months, insurance companies will be prohibited from denying coverage to policy holders when they get sick.
- Within six months, unmarried adults under 26 can stay on their parents' insurance unless they are offered health coverage at work.

COST

- The bill will cost \$940 Billion over 10 years, but is expected to reduce the federal deficit by \$143 billion.
- Starting in 2013, individuals would pay a higher Medicare payroll tax on earnings of more than \$200,000 a year (couples: \$250,000) and a higher tax on unearned income such as dividends and interest.
- Starting in 2018, the bill would also impose a 40% excise tax on the portion of most employer-sponsored health coverage (excluding dental and vision) that exceeds \$10,200 a year for individuals and \$27,500 for families.
- There will also be a 10% excise tax on indoor tanning services.