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Comparison of Federal Health Care Reform Initiatives: House (H.R. 3962) vs. Senate (H.R. 3950)

November 30, 2009

Intro

As the U.S. Congress draws closer to adopting comprehensive federal health care reform legislation, the San Diego County Taxpayers Association (SDCTA) has been monitoring this issue and its potential impact on California. This document outlines the major provisions in proposed health care reform legislation from the House of Representatives and the Senate.

Background

In February 2009, President Barack Obama charged Congress with the task of creating a health care reform bill based on eight principles[1]:

1. Reduce long-term growth of health care costs for businesses and government
2. Protect families from bankruptcy or debt because of health care costs
3. Guarantee choice of doctors and health plans
4. Invest in prevention and wellness
5. Improve patient safety and quality of care
6. Assure affordable, quality health coverage for all Americans
7. Maintain coverage when you change or lose your job
8. End barriers to coverage for people with pre-existing medical conditions

He challenged congress to have it on his desk before the end of the calendar year. Since this challenge, committees in the Senate and the House have been hard at work to come up with a bill that answers his request. The bills they have drafted have faced innumerable revisions and have by and large failed to gain bi-partisan support (currently proposed reform bills are supported by just one member of the Republican Party). The Senate's combination Finance and Health Education Labor and Pensions Committee's Patient Protection and Affordable Care Act passed the Senate on November 21, 2009 (60 – 40 with no Republican Party support) and is awaiting approval by the full Senate and the House's Affordable Health Care for America Act passed November 7, 2009 (220-215 with one member of the Republican Party in support).[2,3] Now it is up to both chambers to consolidate their differing versions into one through conference committee, approve the consolidated bill, and present it to President Obama.

While each bill is over a thousand pages long and contains hundreds of different provisions, there are key subject areas that are of particular interest to the San Diego County Taxpayers Association (SDCTA). These areas are outlined in SDCTA's Principles for Health Care Reform, which are summarized below:

[1] From the President's Plan for Health Care. Accessed Nov. 25, 2009. Available: http://www.whitehouse.gov/issues/health-care.
[2] From the Clerk of the U.S. House of Representatives Final Vote Results for Roll Call 887. Accessed Nov. 25, 2009. Available: http://clerk.house.gov/evs/2009/roll887.xml.
[3] From the U.S. Senate Roll Call Votes 111th Congress 1st Session. Accessed Nov. 25, 2009. Available: http://senate.gov/legislative/LIS/roll_call_lists/roll_call_vote_cfm.cfm?congress=111&session=1&vote=00353.

1. Access to Quality Health Care for All Americans
2. Minimize Costs to Taxpayers
3. Preserve the Benefits of a Competitive, Market-Based Health Care System
4. Incentivize Appropriate and Cost-Effective Consumption of Medical Services
5. Incentivize Preventive Care, Healthy Lifestyles & Personal Responsibility for Health
6. Create a Fair and Equitable System
7. Benchmarks to Measure Effectiveness and Efficiency of System

Summaries of the key provisions in both bills that are of the most significant impact to San Diego's taxpayers are outlined below, and are organized based on the differences and similarities of the bills, with the understanding that areas where the bills are similar will likely remain in the final legislation, while the differences may result in compromise from both chambers before the final legislation is approved.

Key Similarities and Differences

Comparison of Senate's Patient Protection and Affordable Care Act to House's Affordable Health Care for America Act - November 30, 2009

	How They're the Same	How They're Different
Public Option	Both create a new government insurance plan that would compete with private insurance companies and negotiate payment rates with providers.	House: Creates the ***National*** Health Insurance Exchange. Senate: Creates ***state-based*** American Health Benefit Exchanges program. States are given the option to "opt out" of the exchange.
Individual Mandate	Both require individuals to have qualifying health coverage, and both penalize those without coverage, with exemptions for religious objections and financial hardship.	House: Penalty is equal to 2.5% of adjusted income. Senate: Penalty is equal to $750/year for individuals and $2,250 for families. Penalty is phased-in starting in 2014.
Employer Mandate	Both assess penalties on employers who do not offer health care coverage to their employees.	House: Penalty for not offering coverage is equal to 8% of payroll for employers with payroll of $750k or more; penalties are phased in for employers with $500 - $750k, exempt for employers with payroll of less than $500k. Senate: No penalty is assessed for employers with less than 50 employees/employers whose employees do not receive insurance exchange tax credit. $750 penalty per full-time employee who receives a tax credit in a business with 50+ employees. Employers with 200+ employees automatically enroll employees into health plans.

Individual Subsidies	Both offer subsidies to low- and middle-income individuals and families on a sliding scale up to 400% of the Federal Poverty Level. Both limit subsidies to U.S. citizens and legal immigrants.	House: Subsides are effective January 1, 2013. Establishes sliding scale limits on out-of-pocket spending. Senate: Subsidies are effective January 1, 2014.
Employer Subsidies	Both offer subsidies to employers with less than 25 employees and average annual wages of less than $40,000. Both offer a reinsurance program for employers providing health insurance coverage to retirees over the age of 55 that are not eligible for Medicare.	House: Appropriates $10B for the reinsurance program. Offers 50% credit of premium costs paid by employers who have less than 10 employees/average annual wages of less than $20k. Senate: Appropriates $5B for the reinsurance program. Starts off offering up to 35% credit for premium costs paid, phases in up to 50%.
Financing Reform	Both make cuts to Medicare and Medicaid payments, impose fees on medical device makers, and collect fines from individuals and employers that do not obtain/offer health care coverage.	House: Income tax on individuals making $500k/couples making $1M annually. Senate: Excise tax on health plans with value of $8,500 for individuals and $23,000 for families. Tax on pharmaceuticals and private health insurance.
Private Insurance Regulation	Both prohibit private insurance companies from denying coverage or charging higher premiums because of a person's medical history. Both prohibit lifetime limits on coverage. Both would strip private insurance from antitrust exemptions.	House: Requires medical loss ratio of no less than 85%. Children up to 27 years old have access to dependent coverage. Senate: Requires medical loss ratio of no less than 75%. Children up to 26 years old have access to dependent coverage. Prohibits waiting periods of coverage of more than 90 days.
Prevention/Wellness	Both cover proven preventive services and eliminate cost-sharing for preventive services in Medicare and Medicaid. Both require chain restaurants and food sold from vending machines to disclose nutritional content. Both offer grants to employers for offering wellness programs to its employees.	House: Grants available to community health workers to promote positive, healthy lifestyles in underserved communities and grants to plan and implement programs to prevent obesity. Senate: Requires qualified health plans to provide coverage of effective preventive services.

Improvements to Health System Performance	Both support comparative effectiveness research with establishment of institutes; seek to explore alternatives to medical liability laws; create Independence at Home demo program to provide high-need Medicare patients with primary care services in their home and allow providers to share in cost-savings associated with reduced hospital admissions; improve care coordination for dual eligibles; expand Medicaid and CHIP Payment and Access Commission to include adults; establish best practices for health care delivery; require disclosure of financial relationships between health entities, enhance collection and reporting of data on race, sex, primary language, and disability status.	House: Strengthens financial support to primary care providers; enact studies on geographic variation adjustments for Medicare payments; conduct study on Medicare payments for English language assistance.
		Senate: Pays hospitals based on performance on quality measures; establishes pilot program for bundled payments.
Expansion of Public Programs	Both would expand Medicaid eligibility and would pick up the cost of expansion for at least two years.	House: Medicaid expanded to all individuals under the age of 65 with incomes up to 150% of the Federal Poverty Level. Federal government would pick up full cost of expansion from 2013 - 2014. Afterwards, federal government would pay 91% and states pick up the remaining 9%.
		Senate: Medicaid expanded to all individuals under the age of 65 with incomes up to 133% of the Federal Poverty Level. Federal government would fully finance expansion for three years.
Cost Containment	Both simplify health insurance administration by setting standards for financial and administrative transactions; reduce payments to Medicare Advantage plans and offer bonus payments for higher-quality plans; reduce payments to Disproportionate Share Hospitals; create innovation centers to test more efficient service delivery models; reduce Medicare payments to hospitals for preventable readmissions, prohibit federal payments to state for services related to health care acquired conditions; increase Medicaid drug rebate percentage to 23.1% (from 15.1%); authorize FDA to approve generic versions of drugs.	House: Require drug manufacturers to provide rebates for dual eligibles; Secretary to negotiate drug prices directly with manufacturers; halt agreements between brand name and generic manufacturers that obstruct competition from generic drugs.
		Senate: Penalty of $1 per covered life for those health plans that do not document compliance with finance/admin standards; eliminate the Medicare Improvement Fund; develop database capture/share data across federal/state programs, increase penalties for submitting false claims, increase funding for anti-fraud activities.