



Options for Expanding Health Coverage Overview of Senate Finance Committee Discussion Paper

The U.S. Senate Finance Committee released proposed policy options on Monday for expanding health coverage. The committee's [paper](#), "Expanding Health Care Coverage: Proposals to Provide Affordable Coverage to All Americans," is another important milestone on the road to health care reform. While some key details remain unclear, the options presented help focus the debate on the crucial decisions that must be made to move health reform forward. Community Catalyst will offer further analysis about the proposals in the coming days. Following is a summary of the major proposals in the paper:

Individual Mandate

All individuals would be required to get insurance or pay a penalty, unless their income is less than 100 percent of the federal poverty level, the lowest-cost plan available costs more than 10 percent of their income, or they face a hardship.

Possible Employer Mandate

The committee proposed two options:

1. Pay or Play: Employers with payrolls of more than \$500,000/year must offer to cover at least 50 percent of premiums for their full-time employees or pay a sliding scale fine that starts at either \$100 per month per employee OR two percent of payroll, and rises with company size
2. No employer mandate

Overhaul of insurance markets

The committee proposed to establish a National Insurance Exchange, or possibly several regional exchanges, to sell insurance directly to individuals and small businesses. Private insurers operating through the Exchange would have to sell insurance to everyone, regardless of their health status (a standard called guaranteed issue), and would face limits on their ability to delay coverage of pre-existing conditions. Insurers could charge higher premiums to people who are older, who smoke, or who have larger families, but could not charge more to those who are sick.

All plans sold through the Exchange would cover a full range of benefits and would exclude limits on annual or lifetime benefits. There would be four tiers of coverage, ranging from high to low in the amount of coverage provided.

Subsidies

The committee proposed to subsidize premiums for people up to 400 percent of FPL using refundable tax credits, based on a sliding scale. Small businesses would also get tax credits up to 50 percent of the total cost of premium contributions for full-time employees.

Public plan

The committee offered four options:

1. A Medicare-like plan offered through the Exchange
2. Multiple regional plans administered by a third party
3. State-run plans that could be optional or mandatory
4. No public plan

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Medicaid

The committee proposed expanding eligibility to 150 percent of FPL for parents, pregnant women and children, and for the federal government to pay for all or most of expansion costs for several years.

It proposed three options for the future structure of Medicaid:

1. Retain the current structure and benefits
2. Move most of Medicaid enrollees to subsidized plans offered through the Exchange. People with disabilities, people also eligible for Medicare (dual eligibles), and other special needs groups would remain in traditional Medicaid. Everyone else could choose among fully-subsidized low-benefit plans through the Exchange, which would come with Medicaid wraparound to cover cost-sharing and additional benefits
3. Exclude childless adults up to 115 percent of FPL from Medicaid, but provide them with tax credits to buy coverage through the Exchange, or buy into Medicaid

Children's Health Insurance Program (CHIP)

The committee proposed that primary coverage be provided through the Exchange once it is fully operational; CHIP would become a secondary payer.

- No changes in structure or decrease in eligibility allowed until 2013 or when the Exchange is fully operational, whichever comes later.
- After that, CHIP would serve as a secondary payer, wrapping around private coverage to provide additional benefits (EPSDT), and help cover premiums and cost-sharing.
- Eligibility limit raised to 275 percent of FPL, but family income calculated differently from current system.

Disparities

The committee proposed several steps to address health disparities including:

- Require and fund better collection of data by race, ethnicity and primary language
- Expand Medicaid funding for translation services
- Allow states to waive five-year waiting period for Medicaid for legal immigrant adults

Medicare:

The committee proposed two major adjustments to the current Medicare program:

- Phase-out the two-year waiting period for people with disabilities to qualify for Medicare
- Allow temporary Medicare buy-in for individuals ages 55 to 64 without access to employer-sponsored insurance or public health insurance

Other

The committee also proposed to:

- Increase federal matching funds automatically during economic downturns and adjust matching funds based on state poverty level
- Improve access to home- and community-based services for long-term care within Medicaid
- Establish a five-year Medicaid demonstration project to coordinate care for dual eligibles, and create a federal office to “initiate and lead” improved coordination of the Medicare/Medicaid programs