



UnitedHealth Group®

Public Policy Update Health Care Reform

UnitedHealth Group Government Affairs
December 2009

Health Care Reform To Date



□ **House of Representatives**

- Passed a bill on November 7, 2009 – HR 3962
- Name: “The Affordable Health Care for Americans Act”
- Vote: 221-215

□ **US Senate**

- In floor debate on a bill introduced November 18, 2009
- Name: “The Patient Protection and Affordable Care Act”
- If Senate passes a bill, must be reconciled through conference committee with House
- Likely not until sometime in 2010

House bill



- ❑ Merged three bills from three committees
- ❑ Cost over 10 years: \$1.05 trillion (CBO)
- ❑ Establishes federal health choices commissioner
- ❑ Extensive Federal regulatory structure
- ❑ Establishes health insurance exchange
- ❑ Funding by surcharge on incomes over \$500,000
- ❑ Deficit reduction over 10 years: \$111 billion (CBO)
- ❑ Coverage levels: 36 million (96%)

House bill, cont'd



- ❑ Individual mandate to maintain “acceptable coverage”
- ❑ Guaranteed issue
- ❑ Guaranteed renewability
- ❑ Medical Loss ratios
- ❑ Prohibits pre-existing condition exclusions
- ❑ Prohibits lifetime limits
- ❑ Essential benefits defined by committee and adopted by HHS

House bill, cont'd



- ❑ Employers either provide full-time employees with a qualified plan or pay into the exchange
- ❑ At least 72.5% of lowest qualified benefits plan (65% for family coverage), part-time employees pro-rated
- ❑ Employers with aggregate wages over \$500,000 who don't offer coverage would have to pay to the exchange 8% of average total wages
- ❑ Small employers less than \$500,000 total wages exempt

Senate Bill: “Patient Protection & Affordable Care Act”



- ❑ Merged two bills from two committees
- ❑ Cost over 10 years: \$849 billion (CBO)
- ❑ Deficit reduction over 10 years: \$127 billion (CBO)
- ❑ Coverage Levels: 31 million (94%)
- ❑ Public plan – “Community Health Insurance Option”
- ❑ Consumer cooperatives
- ❑ Exchanges (“connectors”)

Senate Bill: “Patient Protection & Affordable Care Act” cont’d



- ❑ Individual mandate as of 01/01/2014
- ❑ 4 Plans (Bronze, Silver, Gold, Platinum)
- ❑ Tax on “High Value” plans
- ❑ Reduces Medicare advantage funding
- ❑ Creates independent Medicare commission
- ❑ Increases Medicaid eligibility
- ❑ 60-vote issue

Senate Bill: “Patient Protection & Affordable Care Act” cont’d



- If greater than 50 employees, not offering essential coverage, at least one FTE receives premium assistance tax credit, then \$750 annual shared responsibility payment (\$375 part-time employee)
- If employee opts out because premium share exceeds 9.8% of income, or if benefits don't provide 60% actuarial value and employee receives premium assistance tax credit, then \$3000 assessment per each FTE who receives tax credits.

Senate Bill, Selected Amendments



- ❑ **Cost Containment**
- ❑ **Repeal of Medicare cuts**
- ❑ **Promotion of prevention**
- ❑ **No Federal funding for abortion**
- ❑ **Variations on public option**
 - Opt in rather than opt-out
 - Trigger provision
 - Non-profit cooperatives
 - Federal employees' plan
 - Require congress to sign up
- ❑ **Class Act debate**
- ❑ **Medicare payments to providers debate**

Jurisdictional Issues (Who's in Charge?)



- ❑ **House Bill: Health choices commissioner (National Exchange)**
- ❑ **Senate & House: Enhanced role for secretary of HHS**
- ❑ **Exchanges likely to have significant state flexibility**
- ❑ **Role of State Insurance Commissioners**
- ❑ **McCarran-Ferguson Act**
- ❑ **Glass-Steagall Act repealed by Gramm/Leach/Bliley**
- ❑ **National Association of Insurance Commissioners (NAIC)**
- ❑ **National Conference of State Legislators (NCSL)**
- ❑ **National Conference of Insurance Legislators (NCOIL)**
- ❑ **Department of Labor (DOL) – ERISA Plan Regulator**

Next Steps



- ❑ **Senate must pass bill**
- ❑ **House & Senate bills must be reconciled**
- ❑ **Reconciled bill must be signed by President**
- ❑ **Various deadlines likely to slip into 2010**
- ❑ **Insurance reforms may take effect in 2010/2011**
- ❑ **Employer requirements not until 2013 or 2014**
- ❑ **Federal and State oversight must be reconciled**
- ❑ **States likely to have large implementing role and flexibility**

Oregon Health Reform



UnitedHealth Group®

□ House Bill 2116

- Imposes a 1 percent tax on all commercial health insurance premiums in Oregon: large hospital systems also taxed
- Generates federal match under Medicaid
- Funds health insurance for about 80,000 uncovered children in Oregon
- Legislature allowed taxes on insurers to be passed through to insureds as cost of doing business
- Interpretation issues remain, including taxing Oregon lives covered by out-of-state insurer

Oregon Health Reform




UnitedHealth Group®

- ❑ **House Bill 2009 creates Oregon Health Authority and Oregon Health Policy Board to “Improve the health of all Oregonians”**
- ❑ **Mandates three goals:**
 - Access to health care for all Oregonians
 - Transform delivery of health care to make sure everyone receives highest quality care
 - Contain costs to make health coverage affordable for all
 - Health Authority will purchase benefits for PEBB, OEBB, Medicaid and others (approximately 850,000 lives)
 - Health Authority will develop by December 31, 2010 a proposal for an Exchange (“connector”) to sell commercial products

Contact Information




UnitedHealth Group®

For questions or additional information contact:

Nancy Ellison, JD, DrPH
Vice President, State Government Affairs
Telephone: (206) 230-7158
nancy_m_ellison@uhc.com