"Current Senate Healthcare Bill – Initial Reforms"

SUMMARY

While many are disappointed at the compromises finding their way into the Senate bill, there are still many good reforms that deserve passage of the bill. Below are nine good reasons that occur just in 2010 to justify passage.

DISCUSSION

Howard Dean suggested senators reject the current form of the senate bill as not offering an alternative to private insurance and thus, unable to control costs.

One senator disagreed saying that while we wanted to build a nice house, all we can afford is a cottage. But that cottage has a very solid foundation. In time, we can make additions, but if we do not have a foundation, no additions or changes will even be possible.

This article addresses just a few foundation items that take effect early in the program. Though one should not stop pressing for greater reform, not passing any bill would have even greater adverse consequences.

The following page lists excerpts from the senate bill as published earlier. The comments below hopefully "translate" some of that legalese into layman's language for the rest of us. Hopefully, they provide encouragement to continue to press for better and better reform, but not to throw the baby out with the bathwater if it seems reform does not go far enough. Below are nine good reasons that occur just in 2010 to justify passage

Actions Effective when Reform Bill is Enacted

1. **Section 1003** establishes in each state a process for review of unreasonable premium increases, approval of increases, and disclosure by insurers of justifications for their increases. While this does not lower rates, it should constrain unreasonable increases and create transparency. Insurers are open to embarrassment if they press for extreme increases. This section further provides a $250 million fund to the states to enforce this provision and give it some teeth.

Actions Effective within 90 Days of Enactment

2. **Section 1101** provides creation of a high risk pool for immediate access by uninsured with preexisting conditions. It requires enrollees to pay only "normal" premiums with cost deficits covered by a $5 billion appropriation. It also includes an anti dumping clause to prevent plans from discouraging anyone from remaining enrolled. In effect, neither insurers nor companies could offload their high cost persons onto this subsidized high risk pool.
3. **Section 1102** effectively extends COBRA coverage for "retired" employees ages 55 and older. To protect employers extending COBRA, it provides them a reinsurance plan whereby if a retiree's claims exceed $15,000, the government will reimburse the employer 80% of costs in excess of the $15,000.

Actions Effective within 6 Months of Enactment

Section 1001 contains 6 key subsections that are not practical to enforce immediately but are too important to delay for a whole year.

4. Sec. 2711 prohibits insurers from setting lifetime or unreasonable annual dollar value limits on what they will pay under a plan
5. Sec. 2712 prohibits insurers from rescinding coverage once an enrollee is covered under a plan
6. Sec. 2713 prohibits insurers from imposing cost sharing (deductibles or copayments) for preventative services, immunizations, and preventative services for young children
7. Sec. 2714 extends coverage of dependent unmarried children until age 26
8. Sec. 2715 requires Uniform Explanation of Coverage Documents and Standard Definitions.
   (a) Establish strict disclosure rules including limiting documents to 4 pages of 12 point font (no fine print), understandable language, and clear benefits description and cost.
   (b) Preempt states with lower standards
9. Sec. 2718 is designed to bring down costs
   (a) Establish accounting rules that standardize and segregate medical claims and non-medical costs
   (b) Set minimum MLRs (according to rules in (a). MLRs are already in the legislation, though their levels are similar to today's actual MLRs (80% for groups, 75% for individuals). Excess margins would be rebated to customers. MLRs could be made more stringent in the Senate-House reconciliation.
   (c) Require hospitals to "establish and make a list" of standard charges. The provision removes some of the secrecy and multiplicity in hospital pricing. By making them public, people can make more informed decisions about costs.

Subtitle A — Immediate Improvements in Health Care Coverage for All Americans

Sec. 1001. Amendments to the Public Health Service Act. (effective 6 months after enactment)

- **Sec. 2711. No Lifetime or Annual Limits.**
  Insurers may not establish—(1) lifetime limits on the dollar value of benefits for any participant or beneficiary; or (2) unreasonable annual limits
- **Sec. 2712. Prohibition on Rescissions.**
  Insurers shall not rescind such plan or coverage with respect to an enrollee once the enrollee is covered under such plan or coverage involved
- **Sec. 2713. Coverage of Preventive Health Services.**
  Insurance coverage shall provide coverage for and shall not impose any cost sharing requirements for—Preventative services, Immunizations, and preventative care for infant, children and adolescents
- **Sec. 2714. Extension of Dependent Coverage.**
  Policies covering dependent coverage of children shall continue to make such coverage available for an adult child (unmarried) until the child turns 26 years of age
- **Sec. 2715. Development and Utilization of Uniform Explanation of Coverage Documents of Standardized Definitions.**
  SUBSECTION (a) In General – Not later than 12 months after the date of enactment … develop standards … in compiling and providing to enrollees a summary of benefits and coverage explanation that accurately describes the benefits and coverage under the applicable plan or coverage. The standards include:
  1. Appearance – not more than 4 pages
  2. Language –utilizes terminology understandable to an average enrollee
  3. Contents – must include:
     a. Uniform definitions so customers may compare
     b. Description of coverage including cost sharing for – Each category of benefit
        1) Exceptions, reductions, limitations
        2) Deductable & co-payments
        3) Continuation provisions
        4) Examples to illustrate common benefits

  SUBSECTION (e) PREEMPTION.—The standards developed under subsection (a) shall preempt any related State standards that require a summary of benefits and coverage that provides less information to consumers
- **Sec. 2718. Bringing Down the Cost of Health Care Coverage**
  a) Clear accounting for Costs – annual report concerning the percentage of total premium revenue that such coverage expends—
     1) on reimbursement for clinical services provided to enrollees under such coverage;
     2) for activities that improve health care quality; and
     3) on all other non-claims costs, including an explanation of the nature of such costs, and excluding State taxes and licensing or regulatory fees.

  b) Ensuring That Consumers Receive Value for Their Premium Payments.— Requirement To Provide Value For Premium Payments.—rebate to each enrolled amount exceeding
     A. Group market – 20%
     B. Individual market – 25%

  c) STANDARD HOSPITAL CHARGES.—Each hospital operating within the United States shall for each year establish and make a list of the hospital's standard charges

Sec. 1003 – (and Sec. 2794) Ensuring that Consumers Get Value for their Dollars. (effective when enacted)

(a) Initial Premium Review Process.—
  1) IN GENERAL.—The Secretary, in conjunction with States, shall establish a process for the annual review, beginning with the 2010 plan year … of unreasonable increases in premiums for health insurance coverage.
  2) The Secretary shall ensure the public disclosure of information on such increases and justifications for all health insurance issuers.

(b) Grants in support of process
  A. Premium Review Grants During 2010 Through 2014.—The Secretary shall carry out a program to award grants to States during the 5-year period beginning with fiscal year 2010 to assist … in carrying out the ….. reviewing and approving premium increases
  B. Funding - '(A) IN GENERAL.— appropriated to the Secretary $250,000,000 to be available for expenditure for grants

Subtitle B—Immediate Actions to Preserve and Expand Coverage (effective within 90 days)

Sec. 1101. Immediate Access to Insurance for Uninsured Individuals with a Preexisting Condition.

a) IN GENERAL.— the Secretary shall establish a temporary high risk health insurance pool program ending 01/01/14

e) Protection Against Dumping Risk By Insurers.— (1) IN GENERAL.—The Secretary shall establish criteria for determining whether health insurance issuers and employment-based health plans have discouraged an individual from remaining enrolled in prior coverage based on that individual's health status.

g) FUNDING; appropriated $5,000,000,000 to pay claims against the high risk pool

Sec. 1102. Reinsurance for Early Retirees.

a) Administration — (1) IN GENERAL.— the Secretary shall establish a temporary reinsurance program to provide reimbursement to participating employment based plans for a portion of the cost of providing health insurance coverage to early retirees (and to the eligible spouses, surviving spouses, and dependents of such retirees) during the period beginning on the date on which such program is established and ending 01/01/14