Kaiser Foundation Source

Some of the items that go into effect in the first year include:

NEW HELP FOR SOME UNINSURED: People with a medical condition that has left them uninsurable may be able to enroll in a new federally subsidized insurance program that is to be established within 90 days. The legislation appropriates $5 billion for this, although that may not be enough to cover all who apply; it's not clear how much consumers would pay as their share of the cost. About 200,000 people are covered in similar state programs currently, at an estimated cost of $1 billion a year, says Karen Pollitz, a research professor at Georgetown University.

DISCOUNTS AND FREE CARE IN MEDICARE: The approximately 4 million Medicare beneficiaries who hit the so-called "doughnut hole" in the program's drug plan will get a $250 rebate this year. Next year, their cost of drugs in the coverage gap will go down by 50 percent. Preventive care, such as some types of cancer screening, will be free of co-payments or deductibles starting this year.

COVERAGE OF KIDS: Parents will be allowed to keep their children on their health insurance plan until age 26, unless the child is eligible for coverage through a job. Insurance plans cannot exclude pre-existing medical conditions from coverage for children under age 19, although insurers could still reject those children outright for coverage in the individual market until 2014.

TAX CREDITS FOR BUSINESSES: Businesses with fewer than 25 employees and average wages of less than $50,000 could qualify for a tax credit of up to 35 percent of the cost of their premiums.

CHANGES TO INSURANCE: All existing insurance plans will be barred from imposing lifetime caps on coverage. Restrictions will also be placed on annual limits on coverage. Insurers can no longer cancel insurance retroactively for things other than outright fraud.

GOVERNMENT OVERSIGHT: Insurers must report how much they spend on medical care versus administrative costs, a step that later will be followed by tighter government review of premium increases.

Some of the major changes the reconciliation proposal would make to the Senate-passed bill:

HEFTIER SUBSIDIES: Compared to the Senate legislation, the reconciliation bill would provide more generous subsidies to low- and moderate-income Americans to help them buy health coverage.

THE "MASERATI" TAX: The levy on high-cost insurance plans is scaled back and delayed, rendering it more a "Maserati" than a "Cadillac" tax. It would apply only to the portion of plans costing more than $10,200 a year for individuals, up from $8,500, and $27,500 for families, up from $23,000. The tax wouldn't kick in until 2018, reducing the projected revenue to the government by 80 percent. Over time, however, the tax would hit more and more plans, because the tax's threshold is set to increase at the rate of inflation while premiums are expected to continue to grow much more quickly than that.

CLOSING THE DOUGHNUT HOLE: Unlike the Senate bill, the reconciliation measure would eventually close the coverage gap, called the "doughnut hole," for Medicare beneficiaries enrolled in Part D drug plans. (Currently, seniors who hit the gap must bear the full cost of their medications until they spend a certain amount, when coverage kicks back in.)

Under the new bill, seniors who hit the gap this year would get $250 to help cover the costs of their medications. Starting next year, they'd get a 50 percent discount on brand-name drugs, with the cost borne by the drug industry. In subsequent years, the discounts would expand and begin covering generic drugs, with the expense picked up by the government. By 2020, the discounts would reach 75 percent.

SHIFT IN MEDICARE ADVANTAGE PAYOUTS: Government payments to Medicare Advantage, the private-health plan alternative to traditional Medicare, would be cut back more steeply than under the Senate bill: $132 billion over 10 years, compared to $118 billion.

The government currently pays the private plans an average of 14 percent more than traditional Medicare. The new bill, besides reducing payments overall, would shift the funding; some high-cost areas would be paid 5 percent below traditional Medicare, while some lower-cost areas would be paid 15 percent more than traditional Medicare. The Senate's plan that would have shielded some areas of the country such as South Florida from major cuts was largely eliminated.

A RAISE FOR DOCTORS: Primary care doctors would get a Medicaid payment boost in the reconciliation bill. Beginning in 2013 and 2014, the doctors' payment rates would be on par with Medicare rates, which typically are about 20 percent higher than Medicaid. The goal is to ensure that there will be a sufficient number of doctors willing to care for the millions of additional people who would become eligible for Medicaid under the health care overhaul.

PUSHING UP THE MEDICARE TAX: The Senate bill adds a 0.9 percentage point to the Medicare payroll tax on earned income above $200,000 for individuals, or $250,000 for couples. Under the reconciliation bill, starting in 2013, people in those income brackets also would face a 3.8 percent tax on investment income, such as interest, capital gains and dividends.

PENALTY FOR NOT HAVING INSURANCE: Under the new bill, most Americans without insurance would face an annual penalty, starting in 2014 at $95 – the same as in the Senate bill. But in following years, the penalties in the reconciliation bill are slightly different. Those without insurance in 2016, for example, would pay the greater of two alternatives: a flat fee of $695, down from the Senate's $750, or 2.5 percent of their income, up from 2 percent in the Senate bill.

EXPANDING MEDICAID: The reconciliation package differs from the Senate-passed bill in several ways. It would delete a provision dubbed the "Cornhusker kickback" that would have exempted Nebraska from paying any cost of a Medicaid expansion included in the bill. But it would provide full federal funding to all states for newly eligible Medicaid recipients for three years. And it would give additional funding to states like Vermont and Maine that have already moved to cover adults without children, which isn't required under the Medicaid program.

MEDICARE SPENDING BOARD: The Senate bill would create an independent, 15-member board to recommend ways to control Medicare spending. The board remains in the reconciliation package, but would be expected to produce just about half of its original projected savings of $23 billion in the Senate bill. That's because the new proposal would make greater cuts in Medicare Advantage plans.

Fortune Magazine Source

By David Ewing Duncan, contributor

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(Fortune) -- Those of us alive last night will one day retell the story of how mere mortals in Congress and the White House defeated a combined army of Harpies, Gorgons and Minotaurs that for decades have thwarted all efforts to reform the American health-care system.

So maybe most of America last night was riveted not by Parliamentary antics in Congress, but by college basketball. Nonetheless the House of Representatives did the deed when they passed the Senate's health reform bill at 10:44 pm. A package of changes to the bill still needs to be approved by the Senate, but the basic health-care bill will become law when President Obama signs it.

Now we really can get busy and work on health-care reform.

I'm not talking about the sort of epic reform that was just passed by Congress. That was as much about showing the country that Washington can govern and take on powerful interests, as it was about healing our ailing health-care system.

I'm talking about an agenda of urgent matters that still need to be addressed to truly fix American health care. But not in the hyperventilated, do-or-die atmosphere that has characterized the health-reform debate every time it has been seriously proposed since at least Harry Truman. These remaining issues can be thought of as smaller epics, like chapters in the health-reform Odyssey rather than the entire narrative.

Here's what's left to do.

Reduce costs: According to President Obama and Congressional Democrats, the bill just passed will pay for itself over the next ten years. But what about the rest of the $2.7 trillion the nation will spend this year on health care? That works out to almost $9,000 per American -- which is nearly twice what the next most expensive country in the world -- Switzerland shells out.

Spending this much on health care takes away resources from education, defense, and other priorities. Medicare and Medicaid alone are estimated to cost $763 billion in 2010, which have edged out defense and social security for the first time as the number one expenditure for the federal government, costing 21% of the president's $3.5 trillion budget.

Improve care: Contrary to the widespread belief that the U.S. has the best health-care outcomes in the world, on many measurements we lag behind nations that spend far less. For life expectancy, the U.S. ranks 23rd out of 27 for Organization for Economic Co-operation and Development countries, which also include most of Europe, Japan, Korea, Turkey, Australia, New Zealand and Canada.

While mortality rates in the U.S. for stroke and some cancers rank among the best -- meaning fewer deaths, according to the OECD -- the U.S. ranks toward the bottom in mortality rates for other maladies such as diabetes. We rank 26th, second to the last, for our infant mortality rate.

Comparative Effectiveness: The bill just passed by Congress allocates funding for investigating and assessing which pharmaceuticals, devices and procedures work best. **This effort needs even more funding and a larger mandate to rid health care of expensive treatments that don't work** -- or that work no better than less expensive alternatives. We wouldn't buy a car without consulting Consumer Reports, so why shouldn't we have the same information available for health-care treatments?

Personalized Health: A revolution in predictive and preventive health care is underway thanks to new discoveries in genetics and molecular biology. The current bill provides some funding and support for translating these scientific discoveries into clinical applications -- which is added to previous funding provided by the National Institutes of Health -- but much more is needed.

The goal is to shift health care from focusing on sickness and symptoms to emphasizing prediction, early diagnosis, and prevention. (Not all prevention is high tech -- holding anti-smoking classes for middle-school students, for instance, is a low-tech option for preventing teens from becoming smokers).

Expanding the publicly funded safety net: **Right now 100 million Americans -- one in three -- have government-funded and administered insurance**, mainly through Medicare, Medicaid, and the military. The bill that just passed will go a long way to making sure most of the rest of America is insured, though efforts to provide a publicly financed option to private health insurance failed to make it into the final measure.

Making sure that Americans have an affordable insurance option required by law is unfinished business. We now need to insure that every American -- like every citizen in Britain, Germany, Japan, and Korea -- is covered by a basic insurance safety net.

Of course, none of these mini-epics will be addressed anytime soon, not with so many other monsters running amok like financial reform, jobs, education, and Afghanistan. But what a relief that the mortals in Washington rose above their bickering to slay at least one or two of the beasts plaguing our land.