

THE AFFORDABLE HEALTH CHOICES ACT

**Approved by the Senate Committee on Health, Education, Labor & Pensions
July 15, 2009**

After more than a month of committee mark-up in which over 160 Republican amendments were accepted, the Senate Committee on Health, Education, Labor & Pensions (HELP) approved the Affordable Health Choices Act. This legislation lays the foundation for comprehensive national health reform. Our bill, combined with the work being done by the Senate Finance Committee, will make health care affordable and available to all Americans. Fully 97 percent of Americans will have coverage, a major achievement.

This brief summary outlines the key features of the legislation:

- Guaranteeing quality, affordable health coverage for all Americans.
- Making coverage fairer and more comprehensive.
- Protecting Americans against ruinous medical costs.
- Giving immediate assistance to retirees to help with the high cost of coverage.
- Providing an immediate benefit for evidence-based preventive services.
- Creating a new voluntary insurance program for long term services and supports.
- Transforming health quality through delivery system reform.
- Improving the health of all Americans through prevention and wellness.
- Building a health care workforce to meet the needs of the 21st century.
- Fighting health care fraud and abuse.
- Improving access to innovative medical therapies.

Title I. Guaranteeing Quality, Affordable Coverage for All Americans

Building on what works. Everyone who likes his or her current health insurance – whether employer, individual or government-sponsored – can keep it.

Fixing what’s broken: the American Health Benefit Gateway. The American Health Benefit Gateway is a new federally sponsored and state run way for individuals and small employers to find and purchase quality, affordable health insurance. Each Gateway will create new and accessible health insurance markets in each state to make purchasing health insurance easy and reliable. Gateways will make sure coverage is high quality and there when consumers need it the most. Plans will have new incentives to keep enrollees healthy. For eligible individuals and families, signing up will be consumer friendly. Enrollees will be able to fill out applications in many locations and be enrolled in the insurance coverage appropriate for them.

Only insurance plans meeting high standards for quality and benefits will sell through the Gateway. For those with incomes up to four times the federal poverty level (\$43,000 in annual income for an individual), premium subsidies will be available on a sliding-scale basis according to family income. Based on their ability to pay, enrollees will be responsible for out of pocket expenses with clear limits.

One option available to consumers through the Gateway will be a publicly-sponsored plan called the “*Community Health Insurance Option.*”

Gateway plan benefits will be as extensive as those offered to Members of Congress. At a minimum, these benefits will include: outpatient services; emergency services, hospitalization; maternity and newborn care; medical and surgical care; mental health & substance abuse services; prescription drugs, rehabilitative and laboratory services; preventive and wellness services; and pediatric services.

Fixing what’s broken: Insurance Market Reforms. Far-reaching changes will be required for new health insurance coverage:

- Guaranteed issue: Insurance companies will be required to take all applicants. For the first time ever, they will not be permitted to deny coverage to anyone.
- No medical underwriting or pre-existing condition exclusions: Insurance companies will be forbidden to write or to price policies based on health status, medical condition, or gender.
- Community rating: Insurance companies will charge everyone premiums that may only vary by family composition, type of plan, geography, tobacco use, participation in wellness programs, and age. Age rating will not vary by a factor more than two to one.
- Medical loss ratios: Insurers will report publicly how much of premium dollars are spent on medical costs versus non-medical costs such as marketing, administration, and profits.
- Coverage for young adults: Insurers will allow young adults extra time to stay on their parents’ coverage plans.
- Elimination of lifetime and annual benefit caps.
- Elimination of insurance policy rescissions.

Supporting Small Businesses. A new health insurance credit for businesses with 50 or fewer workers will cover up to half the cost to the employer of providing health insurance for their workers. The credits phase out as the firm size increases, and the assistance is most generous for firms with lower-wage workers.

Sharing Responsibility – Individuals. In a voluntary market with guaranteed issue, many healthy people wait until they get sick to purchase coverage, driving the price of insurance beyond most people’s reach. That is why the HELP bill sets a new requirement for all individuals to purchase health insurance. Just as failing to obtain car insurance carries a penalty, so too the HELP bill requires those who fail to fulfill this requirement to pay a fine. Those who do not have affordable coverage available to them will receive a hardship waiver. An exemption is also provided for those who have religious objections to health care coverage.

Sharing Responsibility – Employers. Shared responsibility requires everyone to help solve America’s health care crisis. That includes government, insurance companies, medical providers, individuals and employers. Except for small employers with 25 or fewer workers, those businesses not providing coverage for their workers will be asked to contribute to the cost of providing publicly-sponsored coverage for those workers. The maximum assessment will be \$750 annually for full-time and \$375 for part-time workers.

Creating a new voluntary insurance program for long term services and supports. The HELP legislation creates a new national insurance program to help adults who have or develop functional impairments to remain independent, employed and stay a part of their communities. Financed through voluntary payroll deductions,, this program will remove barriers to independence and choice (e.g., housing modifications, assistive technologies, personal assistance services, transportation) by providing a cash benefit to individuals unable to perform two or more functional activities of daily living. The large risk pool created will make added coverage more affordable and reduce incentives for people with severe impairments to spend down to Medicaid.

Improving access to critical health care services. The AHCA legislation expands funding authorizations for federally qualified health centers, the National Health Services Corps, and community-based mental and behavioral health services. The legislation also reauthorizes the Wakefield Emergency Medical Services for Children Program.

Immediate assistance with the soaring cost of health care for retirees. Retirees not yet eligible for Medicare face extraordinary challenges in receiving affordable, quality health care. Costs for coverage are soaring, but businesses face more and more pressure to cut back on retiree coverage. To help retirees keep the coverage they have, the legislation establishes a reinsurance fund for retiree health coverage that is estimated by the nonpartisan Urban Institute to reduce premiums by over \$1,200 a year for a family policy.

Title II. Improving Health Quality through Delivery System Reform

A National Quality Strategy. The United States lacks a coherent strategy to improve the quality of our health care system. Consequently, health outcomes and quality initiatives vary widely. As President Obama has said, these activities have been haphazardly left to “Islands of Excellence.” This title requires the Secretary of Health and Human services to establish a new national strategy and infrastructure to improve the quality and performance of the U.S. health care system. The strategy will target priority areas, use health information technology, and focus on health outcomes and population health. An interagency working group will coordinate and implement health care quality improvement initiatives. Quality measures will be identified, developed and endorsed. A streamlined and integrated quality reporting process will minimize the burden on providers. Key initiatives include:

- Developing a national strategy for quality improvement.
- Establishing an interagency working group on health care quality.
- Setting comprehensive quality measure development.
- Creating a quality measure endorsement and public reporting system.
- Forming a Patient Safety Research Center at the Agency for Healthcare Research and Quality.
- Supporting and developing Community Health Teams.
- Implementing Medication Management Services in treating chronic disease.
- Improving regionalized systems for Emergency Care, including acute trauma.
- Reporting and reducing preventable readmissions.
- Facilitating shared decision making.
- Evaluating the presentation of prescription drug information.
- Establishing a new Center for Health Outcomes, Research and Evaluation.

- Meeting the promise and opportunity of Administrative Simplification.

Title III. Improving the Health of the American People through Prevention & Wellness

In clinical medical settings, in communities, in health care training, in our workplaces – there are significant barriers to leading a healthy lifestyle. The incentives are misplaced and encourage unhealthy behavior. As President Obama has said, preventive care is “one of the best ways to keep our people healthy and our costs under control.” The key Prevention and Wellness provisions in the HELP Committee legislation include:

- Establishing a federal Prevention and Public Health Council to coordinate federal agencies and to develop a national strategy with public health goals and objectives for the nation.
- Changing medical school and residency curricula to teach the next generation of health care professionals how to prevent unnecessary disease.
- Removing barriers to preventive services.
- Creating a Prevention and Public Health Investment Fund to expand the nation’s investment in prevention and public health.
- Establishing the Right Choices program to give uninsured adults access to preventive services until full insurance coverage is made available through the Gateway.
- Authorizing the development and expansion of School-based Health Clinics.
- Setting up an oral healthcare prevention and education campaign.
- Awarding community transformation grants to prevent and reduce chronic disease.
- Developing a “health aging, living well” program to improve the health status of the pre-Medicare eligible population.
- Improving immunization coverage of children, adolescents, and adults through evidence-based interventions.
- Requiring chain restaurants to disclose calories on menus and menu boards.
- Encouraging a healthy start by requiring employers to provide break times and locations for breastfeeding mothers to express milk.
- Expanding opportunities for employers to reward employees for participating in wellness programs from the current 20 percent to a 30 percent premium discount.
- Sets up a Coordinated Environmental Public Health Network to track incidence, prevalence and trends in priority chronic conditions.
- Requiring reimbursement for essential preventive services to provide incentives for preventive services such as screenings for diabetes, depression and colorectal cancer, tobacco cessation, and nutrition counseling.

Title IV. Building a health care workforce to meet the needs of the 21st century

A strong health care workforce is essential for successful health reform. The Affordable Health Choices Act will improve access to and delivery of health care services for all Americans by increasing the supply of a qualified health care workforce, enhancing workforce education and training, and providing support to the existing workforce.

Key provisions include:

- Increase the supply of qualified health care workers by providing low-interest student loans, loan repayment programs, and scholarships for students and mid-career health care providers.
- Establishing a National Health Care Workforce Commission to determine current and projected workforce needs, and to advise Congress and the Administration how to align workforce resources with national needs.
- Create state health care workforce development grants to enable state partnerships to support innovative activities to increase the numbers of skilled health care workers.
- Setting up new loan programs for nurses, mental and behavioral health providers, and allied health professionals.
- Developing a Ready Reserve Corps for service in times of national emergency.
- Supporting advanced training for family medicine physicians, pediatricians, nurses, physician assistants, pediatric and general dentists, direct care workers, geriatricians, mental and behavioral health professionals, community health workers, public health professionals, and nurse faculty.
- Forms a Centers of Excellence program to encourage and mentor minority applicants for healthcare workforce positions.
- Creates a Primary Care Extension Program to education and provide assistance to primary care providers about evidence-based therapies, preventive medicine, health promotion, chronic disease management, and mental health.

Title V. Preventing Fraud and Abuse

The National Health Care Anti-Fraud Association estimates that three percent of all health care spending – or \$72 billion – is lost to health care fraud perpetrated against public and private health plans. Fraud committed against public and private plans increases the cost of medical care and health insurance for employers, families, and taxpayers, and undermines public trust in our health care system. Our legislation will ramp up efforts to combat fraud, especially in the private health insurance market, giving new tools to states and federal agencies to stop and prevent fraudulent activities.

Title VI. Improving Access to Innovative Medical Therapies

Follow-on Biologics. Patients now face extraordinary costs for innovative new medical therapies based on the techniques of biotechnology. The legislation will establish a way for FDA to approve new or “follow-on” versions of these lifesaving medicines. Just as generic drugs have lowered the costs of health care, so too these new biologics can bring the cost of these new medicines within the reach of the patients who need them. The legislation also includes a balanced way to resolve the patent disputes that can stall approval of follow on biologics. Finally, the legislation includes incentives for innovation, by giving manufacturers of innovative biologics a 12-year period of market exclusivity for their products.

Expanded Participation in 340B Program: Section 340B of the Public Health Service Act enables safety-net hospitals and other providers serving a large volume of low-income and uninsured patients to access discounts on pharmaceuticals. Among other changes, the HELP legislation expands the drug discount program to allow participation by free-standing children's hospitals, free-standing cancer

hospitals, rural referral centers, sole community hospitals with a disproportionate share hospital percentage greater than eight percent, and all critical access hospitals.