

SUMMARY OF HEALTH CARE REFORM

By CBS News Capitol Hill Producers Jill Jackson and John Nolen

Cost:

- \$940 billion over ten years.

Deficit:

- Would reduce the deficit by \$143 billion over the first ten years. That is an updated CBO estimate. Their first preliminary estimate said it would reduce the deficit by \$130 billion over ten years. Would reduce the deficit by \$1.2 trillion dollars in the second ten years.

Coverage:

- Would expand coverage to 32 million Americans who are currently uninsured.

Health Insurance Exchanges:

- The uninsured and self-employed would be able to purchase insurance through state-based exchanges with subsidies available to individuals and families with income between the 133 percent and 400 percent of poverty level.
- Separate exchanges would be created for small businesses to purchase coverage -- effective 2014.
- Funding available to states to establish exchanges within one year of enactment and until January 1, 2015.

Subsidies:

- Individuals and families who make between 100 percent - 400 percent of the Federal Poverty Level (FPL) and want to purchase their own health insurance on an exchange are eligible for subsidies. They cannot be eligible for Medicare, Medicaid and cannot be covered by an employer. Eligible buyers receive premium credits and there is a cap for how much they have to contribute to their premiums on a sliding scale.

Federal Poverty Level for family of four is \$22,050

Paying for the Plan:

- Medicare Payroll tax on investment income -- Starting in 2012, the Medicare Payroll Tax will be expanded to include unearned income. That will be a 3.8 percent tax on investment income for families making more than \$250,000 per year (\$200,000 for individuals).
- Excise Tax -- Beginning in 2018, insurance companies will pay a 40 percent excise tax on so-called "Cadillac" high-end insurance plans worth over \$27,500 for families (\$10,200 for individuals). Dental and vision plans are exempt and will not be counted in the total cost of a family's plan.
- Tanning Tax -- 10 percent excise tax on indoor tanning services.

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Medicare:

- Closes the Medicare prescription drug "donut hole" by 2020. Seniors who hit the donut hole by 2010 will receive a \$250 rebate.
- Beginning in 2011, seniors in the gap will receive a 50 percent discount on brand name drugs. The bill also includes \$500 billion in Medicare cuts over the next decade.

Medicaid:

- Expands Medicaid to include 133 percent of federal poverty level which is \$29,327 for a family of four.
- Requires states to expand Medicaid to include childless adults starting in 2014.
- Federal Government pays 100 percent of costs for covering newly eligible individuals through 2016.
- Illegal immigrants are not eligible for Medicaid.

Insurance Reforms:

- Six months after enactment, insurance companies could no longer denying children coverage based on a preexisting condition.
- Starting in 2014, insurance companies cannot deny coverage to anyone with preexisting conditions.
- Insurance companies must allow children to stay on their parent's insurance plans until age 26th.

Abortion:

- The bill segregates private insurance premium funds from taxpayer funds. Individuals would have to pay for abortion coverage by making two separate payments, private funds would have to be kept in a separate account from federal and taxpayer funds.
- No health care plan would be required to offer abortion coverage. States could pass legislation choosing to opt out of offering abortion coverage through the exchange.

***Separately, anti-abortion Democrats worked out language with the White House on an executive order that would state that no federal funds can be used to pay for abortions except in the case of rape, incest or health of the mother.*

Individual Mandate:

- In 2014, everyone must purchase health insurance or face a \$695 annual fine. There are some exceptions for low-income people.

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Employer Mandate:

- Technically, there is no employer mandate. Employers with more than 50 employees must provide health insurance or pay a fine of \$2000 per worker each year if any worker receives federal subsidies to purchase health insurance. Fines applied to entire number of employees minus some allowances.

Immigration:

- Illegal immigrants will not be allowed to buy health insurance in the exchanges -- even if they pay completely with their own money.