

National Health Reform and Behavioral Health

**Florida Council
November 2009**

A Comparison of U.S. House and Senate Health Reform Bills

Area	House	Senate
Who's Covered	<ul style="list-style-type: none"> ♦ 96% of U.S. residents (81% currently) 	<ul style="list-style-type: none"> ♦ 94% of U.S. residents
Illegal Immigrants Covered	<ul style="list-style-type: none"> ♦ No 	<ul style="list-style-type: none"> ♦ No
Cost	<ul style="list-style-type: none"> ♦ \$900B-\$1.2T 	<ul style="list-style-type: none"> ♦ \$900B
How It's Paid For	<ul style="list-style-type: none"> ♦ \$460B new income taxes (>\$500K – individual; > \$1M – couple) – 5.4% surcharge ♦ \$500B – Medicare/Medicaid cuts ♦ \$20B – medical devicemaker assessment ♦ \$13B limiting contributions to flexible savings accounts ♦ Sizable penalties paid by individuals and employers that don't obtain coverage ♦ Mix of other corporate taxes and fees 	<ul style="list-style-type: none"> ♦ Fees on insurance companies, drugmakers, and medical device manufacturers ♦ Tax levied on insurance companies, equal to 40% of total premiums paid on insurance plans costing more than \$8,000 annually for individuals and \$21,000 annually for families ♦ Retirees over age 55 and people in high-risk professions may be allowed to have somewhat more valuable plans before they're taxed

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How It's Paid For		<ul style="list-style-type: none">♦ Cuts to Medicare and Medicaid♦ A fee on employers whose workers receive government subsidies to help them pay premiums♦ Fines on people who fail to purchase coverage
Requirements for Individuals	<ul style="list-style-type: none">♦ Individuals must have insurance, enforced through a tax penalty of 2.5% of income♦ People can apply for hardship waivers if coverage is unaffordable	<ul style="list-style-type: none">♦ Almost everyone must get coverage through an employer, on their own or through a government plan♦ Exemptions for economic hardship♦ Requires individuals and families to purchase coverage as long as it costs no more than 8% of their income

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Requirements for Individuals		<ul style="list-style-type: none">◆ Those who are obligated to buy coverage and refuse would face a fine of perhaps \$100 in the first year of the program, increasing over time (Senate Finance Committee version)
Requirements for Employers	<ul style="list-style-type: none">◆ Employers must provide insurance to their employees or pay a penalty of 8% of payroll◆ Companies with payrolls under \$500K annually are exempt, and the penalty is phased in for companies with payrolls between \$500K and \$750K◆ Small businesses (10 or fewer employees) get tax credits to help them provide coverage	<ul style="list-style-type: none">◆ Not required to offer coverage, but companies with more than 50 full-time workers would pay a fee as high as \$750 multiplied by the total size of the work force if the government subsidizes employees' coverage

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Subsidies	<ul style="list-style-type: none"> ◆ Individuals and families with annual income up to 400% of FPL, or \$88,000 for a family of 4, would get sliding-scale subsidies to help them buy coverage; subsidies would begin in 2013 	<ul style="list-style-type: none"> ◆ Tax credits for individuals and families likely making up to 400% FPL ◆ Tax credits for small employers
How You Choose Your Help Insurance	<ul style="list-style-type: none"> ◆ Beginning in 2013 through a new Health Insurance Exchange open to individuals and, initially, small employers ◆ The Exchange could be expanded to larger employers over time ◆ States could opt to operate their own exchanges in place of the national exchange if they follow rules 	<ul style="list-style-type: none"> ◆ Self-employed people and small businesses could pick a plan offered through new state-based purchasing pools ◆ Employees would be generally allowed to keep their work-related coverage

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Benefits Package	<ul style="list-style-type: none"> ♦ A committee would recommend a so-called essential benefits package including preventive services ♦ Out-of-pocket costs would be capped ♦ The new benefit package would be the basic benefit package offered in the exchange 	<ul style="list-style-type: none"> ♦ All plans sold to individuals and small businesses would have to cover basic benefits ♦ The government would set four levels of coverage – the least generous would pay 65% of health care costs; the most generous would cover an estimated 90%
Insurance Industry Restrictions	<ul style="list-style-type: none"> ♦ No denial of coverage based on pre-existing conditions ♦ No higher premiums allowed for pre-existing conditions or gender ♦ Limits on higher premiums based on age 	<ul style="list-style-type: none"> ♦ No denial of coverage based on pre-existing conditions ♦ No higher premiums allowed for pre-existing conditions or gender ♦ Limits on higher premiums based on age and family size

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Government-Run Plan	<ul style="list-style-type: none"> ♦ A new public plan available through insurance exchanges would be set up by the HHS Secretary ♦ Provider rates would be negotiated by the HHS Secretary 	<ul style="list-style-type: none"> ♦ A federal insurance plan with provider payment rates negotiated by the HHS Secretary ♦ States could opt out of the plan ♦ Creates non-profit, member-owned co-ops to compete with private insurers
Changes to Medicaid	<ul style="list-style-type: none"> ♦ The federal-state insurance program for the poor would be expanded to cover all non-elderly individuals with incomes up to 150% FPL (\$33,100/family of 4) ♦ The federal government would pick up the full cost of the expansion in 2013 and 2014 ♦ Beginning in 2015, the federal government would cover 91% of costs and the states would pay 9% 	<ul style="list-style-type: none"> ♦ Income eligibility levels would be standardized at 133% FPL (\$30,000/family 4) for all parents, children and pregnant women ♦ States could negotiate with insurers to arrange coverage for people with incomes slightly higher than the cutoff for Medicaid

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Drugs	<ul style="list-style-type: none"> ◆ Grants 12 years of market protection to high-tech drugs used to combat cancer, Parkinson's disease and other deadly diseases ◆ Phases out the gap in Medicare prescription drug coverage by 2019 ◆ Requires HHS to negotiate drug prices on behalf of Medicare beneficiaries 	<ul style="list-style-type: none"> ◆ Grants 12 years of market protection to high-tech drugs used to combat cancer, Parkinson's disease and other deadly diseases ◆ Drug companies would contribute \$80 billion over 10 years with the majority of the money used to limit the prescription drug gap in Medicare
Antitrust	<ul style="list-style-type: none"> ◆ Would strip the health insurance industry of a long-standing exemption from antitrust laws covering market allocation, price fixing and bid rigging ◆ The bill would give the FTC authority to look into the health insurance industry at its own initiative 	<ul style="list-style-type: none"> ◆ Amendment expected to be offered on the Senate floor to strip the health insurance industry of its antitrust exemption

Behavioral Health Provisions in House Bill

- ◆ **Requires all health plans participating in the health insurance exchange to offer mental health and substance abuse benefits, and require these benefits to comply with the Wellstone-Domenici Mental Health Parity Act.**
- ◆ **Adds institutions receiving funding through the mental health and substance abuse block grant to the list of facilities eligible for 340B discount drug pricing.**
- ◆ **Creates a new long-term care insurance program, the Community Living Assistance Services and Support (CLASS) program.**
- ◆ **Clarifies that federal Medicaid law does not prohibit states from covering therapeutic foster care through Medicaid.**
- ◆ **Creates a \$75 million 3-year demonstration project to test reimbursement of private psychiatric hospitals for the stabilization of emergency medical conditions.**
- ◆ **Increases payment for primary care services in Medicaid to parity with the payments for primary care services in Medicare, with the extra cost to be borne by the federal government.**
- ◆ **Requires that states suspend, not terminate Medicaid benefits for youths age 18 and younger who are incarcerated in a public institution.**
- ◆ **Requires the government to conduct outreach about the health insurance exchange to specific populations, including people with mental illness and cognitive impairments.**
- ◆ **Creates a definition and criteria for Federally Qualified Behavioral Health Centers (FQBHCs)**

Health Reform Assumptions

- ◆ Health Reform law will be adopted by Congress
- ◆ Medicaid will be greatly expanded
- ◆ Medicaid income eligibility limits will be increased to 133 to 150% of the federal poverty limit
- ◆ Medicaid categorical restrictions will be eliminated (childless couples, single adults)
- ◆ Federal government pays 100% of state costs in the first two years; then pays 91% in subsequent years
- ◆ States will lose Medicaid stimulus funds
- ◆ DSH/UPL/LIP funds will be reduced or eliminated
- ◆ Benchmark benefit plan will be defined by the federal government, but state sets coverage limits within broader parity requirements
- ◆ Continued state administration of Medicaid program

Florida's Uninsured

Category	%	Number
Uninsured	23.8%	3,571,715
Children	22.0%	298,578
Adults	78.0%	3,273,137
% < 133% FPL	45.9%	1,639,417
% with Mental Illness	20.0%	327,883
% with SPMI/SED	10.0%	163,942

A substantial portion of DCF non-Medicaid eligibles will become Medicaid eligible or qualify for coverage through insurance exchanges with subsidies

DCF non-Medicaid eligibles will become eligible for comprehensive physical health benefits

The Medicaid Population - FY 2013

Category	#
Current Medicaid Population	2.7M
New Eligibles with Reform	1.6M
Total Anticipated Population	4.3M

Possible Scenarios

- ◆ **DCF Retains All or Most Funding and Expands Wraparound Services and Services to non-Medicaid eligibles**
- ◆ **DCF Funds Transferred to AHCA for State Match and DCF MH/SA Programs Greatly Reduced or Eliminated**
- ◆ **DCF Retains Some Funding for Supports**
- ◆ **Residual DCF Programs Part of Public Option**

CMHA Response

- **Expand Capacities/Infrastructure/Staffing**
- **Expand Coverage of Medicaid Reimbursable Services**
- **Develop/Partner with HMOs/PSNs**
- **Develop Alternative Managed Care Programs**
- **Develop Specialized Medicaid Programs**
- **Develop Public Option Programs**

Effect of Health Reform on DCF Programs

