



Issues Related to Coverage of Low-income People in Health Care Reform

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The USCCB has stated that the needs of poor and vulnerable people should be particularly cared for in any health care reform proposals. For low-income people, significant premiums and cost-sharing charges can serve as barriers to obtaining coverage or seeing a doctor. Therefore, Medicaid cost-sharing protections should be maintained and new coverage options should protect the lowest income enrollees from burdensome cost sharing. We urge Congress to limit premiums or exempt families earning less than 200 percent of the Federal Poverty Level from monthly premiums. The bishops also recommend limiting co-payments and other costs which could discourage needed care. In order to move toward universal coverage, the bishops urge increases in eligibility levels. For example, we urge Congress to maintain at least the proposed minimum national eligibility level for Medicaid at 150 percent and CHIP at 300 percent of the Federal Poverty Level; to ensure comprehensive coverage; and to provide states with the resources to expand coverage.

House Tri-Committee (H.R. 3200)

The House bill mandates all individuals to have health insurance and prohibits insurers from denying coverage based on pre-existing conditions. The bill requires employers with over 25 employees to offer health care coverage for their employees and to contribute at least 72.5 percent of the premium for individual coverage and 65 percent for family coverage. Employers may choose to pay eight percent of their payroll into the Health Insurance Exchange rather than offer coverage to employees. There are very few exemptions for the individual or employee mandates.

The House bill as reported out of the three committees of jurisdiction has expanded Medicaid eligibility for all people (except undocumented immigrants and legal immigrant adults with less than five years residency) to 133 percent of the federal poverty level.

The House bill creates a national Health Insurance Exchange. The Exchange will be overseen by a Commissioner who set minimum basic requirements in order for insurance plans to qualify. Insurers must offer the basic minimum requirements, but the plans may offer additional coverage. One of the plans will be a public option and will be sponsored by the Secretary of Health and Human Services. There would be four categories of plans. The four categories of plans are as follows: {premium plus (95% of costs covered, plus additional benefits such as dental or vision), premium (95% of costs covered), enhanced (85% of costs covered) and basic (70% of costs covered)}. Individuals and small employers without employer-based coverage may participate in the same exchange.

People with incomes between 133 percent and 400 percent of the federal poverty level will be eligible for affordability premium credits (subsidies) to purchase insurance coverage through the Exchange. Affordability premium credits will be offered on a sliding fee scale. The scale as amended in the Energy and Commerce mark-up is as follow: 133-150% FPL (1.5 -3% of income); 150-200% (3 – 5.5%); 200 -250% (5.5 – 8%); 250 -300% (8 – 10%); 300-350% (10-11%); and, 350-400% (11-12%). Advocates are concerned that by tying the affordability premium credits to income rather than to costs of insurance coverage, the credits may still not offer enough of a subsidy for people to afford health care coverage. Additionally, if premiums rise and wages remain stagnant there will be decreased value of the credit.

It remains unclear if legal immigrants lawfully present for less than five years will be eligible for subsidies.

Medicare Advantage would be restructured phasing to 100 percent of Medicare fee-for-service payments with bonus payments for quality. Currently, Medicare Advantage costs about 118% of fee-for-service payments.

Senate HELP Health Care bill

The Senate HELP bill mandates all individuals to have health insurance and prohibits insurers from denying coverage based on pre-existing conditions. Employers with more than 25 employees will be mandated to offer coverage of their employees. Employers will have to contribute 60 percent of the premium cost or pay \$750 for each uninsured full-time employee and \$375 for each uninsured part-time employee.

The Senate HELP bill would expand Medicaid for all people up to 150 percent of the federal poverty level except for undocumented immigrants and legal immigrant adults with less than five years residency.

This bill creates state based American Health Benefit Gateways. The federal government would provide premium credits on a sliding fee scale for people with incomes between 150 and 400 percent of the federal poverty level. One of the plans in the Gateway will be a public option. There is no bar for subsidies for legal immigrants. The subsidies will be offered on a sliding fee scale between one percent and 12.5 percent of income with additional limits on cost sharing. Advocates are concerned that by tying the affordability premium credits to income rather than to costs of insurance coverage, the credits may still not offer enough of a subsidy for people to afford health care coverage. Additionally, if premiums rise and wages remain stagnant there will be decreased value of the credit.

The benefit design in the bill provides a comprehensive set of services that covers 70 percent of the actuarial value of the covered benefits, limits annual cost-sharing to \$5,000/individual and \$10,000/family and does not impose annual or lifetime limits on coverage.

The Health Benefits Advisory Council would be created and chaired by the Surgeon General.

Reports from the Senate Finance Committee discussions (no bill language yet)

The bill is likely to include an individual mandate, but no employer mandate will be required.

Medicaid will be expanded to 100 percent of the federal poverty level for all people except for undocumented immigrants and legal immigrant adults with less than five years residency.

Any Exchange would be created for qualifying insurance plans. Private plans and coops would be included, but there would be no public option. Refundable tax credits would be offered on a sliding fee scale for low to moderate income people. Legal immigrants legally residing in the country less than five years may not be eligible for refundable tax credits. No exact numbers are available in order to analyze income on people with low-incomes.

Employers who do not offer health care coverage to employees will be fined for uncovered employees who qualify for the refundable tax credits (known as the "free-rider provision"). This could dis-incentivize employers from hiring low-income employees. (For details, see Center on Budget and Policy Priorities, www.cbpp.org)

Sources:

<http://waysandmeans.house.gov>

<http://energycommerce.house.gov>

<http://edlabor.house.gov>

<http://help.senate.gov>

www.kff.org (Kaiser Family Foundation, Side-by-Side Comparison)

www.usccb.org/healthcare