
House Passes Historic Health Reform Bill

By Editor Test *Wed, Nov 11, 2009*

The so-called "public option," declared dead last summer, is very much alive in H.R. 3962.

In a vote last Saturday night, the House of Representatives approved [H.R. 3962](#), a bill that would extend health care coverage to all Americans at an estimated cost of \$1.1 trillion over 10 years, according to various press reports.

Democrats voted 219 to 39 in favor of the bill while Republicans voted 176 to one against it. The measure would provide health insurance to tens of millions of uninsured. It authorized \$2 billion for a subsidized public health care insurance program: the controversial "public option."

The expansion of coverage will be financed by a projected \$440 billion reduction in Medicare spending over ten years, as well as new fees and taxes, including a 5.4% tax "of so much of the modified adjusted gross income of the taxpayer as exceeds" \$1 million for those filing joint returns or \$500,000 for single filers. That tax would affect about one percent of America's 114.5 million households, which receive about 18% of earned income.

The bill would also levy a 2.5% tax on "the first taxable sale" of a medical device, would tie reimbursements to nursing homes to the quality of care provided, and would calculate reimbursements under Medicare Advantage plans on a regional rather than a county-by-county basis.

In terms of reforming the health insurance practices, the bill would require health insurers not to reject people with pre-existing medical conditions, to refrain from "dumping" of high-risk individuals from group plans, and require insurers to pay out at least 85% of their premiums in benefits.

The legislation would also eliminate lifetime limits on coverage, would require insurance companies to cover dependent young adults up to age 27, and would stop companies from eliminating medical benefits for retirees when they do not eliminate them for active employees.

Under the bill, the Secretary of Health and Human Services will establish a \$10 billion "temporary reinsurance program" to reimburse participating employment-based plans for up to 80% of claims of \$15,000 to \$90,000 from retirees over age 55 but not yet eligible for Medicaid and to their spouses, surviving spouses and dependents.

The bill would likely not have passed the House had anti-abortion Democrats not been able to tighten restrictions on coverage for abortions under any insurance plan that receives federal money.

Health care reform still faces a tough test in the Senate, where passage requires more than a simple majority—at least 60 votes to assure passage—and where the two-senator-per-state rule gives conservative, sparsely-populated states in the South and West relatively more control over the legislative process. In the House, liberal, densely populated urban areas wield more voting power.

Because a national health insurance program would be unsustainable if young, healthy people opted not to participate, the House legislation requires most Americans to obtain health insurance or face penalties. Most employers would have to provide coverage or pay a tax penalty of up to 8% of their payroll.

The bill would expand Medicaid and offer subsidies to help moderate-income people buy insurance from private companies or from the public option. It would also set up a national insurance exchange where people could shop for coverage at competitive rates.

In the past, low-income Americans have had access to health care through public hospitals. These have mainly been teaching hospitals linked to universities in major cities. Overwhelmed by demand from rising numbers of uninsured Americans, however, public hospitals have closed at a high rate during the past decade, according to Web sources.

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