
White House Tweaks Senate Health Care Bill

By Editor Test Tue, Feb 23, 2010

Obama wants to close the Medicare prescription drug 'donut hole' and regulate 'unreasonable' health insurance premium hikes.

The Obama Administration added its own recommendations for health care legislation this week. The new proposal “reflects policies from the House-passed bill and the President’s priorities” and includes “a targeted set of changes” to the Senate-passed Patient Protection and Affordable Care Act, according to a White House release.

Key changes to the Senate health care bill include:

- Eliminating the Nebraska FMAP (Federal Medical Assistance Percentage) provision and providing significant additional Federal financing to all States for the expansion of Medicaid. The Nebraska provision gave special financial assistance to Nebraska, and was widely seen as a quid pro quo for Nebraska Sen. Ben Nelson’s vote in favor of the Senate bill.
- Closing the Medicare prescription drug “donut hole” coverage gap. The so-called donut hole was a provision in the Bush drug plan that reduced the overall cost of the plan but dramatically increased the cost of prescriptions for people with drug expenses within a certain dollar range.
- Strengthening the Senate bill’s provisions that make insurance affordable for individuals and families. These provisions would provide public subsidies for the purchase of private health insurance coverage and are intended to reduce the numbers of uninsured Americans, estimated at 31 million people.
- Strengthening the provisions to fight fraud, waste, and abuse in Medicare and Medicaid. An estimated \$60 billion of the \$470 billion spent on Medicare last year was lost to waste, fraud or abuse.
- Increasing the threshold for the excise tax on the premiums of the most expensive health plans from \$23,000 for a family plan to \$27,500 and starting it in 2018 for all plans. This is the “Cadillac plan” tax, a 40% assessment on high cost insurance plans.
- Improving insurance protections for consumers and creating a new Health Insurance Rate Authority to provide Federal assistance and oversight to States in conducting reviews of unreasonable rate increases and other unfair practices of insurance plans.

Like the existing House bill, the White House said its proposal would:

- Set up a new competitive health insurance market giving tens of millions of Americans the same insurance choices that members of Congress will have.
- End discrimination against Americans with pre-existing conditions.
- Reduce the federal budget deficit by \$100 billion over the next ten years—and about \$1 trillion over the second decade—by cutting government overspending and reining in waste, fraud and abuse.