

MBPA/MFBA Summary of National Health Care Bills

U.S. House of Representatives Bill:

Highlights of the latest version of the bill include (as of July 31, 2009):

- Creates a government run insurance plan called a “public option”. This plan would allow the government to negotiate payment rates with health providers;
- Creates a health insurance “exchange”: a new regulated marketplace for low-income individuals to purchase insurance. It would allow individuals and small employers to comparison shop among private and public insurance plans. It would also prohibit insurance companies from refusing coverage for a pre-existing condition;
- Requires all individuals to obtain health insurance or pay a penalty of up to 2.5% of their modified adjusted gross income;
- If employer insurance cost an employee greater than 12% of their income they would be eligible to enter into the exchange and apply for affordability credits;
- Individuals would be permitted to keep their current coverage as a “grandfathered plan” and the bill would allow a 5 year grace period for current group health plans to meet the new guidelines established in the bill;

The Bill exempts small businesses with an annual payroll of less than \$500,000 from paying a payroll tax. For businesses with larger payrolls, the tax would be:

- 2% for firms with annual payrolls between \$500,000 and \$585,000
- 4% for firms with payrolls between \$585,000 and \$670,000
- 6% for firms with payrolls between \$670,000 and \$750,000
- 8% for firms with payrolls exceeding \$750,000
- Establish a small business tax credit for firms that want to provide healthcare coverage to their employees;

U. S. Senate Bill:

In addition, a second health care bill proposed by the U.S. Senate is also in play. That bill calls for all employees to receive health care in a “pay or play model”. *Specifics of the bill are:*

- Companies with less than 25 employees are exempt from the pay or play model;
- Employers with 50 or fewer full-time workers that pay 60% or more of an employees' premiums will get tax credits for three years to off-set new costs;
- Small businesses and the self-employed will be able to buy into statewide buying pools to reduce premiums.

Although both bills are likely to see substantial changes as they move through the legislative process, most D.C. insiders believe some form of healthcare reform is imminent by year's end.