

Provisions in **Affordable Health Care for America Act**:

EMPLOYER MANDATE. The greatest portion of Americans receive health insurance from their employers. The bill expands on this concept, requesting that most employers offer health insurance benefits to their workers. Those employers who choose not to offer insurance can instead pay a tax equal to 8% of payroll. Employers with payrolls under \$500,000 would be exempt, and businesses with payrolls between \$500,000 and \$750,000 who do not offer health insurance would pay a smaller tax.

INDIVIDUAL MANDATE. With some exceptions, H.R. 3962 requires everyone in the United States to buy health insurance by 2013. If an individual does not buy insurance, they will be charged a 2.5% surtax on their gross income. Under certain circumstances there is a hardship exemption and an exemption for religious beliefs. Dependents up to 27 years old can remain on a parent's policy.

SUBSIDIES. Part of the reason so many Americans are currently uninsured is because they can't afford health insurance. This bill addresses that problem by providing subsidies to those making up to 400% of the federal poverty level (\$88,200 for a family of four). These subsidies, called affordability credits, are not available to undocumented immigrants. The bill includes a citizenship verification process to ensure only those eligible to receive them, do. In addition, there are tax credits for small businesses that provide health insurance for their employees.

REQUIRED COVERAGE. The bill lays out a package of minimum services that must be included in all health care plans. These include:

- No more exclusions based on pre-existing condition. A full ban takes effect in 2013; prior to that the time period for exclusions is reduced.
- Limits out-of-pocket expenses to \$5,000 for an individual and \$10,000 for family.
- Prohibits lifetime payment limits.
- Reduces inequities in premiums based on age.
- No more rescinding coverage except in cases of fraud by the consumer.

PUBLIC OPTION. Much like government-run Medicare or Medicaid, the bill creates a

government-run public health insurance plan, often referred to as the public option. It will be offered on the exchange and overseen by the Department of Health and Human Services. This new plan will be required to meet all the same standards as those set for private plans. Like private plans, the public option would negotiate with providers to determine reimbursement rates. The public option will get a jumpstart using federal dollars, but once the plan is set up it will depend on premiums for its revenues and operating costs.

THE EXCHANGE. H.R. 3962 establishes a federal health insurance exchange for each state and territory in 2013 that will list all available insurance providers. Those with no insurance from another source (employer, Medicare, etc.) will be able to purchase insurance from this exchange. Some small businesses will be able to purchase insurance off the exchange, too.

MEDICARE. This bill phases out the “donut hole” coverage gap that currently exists for the Medicare Part D prescription drug program. It immediately decreases by \$500 the amount of the donut hole that beneficiaries must pay. The cost of covering this donut hole will be underwritten by the pharmaceutical industry. Medicare is not currently allowed to negotiate with drug manufacturers for prices on drugs; this bill eliminates that prohibition. The bill also gradually equalizes payments for services between regular Medicare and Medicare Advantage.

MEDICAID. The bill expands eligibility in the Medicaid program to those with incomes at or below 150% of the federal poverty level (\$33,075 for a family of four). This expansion of Medicaid is totally paid for by the federal government in the years 2013 and 2014; it does not impose an unfunded mandate on state governments. For subsequent years, the federal government picks up 91% of the cost. Another change to the Medicaid program that this bill makes is to require that states cover preventive services without charging deductibles or copayments.

PUBLIC HEALTH INVESTMENT FUND. H.R. 3962 creates an account to be capitalized at \$33.9 billion that would be available to support community health centers, the health care workforce, public health infrastructure and prevention and wellness programs.

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