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Congressional Progressive Caucus

<http://cpc.grijalva.house.gov>

82 Strong and Growing: Open to New and Different Ideas

January 7, 2010

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232 Capitol
Washington, DC 20515

Dear Madam Speaker:

The CPC reiterates the principles previously articulated for health care reform legislation. Our priorities are ensuring competition, affordability, access and accountability.

As the House and Senate begin to resolve the differences between our two bills, we assume that there will be a national exchange, as provided in the House. Structurally, allowing each state to create individual exchanges will provide little or no competition and will be difficult and costly to regulate. Competition starts with a national exchange. This will ensure that reform happens across the country and is not held hostage by hostile Governors

Competition

If the bill requires people to buy health insurance, there must be a public option to bring down costs by providing lower-cost competition to private insurers and choice to consumers. States must have the option to create a single payer system.

Accountability

There must be sufficient regulation of insurance markets to keep premiums reasonable and to end abusive practices. Those provisions include:

- Prior justification, disclosure and review of premium increases to prevent excessive premiums, as in the House bill.
- Repeal of the health insurance industry exemption from antitrust laws, as in the House bill.
- FTC review.
- Minimum percentage of premium dollars that must be spent on medical care (the medical loss ratio) should be at least as high as the House bill.

All health insurance plans must be held accountable to the same rules and regulations by a date certain, as in the House bill. We cannot allow existing employer plans that do not follow insurance reforms or quality standards to be grandfathered in, as is in the Senate bill.

Affordability & Access

We must protect lower and middle income Americans by:

- Ensuring that necessary subsidies are provided to everyone who needs them. The House subsidies for those under 250% of the Federal Poverty Line and Senate subsidies for those above 250% of the Federal Poverty Line are the best approach to achieving this goal.
- Expanding Medicaid to 150% of federal poverty level.
- Ensuring that Medicaid recipients have access to primary care providers by increasing payments to these providers.
- Assuring reasonable premiums through insurance regulation and rejection of Senate provisions that would increase premiums for older Americans and those who do not participate in wellness programs.

Employer mandate—If individuals are required to buy insurance, employers should be required to provide it and contribute to premium payments for full-time and part-time workers. Employers must be required to offer qualified health insurance or pay a payroll tax, as in the House bill.

Tax surcharges— Health care reform should be financed by tax surcharges on the wealthy and not by taxes on “ high-value” health insurance plans offered to many middle-class workers, older persons, and union members.

Minimum actuarial value of health insurance plans—House language setting the minimum actuarial value of health insurance plans must be adopted. The House language strikes a better balance between premium and out of pocket costs for people.

DSH Payments—We prefer the House language regarding reductions in DSH payments. Any remaining DSH funds should be targeted at those institutions that are serving the largest numbers of Medicare, Medicaid, CHIP and remaining uninsured patients.

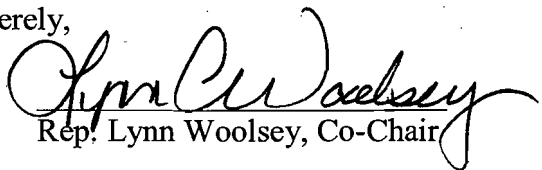
Reproductive Choice

We cannot unfairly restrict reproductive coverage. The Capps language applied the Hyde language to current law. The Stupak-Pitts and Nelson amendment go much further beyond that and must not be included in final law.

We look forward to work with you together to ensure these provisions are included in the final bill.

Sincerely,


Rep. Raul M. Grijalva, Co-Chair


Rep. Lynn Woolsey, Co-Chair

	HOUSE	SENATE	CPC POSITION
Public Option	National public option administered by HHS	No public option.	Adopt House Language
Insurance Exchange	National Exchange with State option to operate Exchange if it meets the federal standards.	State Exchange with federal back-up. Permits States to set up additional Exchanges within the State.	Adopt House Language The federal government needs to be directly involved in enforcing strong national regulations of insurers and creating the new exchange. The federal government is the only entity big enough to ensure a private insurance industry follows the law. Otherwise, the effort for reform might fail at the hands of hostile governors.
Affordability	The House provides much greater financial support for premiums and for reduced cost-sharing for families with income at or below 250% of FPL.	The Senate provides greater financial support for premiums for families with income between 250-400% of the FPL, and similar protections for cost-sharing at those income levels	Adopt House Language 100-250% of FPL and Senate Language 250-400% of FPL
Anti-Trust Exemptions	Repeals anti-trust exemption	Retains anti-trust exemption	Adopt House Language Estimates say it could lower premiums by up to 10%. It is one of the few cost containment tools in the bills. Insurance industry has been left largely to the states, which suffer from a lack of resources to go after offenders, with inconsistent enforcement. It has allowed insurance companies to engage in anti-competitive and anti-consumer behavior.
Revenue	Millionaires Tax: 5.4% surcharge on income in excess of \$500,000 (\$1.1 million for joint returns)	Excise Tax: 40% excise tax on group health coverage in excess of \$8,500/23,000	Adopt House Language: In a few years an excise tax would hammer millions of middle-class policyholders, forcing them to scale back their access to medical care. It is a disaster for the sickest people that depend on quality coverage
Insurance Regulations: Grandfather Clause Plans	Provides five-year grace period for employers offering coverage to meet some of the requirements.	Permanently grandfathers existing employer plans offering any level of coverage.	Adopt House Language: With few exceptions, the Senate bill does not require plans to adopt insurance reforms or quality standards.
Reproductive Choice	Stupak Amendment	Nelson Amendment	Adopt original language of House bill previous to Stupak amendment. We cannot unfairly restrict reproductive coverage.

	HOUSE	SENATE	CPC POSITION
Employer Mandates	Employers that do not offer qualified coverage pay an 8% payroll tax on wages for all employees (including full-time, part-time and temporary).	Employers with more than 50 employees must purchase coverage or pay \$750 for each full-time worker if any of the firm's employees obtain subsidized coverage through the exchange. (ONLY includes people 133% - 400% of FPL and full time, over 30 hours) There are no minimum benefit standards for employers that do provide coverage	Adopt House Language: The Senate provision is designed in a way that would make it easy for many large employers, particularly the ones paying poor wages, to shirk their responsibilities because under the Senate bill, these responsibilities vary depending on a worker's family income whether they are employed on a full-time or part-time basis.
Medicaid	Medicaid coverage extended to 150% of FPL 100% federal match first two years, then 91% federal match for all States Phases Medicaid primary care payments up to Medicare levels to improve and protect access	Medicaid coverage extended to 133% of FPL 100% federal match first two years, then 32.3 percentage point increase in each State's regular federal match (matching will vary from 82.3% to 95% among the States) States responsible for expansions at regular match No increase in Medicaid payment rates.	Adopt House Language Must cover everyone under 150% of FPL The House definition of "newly eligible" includes optional coverage groups (like childless adults). The Senate defines "newly eligible" only as those not currently eligible. The Senate version will not adequately fund the actual increase. Reimbursement rates for Medicaid primary care physicians must be increased so the new and existing beneficiaries have access to providers.
Minimum benefit standard	Sets minimum standard of 70% of actuarial value (AV) – which means that, on average, the plan covers about 70 % of expected costs and the individual covers 30 %	Sets minimum standard of 60% AV, which results in a lower premium than under the House bill because of reduced benefits (e.g., plan covers less).	Adopt House Language The House version strikes a better balance between premium and out of pocket costs for people
State Waivers	No state flexibility language	Waiver for State innovation. Allows state waivers from certain parts of the bill (mandates, subsidies, existence of an exchange) starting in 2017.	Adopt Language that will allow states to create a single payer system.
Disproportionate Share Hospital (DSH) Payments	Total cuts of \$20 billion in Medicare and Medicaid DSH payments Medicare: \$10 billion Medicaid: \$10 billion	Total cuts of \$43 billion in Medicare and Medicaid DSH payments Medicare: \$24.4 billion Medicaid: \$18.5 billion	Adopt House Language Remaining DSH funds should be targeted at those institutions that are serving the largest numbers of Medicare, Medicaid, CHIP and remaining uninsured patients.