How Does It Compare?

The CAUSE Approach to Health Care Reform

	CAUSE (2010-2025)	Senate Finance Committee Policy Framework	Sens. Tom Coburn & Richard Burr, Reps. Paul Ryan & Devin Nunes Patients' Choice Act of 2009 (S1099 & HR 2520)	Senate H.E.L.P. Committee Affordable Health Choices Act
Overall approach to expanding access to coverage	◆ CAUSE is a plan that provides quality, basic health care to all ◆ Phased in over 15 years, starting with all children 0-18, gradually covering a broad range of services and populations ◆ Eventually includes all primary and preventive services, most outpatient medical services, outpatient mental health/substance abuse services, medications, equipment and supplies ◆ Establishes state and sub-state region health boards to promote effective care and manage benefits and premiums within budgets ◆ Adjusts premiums and deductibles to income ◆ State Medicaid programs pay deductibles for those at 150% of the FPL or less ◆ Private insurance available to cover co-payments and services not covered through the basic CAUSE plan	◆ Creates a health insurance exchange through which individuals and small businesses can purchase health coverage ◆ Subsidies available to individuals/families with incomes between 100 and 400% of the FPL ◆ Expands Medicaid and CHIP ◆ Offers a temporary Medicare buy-in for the pre-Medicare population	◆ Creates state-based health insurance exchanges through which private plans offer coverage ◆ Employers can continue to provide coverage to their employees, but the current tax preference for employer-sponsored insurance will be replaced with a tax credit incentive of $2,300 for individuals and $5,700 for families ◆ Integrates low-income families into private insurance by providing additional financial support ◆ Maintains Medicaid coverage for low-income people with disabilities	◆ Creates state-based American Health Benefit Gateways through which individuals and small businesses can purchase health coverage, with subsidies available to individuals/ families with incomes up to 500% of the FPL ◆ Expands Medicaid to all individuals with incomes up to 150% of the FPL
Individual mandate	◆ Beginning in 2010, all U.S. resident children 0-18 are enrolled, with parents having the option to buy comparable private coverage ◆ Parents can purchase supplemental plans to cover co-payments and services not covered through the basic plan ◆ Once fully implemented (in 15 years) all U.S. residents are enrolled and have basic coverage	◆ Requires all individuals to have insurance meeting minimum standards ◆ Exemptions granted if income below 100% of FPL and lowest cost plan option exceeds 10% of income	◆ No requirement for individuals to have coverage	◆ Requires all individuals to have qualifying health coverage ◆ Exemptions granted to residents of states that do not establish an American Health Benefit Gateway, tribal members, and those for whom coverage is unaffordable
Employer requirements	◆ No employer requirement ◆ Initially, employers not required to purchase health insurance for employee children but are given tax incentives to do so ◆ After 2025, employer supplemental plans treated as wages; no tax deduction for firms offering supplemental plans	◆ Proposed Option A: Requires employers with more than $500,000 in total payroll per year to offer coverage to employees and contribute at least 50% of the premium or pay an assessment ◆ Employer assessment could be structured in several ways: 1) a set fee per enrollee per month based on total annual payroll; 2) a tiered penalty calculated as a percentage of payroll; or 3) a larger penalty only on firms with annual payroll of more than $1,500,000 ◆ Proposed Option B: No employer "pay or play" requirement	◆ Not specified	◆ Policy under development
Premium subsidies to individuals	◆ Initially, Medicaid pays premiums and deductibles for children ages 0-18 living in households at 150% of the FPL ◆ After 2025, Medicaid pays for premiums and deductibles for households at 150% of the FPL	◆ Provides refundable tax credits to individuals and families with incomes between 100 and 400% of the FPL to purchase insurance through the health insurance exchange ◆ This tax credit could be a percentage of income or a percentage of the premium, with additional limits on cost-sharing	◆ Provides a tax credit of $2,300 to individuals and $5,700 to families to purchase insurance ◆ Provides additional financial support to low-income families to enable them to afford private insurance	◆ Provides premium credits on a sliding scale to individuals and families with incomes up to 500% of the FPL to purchase coverage through the Gateway ◆ Individuals are not eligible for premium credits through the Gateway if they have access to employer-based coverage meeting minimum criteria and affordability standards, or are eligible for Medicare, Medicaid, TRICARE, or FEHBP

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Premium subsidies to employers	◆ Initially, depending on firm size, employers receive tax deduction or tax credit if they offer qualifying plan to employee children ◆ As more population groups and service types are covered by the CAUSE plan, employers, based on firm size, receive tax incentives for offering qualifying coverage	◆ Provides small employers purchasing insurance for their employees with a tax credit ◆ The tax credit would be phased out as firm size and earnings increase and would not be payable in advance or refundable	◆ Not specified	◆ Provides health options program credit to employers with fewer than 50 full-time employees, an average wage of less than $50,000, and who pay at least 60% of employee health expenses ◆ Creates temporary reinsurance program for employers providing health coverage to retirees 55 to 64, ending when the state Gateway is established
Tax changes related to health insurance	◆ Initially, no change ◆ After 2025, private insurance plans that offer benefits beyond the scope of the basic CAUSE plan are taxed as income	◆ Considers several changes affecting the tax preference for employer-sponsored insurance, health savings accounts, flexible spending accounts, and deductions for medical expenses	◆ Eliminates the exclusion of the value of health insurance plans offered by employers from workers' taxable income ◆ Allows individuals and families purchasing high-deductible health plans less than the value of the tax credit to deposit excess amount into a health savings account (HSA) ◆ Allows health insurance premiums to be paid tax-free from an HSA	◆ Not specified
Changes to Private Insurance	◆ Initially, requires qualifying private plans to provide child coverage regardless of health status ◆ As additional population groups and service areas are covered by CAUSE, private wrap-around plans required to provide coverage regardless of health status ◆ Requires community-rated premiums for wrap-around plans	◆ Allows rating variation based only on age, tobacco use, family composition, and geography (not health status) ◆ Requires all insurers to issue policies in each of the four new benefit categories ◆ Gives states the option of merging individual and small group markets	◆ Not specified	◆ Requires guarantee issue and renewability of health insurance policies in the individual and small group markets; prohibits pre-existing condition exclusions ◆ Requires insurers to provide coverage for preventive care services without cost sharing ◆ Provides dependent coverage up to age 26
Cost containment	◆ Increases use of evidence-based medicine and health information technology ◆ Promotes health and disease prevention ◆ Aligns incentives with quality and efficiency, such as offering hospital pay for performance, strengthening primary care and care coordination, and eliminating premium contributions tax exemption ◆ Corrects price signals by resetting benchmarks for Medicare Advantage, negotiating prescription drug prices and limiting payment updates in high-cost areas	◆ Requires drug or device manufacturers to disclose payments and incentives given to providers and any investment interest held by a physician ◆ Allows providers who voluntarily meet quality thresholds to share in the cost savings they achieve for Medicare ◆ Improves prevention by covering only proven preventive services in Medicare and Medicaid and providing incentives to Medicare and Medicaid beneficiaries to complete behavior modification programs	◆ Provides incentives to hospitals and providers to use health information technology ◆ Creates a personal health record bank maintained by an independent entity and available through a card, like an ATM card ◆ Develops a national strategic prevention plan and creates a web-based prevention tool capable of producing personalized prevention plans ◆ Adopts competitive bidding for private plans in Medicare ◆ Requires high-income Medicare beneficiaries to pay more for Medicare Part B and D premiums ◆ Adopts medical malpractice reforms	◆ Establishes a Health Care Program Integrity Coordinating Council and two new federal department positions to oversee policy, program development, and oversight of health care fraud, waste, and abuse in public and private coverage ◆ Develops a national prevention and health promotion strategy ◆ Provides grants to improve efficiency of the health system
Financing	◆ Continues revenue sources for Medicare and Medicaid ◆ Implements a .5% financial transaction tax ◆ After 2025, introduces a 3.3% payroll tax increase ◆ Increases tax on tobacco ◆ Considers a 2% national sales tax	◆ Not specified	◆ Not specified, but claims proposal is revenue and budget neutral	◆ Not specified