



## Health Care Reform August 2009

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**ISSUE:** Overhauling America's healthcare system has become a leading priority of Congress this year; in effort to reach the President's goals of covering the millions of uninsured as well as addressing rising health care costs in our nation. In Congress, five committees hold jurisdiction over health reform legislation, and comprehensive reform proposals are progressing through committees in the House and Senate.

**BACKGROUND:** In the House, three committees of jurisdiction - Energy and Commerce, Ways and Means, and Education and Labor - came together to develop a "Tri-Committee" health reform bill introduced in July as the America's Affordable Health Choices Act, H.R. 3200. Throughout July, each committee conducted a line-by-line review and amendment process called "marking up" the legislation. The three amended versions of H.R. 3200 that were passed out of committee will be combined by leadership and staff during the month of August. The House plans to vote on the final Version of the Tri-Committee bill when they return to Washington this September.

In the Senate, the Health, Education, Labor and Pensions (HELP) and Finance Committees have main jurisdiction over health reform. HELP's authority includes discretionary spending, whereas, Finance oversees entitlement spending such as Medicare, Medicaid and the tax code. It is also responsible for identifying ways to pay for reform. The Committees plan to mark up separate bills and merge them into one prior to consideration by the full Senate. On July 15, HELP approved its health reform bill, "The Affordable Health Choices Act", after a 13-day markup, one of the longest in the Committee's history. It passed along party lines with a 13-10 vote and over 400 amendments considered. The Committee is now waiting for Finance to finish work on its bill. Finance Chairman, Senator Baucus set a tentative deadline of September 15th for having a bill ready for mark up.

### **APA POSITION:**

**House Bill: H.R. 3200-** On July 15, the APA sent a letter to the Chairmen and Ranking Members of the three committees of jurisdiction expressing appreciation for provisions supporting patients and physicians, and requesting clarification on points of concern. On July 17, the APA joined 38 organizations of the Mental Health Liaison Group in supporting the mental health provisions included in H.R. 3200.

#### Provisions in the House Bill:

- The bill establishes a basic benefit package required of all qualified health benefit plans in the Exchange. Mental health and substance-use disorder treatment is included within the basic benefit package, and this coverage requirement is extended to all health insurance plans within five years.
- A public health insurance option is included in the Exchange. The original bill stated that Medicare-participating physicians would automatically be enrolled as participating providers in the public option unless they opt out of the program. The amended Energy and Commerce bill

adds clarification that physicians will be free to opt in or out of the public option, and that no penalties may be levied for not participating.

- There are mandates for employers and individuals: employers must provide coverage for their employees and individuals must obtain a qualified health insurance policy or face a tax penalty.
- The Medicare Sustainable Growth Rate system would be rebased at 2009 levels, wiping away all accumulated debts. Two new spending targets would be established: one target for primary and preventive care including evaluation and management services which would be allowed to grow at 2% of GDP; and another target for all other medical services which would be allowed to grow at 1% of GDP. The bill avoids future accumulated debts by providing a five-year rolling target, with any debt accumulation falling away the sixth year.

The House bill also includes the following bold steps to eliminate gaps in health insurance coverage:

- Preserves advances in parity for mental health and substance-use disorder treatment;
- Blocks insurance discrimination based on health status and pre-existing conditions;
- Extends the physician fee schedule mental health add-on as enacted in the Medicare Improvements for Patients and Providers Act of 2008;
- Phases out the Part D "donut hole" in prescription coverage for Medicare beneficiaries, and allows mid-year changes for beneficiaries adversely impacted by formulary changes;
- Includes cultural competency provisions to address racial and ethnic disparities in healthcare;
- Expands participation in the 340B program including community mental health services; and
- Extends Medicaid eligibility to 133 1/3% of the federal poverty level, and provides federally-funded affordability credits to assist lower-income Americans in purchasing health insurance.

**HELP Bill:** The APA has not endorsed or opposed the HELP legislation but did send a letter to the Chairman and Ranking Member of the Committee, Senators Ted Kennedy (D-MA) and Mike Enzi (R-WY), requesting they extend mental health parity to all plans in the Gateway (or health insurance exchange), including those plans in the individual and small group market. While a provision to preserve parity advances was not included in the original bill, language has been added through the work of the APA and other mental health advocates. The HELP bill extends parity to Gateway plans in the individual market but keeps the small business exemption.

Provisions Included in the Senate HELP Bill:

- Parity is applied to the Gateway plans but exempts small businesses.
- The Secretary shall establish the essential health care benefit design for the Gateway, which shall include mental health and substance use disorder services.
- There are no requirements that health care providers participate in the public plan or that individuals join the plan.
- Prohibits discrimination based on a pre-existing condition or medical status (including physical and mental illness).
- Dependents will be permitted to stay on parents' policies until age 26.
- Community-based mental and behavioral health grant program: \$50 million for coordinated and integrated services through the co-location of primary and specialty care in community-based mental and behavioral health settings.

- Establishes a National Voluntary Insurance Program for Purchasing Community Living Assistance Services and Supports (CLASS Act). Provides a cash benefit to individuals unable to perform two or more functional activities of daily living.
- Increases the authorization level for the National Health Services Corps.
- Includes a mental and behavioral education and training grants program, which includes child and adolescent psychiatry.
- Encourages Employer-Sponsored Wellness Programs: Allows HIPPA flexibility so employers can award employees for health behaviors. For some individuals who are predisposed to health problems or are at higher risk for health problems such as individuals with a mental illness, they should not be discriminated against.