



**AREA AGENCIES ON AGING ASSOCIATION OF MICHIGAN**  
**ASSOCIATE MEMBER NEWS**  
**Week of November 9, 2009**

*The House health reform bill . . .* was adopted in an unusual marathon session last Saturday by a 220 to 215 vote, with one Republican voting for it, and 39 Democrats against. The votes of Michigan's 15 members of Congress were cleanly divided along party lines.

Overall, the bill requires most individuals to have health insurance, and creates a Health Insurance Exchange to help individuals and small employers purchase health coverage. Premium and cost-sharing subsidies are available to individuals/families with incomes up to 400% of the federal poverty level. Most employers are required to provide coverage to employees or pay into a trust fund. Some small employers are exempt from this requirement and could get credits to offset the cost. Medicaid eligibility would be expanded to 150% of the poverty level. The bill requires states to increase Medicaid reimbursements to primary care physicians to Medicare payments rates by 2012.

A portion of the bill is paid for by a new 5.4% tax on individuals with modified adjusted gross income above \$500,000, and families above \$1 million. There is also a new 2.5% tax on all medical devices.

Employers are required to offer coverage to employees and contribute at least 72.5% of the premium for individual plans and 65% of the premium for family coverage; otherwise they must pay 8% of payroll into a trust fund. Employers with annual payroll costs under \$500,000 are exempt from the 8% assessment. Employers between \$500,000 and \$750,000 pay a reduced percentage. The bill creates a temporary reinsurance program for employers providing health insurance to retirees 55+ not eligible for Medicare; 80% of retiree claims between \$15,000 and \$90,000 would be reimbursed. Employers could not reduce retiree benefits unless current employees were also affected.

Beginning January of 2013, individuals without acceptable health insurance would pay a tax of 2.5% capped at a certain level. Exceptions are granted for those with low incomes or religious objections. Effective January of 2011, only prescribed drugs would be reimbursable through a health savings account or flex account and contributions to a medical flex account would be limited to \$2,500 per year.

New regulations would be imposed on insurance companies selling policies to individuals and small groups. Effective January of 2013, insurance companies could not screen out customers who are bad risks or refuse to cover pre-existing conditions. Age-rating could be no greater than 2 to 1. As an interim measure, pre-existing condition exclusions would be limited to a 30-day lookback and a 90 day lookforward. A national high risk pool would be created on a temporary basis to cover people denied coverage or who cannot afford coverage; they will be eligible to purchase coverage with premiums no higher than 125% of the prevailing rate with limits on deductibles and copays.

More details in the next issue. For more information on the House-passed bill (H.R. 3962), go to the Kaiser Family Foundation website at [www.kff.org](http://www.kff.org).