Two Bills, One Big Health Compromise

By late January, U.S. senators and their counterparts in the House will be trying to find a middle ground between two massive and far-reaching health care reform bills.

One -- the House's -- is jammed with elements that the health insurers have fought long and hard against. That includes the formation of a government-run insurer feared as a potential industry killer.

The other -- the Senate's -- is the result of longer negotiation and more conservative influence. It doesn't have a public option, but it does include taxes on higher-cost health plans.

Neither is the insurance industry's ideal solution. When a compromise between them is likely found in the coming weeks, it will certainly have provisions that insurers don't like. Both versions already include the industry's primary concessions: no denials of coverage based on the health of the customer, and limitations on age-based discrimination. But the compromise bill will also bring the boon of millions of new customers into mandatory coverage.

After the Senate's vote, Karen Ignagni, president and chief executive of America's Health Insurance Plans, said the basic universal coverage and guarantees of nondiscrimination "are essential to giving all Americans greater peace of mind and health security." But she argued this particular bill "will increase, rather than decrease, health care costs; reduce coverage options; and disrupt existing coverage."

The lawmakers are well aware of the ultimate requirement of the bill: retaining 60 yes votes in the Senate. So, the version is widely expected to more closely resemble the language passed by the Senate. Insurance lobbyists will continue trying to influence the final negotiations, right up to the last vote and -- if it passes -- President Barack Obama's signature.

Charles Symington, the Independent Insurance Agents & Brokers of America's senior vice president of government affairs, said he believes aspects of the legislation -- especially provisions in the House version -- stand to hurt small agencies. "We do prefer a number of the Senate provisions over those in the House legislation, which is a small-business job killer with the unreasonable employer mandate and huge tax increases that would fall on many small businesses," he said. "While the Big I appreciates some of the recent changes to the Senate bill to clarify the role of the agent-broker, the Senate bill still has many problems, most glaringly the failure to bend the health care cost curve. "

Symington said his group will try to make the case for keeping Senate language over the House's. The Big I is already relieved the government-run insurer has seemed to run out of fuel. "It does appear at the end of the day that the final product will not have a public option," he said.

Here are some of the highlights insurers and those they are hoping to influence are looking at in each bill:

SENATE:

Patient Protection and Affordable Care Act

Approved in a Dec. 24 vote: 60 to 39

- Estimated cost: $871 over first 10 years

- Bulk of its coverage provisions begin in 2014; estimated to cover 94% of the nonelderly population; no lifetime coverage limits

- New direct taxes on health insurers would reach $10 billion a year by 2017

- Insurers also to be taxed 40% on amounts exceeding $8,500 in premiums per individual plan and $23,000 per family plan; insurers have promised cost increase would be passed into premiums

- Insurers required to spend no less than 85% of premiums on direct medical costs in large group plans and 80% in small groups and individual plans

- Individuals failing to obtain coverage face eventual annual fee of $750

- Employers not covering workers would pay fee of $750 for each worker taking government subsidies to pay for insurance; only affects companies with more than 50 employees

- For those not in employer plans, insurance purchased through exchanges, featuring a choice of privately owned plans overseen by a federal government office and including at least one nonprofit plan

- Young people up to age 26 allowed to stay on parents' insurance

- Health and medical liability insurers would be allowed to continue operating under long-held exemptions from U.S. antitrust law

- Federal government would establish a new, voluntary long-term care insurance program designed to be sustained by premiums

HOUSE

Affordable Health Care for America Act

Approved in a Nov. 7 vote: 220 to 215

- Estimated cost: $894 over first 10 years

- Bulk of its coverage provisions begin in 2013; estimated to cover 96% of the nonelderly population

- For minority of people not covered by employer plans, would buy insurance from exchanges and would be able to choose a government-run plan, feared as unfair competition in the health insurance market; in so-called "public option," secretary of Department of Health and Human Services would negotiate rates with health care providers

- Insurers required to spend no less than 85% of premiums on direct medical costs

- Instead of taxing insurers and other health industries, bulk of revenue to come from new income taxes on individuals making more than $500,000 a year and couples making more than $1 million

- Individuals failing to obtain coverage would face tax penalty of 2.5% of income

- Employers not covering workers would pay penalty of 8% of payroll costs; only affects companies with more than $500,000 in annual payroll

- Committee would devise an essential benefits package to operate as basic plan offered in the exchanges

- Health and medical liability insurers would have exemptions from U.S. antitrust law stripped

- Federal government would establish a new, voluntary long-term care insurance program designed to be sustained by premiums

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