

## Deal or No Deal? Work Begins on Merging Health Care Bills

Informal discussions and negotiations are underway to merge H.R. 3590, passed by the U.S. Senate on December 24th, and H.R. 3962, passed by the House of Representatives in November. With House and Senate members not scheduled to return from their holiday recess until mid-January, formal talks are not expected to begin until later this month.

It will take a substantial amount of negotiations to merge these two bills while maintaining a coalition of Democrats large enough for final passage. While the House bill includes many of the elements that health insurers have been fighting against, including the infamous government option, the Senate bill was forged with more of a conservative influence.

The key differences that will need to be resolved include:

- The potential creation of a government-run public plan or some variation
- The provisions addressing the use of federal funds to cover abortion procedures
- And how the bill will be financed

Conventional wisdom says that the final version will more closely resemble the Senate bill. Senate Majority Leader Harry Reid needs all 60 votes to pass the bill and it's unlikely that the more conservative members of the Democratic caucus would vote for a bill that strayed very far from the version they passed on Dec. 24th.

### Two Bills at a Glance

Senate	House
Patient Protection and Affordable Care Act - Approved in a Dec. 24 vote: 60 to 39 - Estimated cost: \$871 over first 10 years	Affordable Health Care for America Act - Approved in a Nov. 7 vote: 220 to 215 - Estimated cost: \$894 over first 10 years
Bulk of coverage provisions begin in 2014	Bulk of coverage provisions begin in 2013
Estimated to cover 94% of the nonelderly population; no lifetime coverage limits	Estimated to cover 96% of the nonelderly population
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	Insurers required to spend no less than 85% of premiums on direct medical costs

**Senate****House**

New direct taxes on health insurers would reach \$10 billion a year by 2017	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 face eventual annual fee of \$750	Individuals failing to obtain coverage would face tax penalty of 2.5% of income
Employers with more than 50 employees would pay fee of \$750 for each worker taking government subsidies to pay for insurance	Employers with more than \$500,000 in annual payroll not covering workers would pay penalty of 8% of payroll costs
Federal government would establish a new, voluntary long-term care insurance program designed to be sustained by premiums	Federal government would establish a new, voluntary long-term care insurance program designed to be sustained by premiums
	People not covered by employer plans would buy insurance from exchanges and would be able to choose a government-run plan