



Key Improvements

By making targeted improvements to the *Patient Protection and Affordable Care Act*, the *Health Care and Education Reconciliation Act* makes a good bill even better.

Improvements in Medicare for Seniors

- ✓ **Fills the Medicare prescription drug ‘donut hole.’** Enrollees who reach the donut hole in 2010 will receive a \$250 rebate check, and the donut hole will be filled by 2020.
- ✓ **Reduces Medicare premiums for seniors not enrolled in Medicare Advantage.** The *Reconciliation Act* further reduces overpayments to private insurance companies in Medicare Advantage to reduce premiums for seniors enrolled in traditional Medicare and further extend the solvency of the Medicare program.

Improvements in Insurance Reforms

- ✓ **Extends reforms to grandfathered plans.** The *Patient Protection and Affordable Care Act* included a “grandfather” policy to exempt existing health insurance plans from some provisions. The *Reconciliation Act*:
 - Extends the following provisions to all existing health plans, effective six months after enactment: prohibition on lifetime limits, prohibition on rescinding coverage when individuals get sick, and the requirement to extend coverage to adult children until age 26.
 - Extends the limitation on excessive waiting periods to all existing group plans, effective in 2014.
 - Extends the prohibition on pre-existing condition exclusions in 2014 and the annual limits policy to existing group health plans.

Improvements to Make Coverage More Affordable

- ✓ **Enhances premium tax credits.** The *Reconciliation Act* makes insurance even more affordable for low- and middle-income families by enhancing premium and cost-sharing tax credits for all families between 133 percent and 400 percent of the Federal Poverty Level (FPL).

Improvements to Crack Down on Waste and Fraud

- ✓ **Strengthens provisions attacking waste and fraud in Medicare and Medicaid.** The *Reconciliation Act* includes additional measures to reduce waste and fraud, including enhanced oversight for durable medical equipment suppliers and reviews conducted before Medicare payment is made to reduce fraud and abuse.

Improvements for Community Health Centers

- ✓ **Increases funding for community health centers.** Increases funding from \$8.5 billion included in the *Patient Protection and Affordable Care Act* to \$11 billion in total for these critical primary care providers.

Improvements in Medicaid

- ✓ **Enhances and makes equitable federal funding.** The *Reconciliation Act* enhances federal funding to states for the coverage expansion and makes distribution of federal funds more equitable. The federal government will pay 100 percent of the costs of covering newly-eligible individuals for the first three years of the coverage expansion.
- ✓ **Increases Medicaid payments to primary care physicians.** To ensure the physician workforce can care for more individuals who qualify for Medicaid, the *Reconciliation Act* increases Medicaid payments to primary care physicians in 2013 and 2014, with all costs covered by the federal government.

Improvements to Shared Responsibility Policy

- ✓ **Improves employer responsibility policy.** To further promote employer responsibility, the *Reconciliation Act* increases the assessment on firms with 50 or more employees that do not offer coverage, from \$750 per full-time worker to \$2,000 per full-time worker, when one worker receives premium tax credits through the health insurance Exchange. To reduce disincentives to grow beyond 50 employees, the *Reconciliation Act* exempts the first 30 workers from this payment calculation. In addition, full-time and part-time employees are considered when determining whether an employer is subject to the employer responsibility policy.
- ✓ **Improves the individual responsibility policy.** The *Reconciliation Act* modifies the assessment for individuals who have affordable coverage options but choose to remain uninsured by reducing the assessment amount for low- and middle-income families and increasing it for higher-income families.

Other Improvements

- ✓ **Reduces payment reductions for hospitals.** The *Reconciliation Act* reduces the payment reductions in Medicare and Medicaid disproportionate share hospital (DSH) payments.
- ✓ **Increased funding for territories.** The *Reconciliation Act* provides \$2 billion more for the territories, as compared to the *Patient Protection and Affordable Care Act*.

Improvement in Revenue Provisions

- ✓ **Makes the Medicare payroll tax fairer.** By broadening the base of the tax to apply to the capital gains, dividends, interest, and other unearned income of couples with incomes above \$250,000 (\$200,000 for single filers), the *Reconciliation Act* makes this tax more equitable.
- ✓ **Revises the excise tax on high-cost plans in the Senate bill.** The *Reconciliation Act* reduces the revenues collected in the first 10 years by 80 percent.
 - Focuses on the most generous plans, without impairing the tax's ability to slow the growth of health care costs over the long term.
 - Delays the effective date of the excise tax from 2013 to 2018, thereby allowing all health plans additional time to become more efficient and avoid paying the tax.
 - Excludes stand-alone dental and vision benefits from the calculation so people will still get those needed employer-provided benefits.
- ✓ **Modifies the fee on pharmaceutical companies.** In recognition of the fact that as more Americans gain health insurance, more will be able to pay for prescription drugs, the *Reconciliation Act* increases the fee on pharmaceutical companies that manufacture or import brand-name drugs by \$5 billion, from \$22 billion in the *Patient Protection and Affordable Care Act* to \$27 billion.