



Agenda

- **Pay-or-play alternative**
- **Allowable tax free health benefits**
- **Non-profit co-op health plans**
- **Medicare sustainability**

“Free Rider” Alternative to Pay-or-Play

- **No employer requirement to provide health coverage**
- **BUT employers whose workers receive Medicaid or a tax credit in the Exchange must contribute:**
 - **50% of the national average Medicaid costs for workers enrolled in Medicaid**
 - **100% of the cost of the tax credit for workers receiving the tax credit**
- **A Medicaid-eligible employee could leave employer-sponsored coverage but the employer would not have to contribute unless the coverage they were offering was unaffordable**

Options to Limit Allowable Tax Free Health Benefits

	Example 1	Example 2	Example 3	Example 4
Level of Tax Free Health Care Benefit	FEHBP for 2013 for filers with AGI in excess of \$100,000 single/\$200,000 joint	FEHBP for 2013 \$6,182 for individuals/ \$15,700 for families	10% higher than FEHBP for 2013 \$6,800 for individuals/ \$17,240 for families	20% higher than FEHBP for 2013 \$7,420 for individuals/ \$18,840 for families
What's Included	Includes supplemental health plans (vision, dental), FSA, and HSA contributions	Includes supplemental health plans (vision, dental), FSA, and HSA contributions	Includes supplemental health plans (vision, dental), FSA, and HSA contributions	Includes supplemental health plans (vision, dental), FSA, and HSA contributions
Grandfathering	None	None	Grandfather collective bargaining agreements existing on 1/1/13	Grandfather collective bargaining agreements existing on 1/1/13
Index	Index to CMS	Index to CMS	Index at the average of CPI and CPI-M	Index at CPI
Score	\$161.9B over ten (effective 1/1/10)	\$418B over ten (effective 1/1/10)	requested (effective 1/1/13)	requested (effective 1/1/13)



Non-Profit Co-op Health Plans

- Congress enacts legislation establishing the Consumer Owned and Oriented Plan (CO-OP), a consumer-governed non-profit corporation
- Advisory board makes recommendations to HHS Secretary who makes final decisions about approvals of business plans and distribution of funds
 - Seed money will include grants for risk capitalization used to meet solvency requirements
 - Loans for co-op start-up planning and operating costs must be repaid to the federal government
- Business plans must meet governance standards, and eligible applicants must meet the standard for non-profit, participating mutual insurer



Medicare Sustainability

- **GOAL:** To establish a mechanism through which Medicare payment policy can be automatically adjusted over the long run.
- **PROCESS:**
 - Set a target for Medicare spending that ensures continued sustainability and bends the Medicare cost curve (e.g., 1.5% reduction from projected growth rate).
 - If that target is not met, an automatic mechanism would be triggered to achieve those spending reductions.
 - Every other year, MedPAC would make recommendations to Congress for policy-driven approaches to achieve those reductions, and Congress would consider these policies based on an up or down vote.
 - If Congress enacts these MedPAC recommendations, any savings they achieve would count toward the overall spending reduction goal.