

## **H.R. 3962, the Pelosi Health Care Bill**

**\$1.052 trillion** – [Estimated cost](#) over ten years

- **\$560 billion** in tax increases
  - **\$427 billion** in cuts to programs such as Medicare
  - **\$168 billion** in revenue from penalty charges to individuals and employers
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**\$728 billion** – New taxes and penalties on individuals and businesses

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**2016 pages** in [H.R. 3962](#)

- 1888 pages in [21st Century King James Bible](#)
  - 1472 pages in [War and Peace](#) by Leo Tolstoy
  - 864 pages in [Lonesome Dove](#) by Larry McMurtry
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**400,000** - Approximate Number of Words in H.R. 3692

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**\$2.63 million** - Cost per Word

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**3,425** - Uses of the word “shall,” representing new duties for bureaucrats and mandates on individuals, businesses, and States

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**111** - Additional offices, bureaus, commissions, programs, and bureaucracies the bill creates

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Sample of Text: [Page 421, Line 8](#)

8           **PART 2—MARKET BASKET UPDATES**

9   SEC. 1131. INCORPORATING PRODUCTIVITY IMPROVE-

10                   MENTS INTO MARKET BASKET UPDATES

11                   THAT DO NOT ALREADY INCORPORATE SUCH

12                   IMPROVEMENTS.

13       (a) OUTPATIENT HOSPITALS.—

14           (1) IN GENERAL.—Section 1833(t)(3)(C)(iv) of

15       the Social Security Act (42 U.S.C.

16       1395l(t)(3)(C)(iv)) is amended—

17           (A) in the first sentence—

18               (i) by inserting “(which is subject to

19               the productivity adjustment described in

20               subclause (II) of such section)” after

21               “1886(b)(3)(B)(iii)”; and

22               (ii) by inserting “(but not below 0)”

23               after “reduced”; and

24           (B) in the second sentence, by inserting

25           “and which is subject, beginning with 2010, to

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## Mandates on and Businesses and Individuals

### *Individuals*

Starting in 2013, individuals are required to purchase acceptable health insurance coverage or pay a financial penalty.

The penalty is a tax of 2.5 percent of adjusted gross income, up to the amount of the national average premium through the Exchange.

- The tax would not apply to dependent filers, non-resident aliens, individuals residing outside the United States, and those exempted on religious grounds.

You are able to keep your current employer coverage during a five-year grace period during which your insurance provider is required to change your plan to fit the government mandated standards. You will not be allowed to keep your coverage after five years if the new standards are not met. Your plan will also not be grandfathered in if any other changes to the terms and conditions of your insurance are made that are not mandated by law.

### ***Businesses***

The bill requires that employers offer health insurance coverage, and contribute to such coverage at least 72.5 percent of the cost of a basic individual policy—as defined by the Health Benefits Advisory Council—and at least 65 percent of the cost of a basic family policy, for full-time employees.

The bill extends the employer mandate to part-time employees, with contribution levels to be determined by the Commissioner.

Employers must comply with the mandate or pay a tax of 8 percent of wages in lieu of offering coverage that meets the criteria.

- In addition, beginning in the Exchange's second year, employers whose workers choose to purchase coverage through the Exchange would be forced to pay the 8 percent tax to finance their workers' Exchange policy—even if they offer coverage to their workers.

The bill includes a limited exemption for small businesses from the employer mandate—those with total payroll under \$500,000 annually would be exempt.

- The contribution phases up from 0-8% between an annual payroll of \$500,000 and \$750,000, at which point employers are subject to the full 8% contribution requirement.

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## **Immediate effects on those that currently have health insurance**

### ***Will my health insurance premiums increase?***

There are numerous mandates on private insurance providers and employers who must offer qualified coverage that will increase the overall cost of premiums.

A new, \$2 billion fee will be placed on private insurance policies that will be passed on to consumers.

According to the Congressional Budget Office, Pelosi's health bill will increase Medicare Part D premiums by 20 percent.

### *Will I get help paying for the mandated health insurance coverage?*

An affordability premium credit is available to help certain individuals pay for health insurance premiums. To be eligible for this credit you must be enrolled in a plan offered through the exchange, including the public option.

You are **NOT eligible** for the premium credit if:

- You are enrolled in an employer plan as a full-time employee.
- You refuse your employers qualified coverage in order to obtain Exchange coverage.
- You are enrolled in Medicare, Medicaid, military or veterans' coverage, or other coverage recognized by the Commissioner.
- You keep your current "grandfathered" coverage
- Your modified adjusted gross income is more than 400 percent of the federal poverty level (\$88,200 for a family of four).

### *Will I be able to keep my current coverage?*

Employer coverage is considered exempt from the additional federal mandates, but only for a five year "grace period"—after which all the bill's mandates shall apply, and only if no changes are made to the terms and conditions of your current plan. By applying new federal mandates and regulations to employer-sponsored coverage, this provision would increase health costs for businesses and their workers, encourage employers to drop existing coverage, and leave employees to access care through the government-run Exchange.

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## **Health Insurance Exchange**

The bill creates within the federal government a nationwide Health Insurance Exchange that will be controlled by the newly create Health Choices Administration under the direction of the Commissioner appointed by the President.

Uninsured individuals would be eligible to purchase an Exchange plan, as would those whose existing employer coverage is deemed "insufficient" by the federal government.

Once deemed eligible to enroll in the Exchange, individuals would be permitted to remain in the Exchange until becoming Medicare-eligible.

- Medicaid-eligible individuals will be enrolled in Medicaid, not the Exchange.

Employers with 25 or fewer employees would be permitted to join the Exchange in its first year, with employers with 25-50 employees permitted to join in its second year. Employers with fewer than 100 employees would be permitted to enroll in the third year, and all employers would also be eligible to join, if permitted to do so by the Commissioner.

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## **Government Run Insurance**

The Secretary of Health and Human Services (HHS) is required to develop a government-run insurance option to be offered starting in 2013 as a plan choice within the Health Insurance Exchange.

This plan must comply with requirements related to other Exchange plans.

- The bill titles one section “Ensuring a Level Playing Field” as the public option is given an initial appropriation of \$2 billion to be recouped over ten years to compete with all other health insurance options with the implicit backing of the federal government.

Premiums for the public option are geographically-adjusted and are required to be set so as to fully cover the cost of coverage as well as administrative costs of the plan.

All Medicare providers will be enlisted under the public option unless physicians affirmatively decide to opt-out of the program. The Secretary is also required to “establish conditions of participation for health care providers” under the government-run plan.

Members of Congress are NOT required to enroll in the new government-run plan. Instead the language says the Members “may” enroll in the public option.

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## **Commissions, Commissioners, Committees, Centers, and Administrations**

### ***Health Choices Administration***

Establishes the “Health Choices Administration” that will be run by "Health Choices Commissioner" appointed by the President.

- This agency will mainly be charged with determining care standards for insurance plans and establishing and operating the new National Insurance Exchange.
- The "Health Choices Commissioner" will be able to collect any data necessary to carry out his or her duties and share this information with the U.S. Department of Health and Human Services.

### ***Health Benefits Advisory Committee***

The bill establishes a new government health board called the “Health Benefits Advisory Committee” to make recommendations on minimum federal benefit standards and cost-sharing levels. The Committee would be comprised of federal employees and Presidential appointees.

### ***Comparative Effectiveness Research Center***

This bill creates a new Center at the Agency for Healthcare Research and Quality, supported by a combination of public and private funding that will conduct, support and synthesize comparative effectiveness research.

### ***Qualified Health Benefits Plan Ombudsman***

Establishes a Qualified Health Benefits Plan Ombudsman to assist individuals in navigating the new health reform system and develop and report to Congress recommendations for improvements in administration of the program.

### ***Medicaid and CHIP Payment and Access Commission***

Provides start-up funds for the Medicaid and CHIP Payment and Access Commission and directs the Commission to study State Medicaid payment policies utilizing nursing facilities and pediatric subspecialists.

### ***Full List of New Federal Bureaucracies Created in Pelosi Health Care Bill [as Introduced](#)***

1. Retiree Reserve Trust Fund (Section 111(d), p. 61)
2. Grant program for wellness programs to small employers (Section 112, p. 62)
3. Grant program for State health access programs (Section 114, p. 72)
4. Program of administrative simplification (Section 115, p. 76)
5. Health Benefits Advisory Committee (Section 223, p. 111)
6. Health Choices Administration (Section 241, p. 131)
7. Qualified Health Benefits Plan Ombudsman (Section 244, p. 138)
8. Health Insurance Exchange (Section 201, p. 155)
9. Program for technical assistance to employees of small businesses buying Exchange coverage (Section 305(h), p. 191)
10. Mechanism for insurance risk pooling to be established by Health Choices Commissioner (Section 306(b), p. 194)
11. Health Insurance Exchange Trust Fund (Section 307, p. 195)
12. State-based Health Insurance Exchanges (Section 308, p. 197)
13. Grant program for health insurance cooperatives (Section 310, p. 206)
14. "Public Health Insurance Option" (Section 321, p. 211)
15. Ombudsman for "Public Health Insurance Option" (Section 321(d), p. 213)
16. Account for receipts and disbursements for "Public Health Insurance Option" (Section 322(b), p. 215)
17. Telehealth Advisory Committee (Section 1191 (b), p. 589)
18. Demonstration program providing reimbursement for "culturally and linguistically appropriate services" (Section 1222, p. 617)
19. Demonstration program for shared decision making using patient decision aids (Section 1236, p. 648)
20. Accountable Care Organization pilot program under Medicare (Section 1301, p. 653)
21. Independent patient-centered medical home pilot program under Medicare (Section 1302, p. 672)
22. Community-based medical home pilot program under Medicare (Section 1302(d), p. 681)
23. Independence at home demonstration program (Section 1312, p. 718)
24. Center for Comparative Effectiveness Research (Section 1401(a), p. 734)
25. Comparative Effectiveness Research Commission (Section 1401(a), p. 738)
26. Patient ombudsman for comparative effectiveness research (Section 1401(a), p. 753)
27. Quality assurance and performance improvement program for skilled nursing facilities (Section 1412(b)(1), p. 784)
28. Quality assurance and performance improvement program for nursing facilities (Section 1412 (b)(2), p. 786)
29. Special focus facility program for skilled nursing facilities (Section 1413(a)(3), p. 796)
30. Special focus facility program for nursing facilities (Section 1413(b)(3), p. 804)
31. National independent monitor pilot program for skilled nursing facilities and nursing facilities (Section 1422, p. 859)

32. Demonstration program for approved teaching health centers with respect to Medicare GME (Section 1502(d), p. 933)
33. Pilot program to develop anti-fraud compliance systems for Medicare providers (Section 1635, p. 978)
34. Special Inspector General for the Health Insurance Exchange (Section 1647, p. 1000)
35. Medical home pilot program under Medicaid (Section 1722, p. 1058)
36. Accountable Care Organization pilot program under Medicaid (Section 1730A, p. 1073)
37. Nursing facility supplemental payment program (Section 1745, p. 1106)
38. Demonstration program for Medicaid coverage to stabilize emergency medical conditions in institutions for mental diseases (Section 1787, p. 1149)
39. Comparative Effectiveness Research Trust Fund (Section 1802, p. 1162)
40. "Identifiable office or program" within CMS to "provide for improved coordination between Medicare and Medicaid in the case of dual eligibles" (Section 1905, p. 1191)
41. Center for Medicare and Medicaid Innovation (Section 1907, p. 1198)
42. Public Health Investment Fund (Section 2002, p. 1214)
43. Scholarships for service in health professional needs areas (Section 2211, p. 1224)
44. Program for training medical residents in community-based settings (Section 2214, p. 1236)
45. Grant program for training in dentistry programs (Section 2215, p. 1240)
46. Public Health Workforce Corps (Section 2231, p. 1253)
47. Public health workforce scholarship program (Section 2231, p. 1254)
48. Public health workforce loan forgiveness program (Section 2231, p. 1258)
49. Grant program for innovations in interdisciplinary care (Section 2252, p. 1272)
50. Advisory Committee on Health Workforce Evaluation and Assessment (Section 2261, p. 1275)
51. Prevention and Wellness Trust (Section 2301, p. 1286)
52. Clinical Prevention Stakeholders Board (Section 2301, p. 1295)
53. Community Prevention Stakeholders Board (Section 2301, p. 1301)
54. Grant program for community prevention and wellness research (Section 2301, p. 1305)
55. Grant program for research and demonstration projects related to wellness incentives (Section 2301, p. 1305)
56. Grant program for community prevention and wellness services (Section 2301, p. 1308)
57. Grant program for public health infrastructure (Section 2301, p. 1313)
58. Center for Quality Improvement (Section 2401, p. 1322)
59. Assistant Secretary for Health Information (Section 2402, p. 1330)
60. Grant program to support the operation of school-based health clinics (Section 2511, p. 1352)
61. Grant program for nurse-managed health centers (Section 2512, p. 1361)
62. Grants for labor-management programs for nursing training (Section 2521, p. 1372)
63. Grant program for interdisciplinary mental and behavioral health training (Section 2522, p. 1382)
64. "No Child Left Unimmunized Against Influenza" demonstration grant program (Section 2524, p. 1391)
65. Healthy Teen Initiative grant program regarding teen pregnancy (Section 2526, p. 1398)
66. Grant program for interdisciplinary training, education, and services for individuals with autism (Section 2527(a), p. 1402)
67. University centers for excellence in developmental disabilities education (Section 2527(b), p. 1410)
68. Grant program to implement medication therapy management services (Section 2528, p. 1412)
69. Grant program to promote positive health behaviors in underserved communities (Section 2530, p. 1422)
70. Grant program for State alternative medical liability laws (Section 2531, p. 1431)
71. Grant program to develop infant mortality programs (Section 2532, p. 1433)
72. Grant program to prepare secondary school students for careers in health professions (Section 2533, p. 1437)
73. Grant program for community-based collaborative care (Section 2534, p. 1440)
74. Grant program for community-based overweight and obesity prevention (Section 2535, p. 1457)
75. Grant program for reducing the student-to-school nurse ratio in primary and secondary schools (Section 2536, p. 1462)
76. Demonstration project of grants to medical-legal partnerships (Section 2537, p. 1464)
77. Center for Emergency Care under the Assistant Secretary for Preparedness and Response (Section 2552, p. 1478)
78. Council for Emergency Care (Section 2552, p. 1479)
79. Grant program to support demonstration programs that design and implement regionalized emergency care systems (Section 2553, p. 1480)
80. Grant program to assist veterans who wish to become emergency medical technicians upon discharge (Section 2554, p. 1487)
81. Interagency Pain Research Coordinating Committee (Section 2562, p. 1494)
82. National Medical Device Registry (Section 2571, p. 1501)
83. CLASS Independence Fund (Section 2581, p. 1597)
84. CLASS Independence Fund Board of Trustees (Section 2581, p. 1598)

85. CLASS Independence Advisory Council (Section 2581, p. 1602)
  86. Health and Human Services Coordinating Committee on Women's Health (Section 2588, p. 1610)
  87. National Women's Health Information Center (Section 2588, p. 1611)
  88. Centers for Disease Control Office of Women's Health (Section 2588, p. 1614)
  89. Agency for Healthcare Research and Quality Office of Women's Health and Gender-Based Research (Section 2588, p. 1617)
  90. Health Resources and Services Administration Office of Women's Health (Section 2588, p. 1618)
  91. Food and Drug Administration Office of Women's Health (Section 2588, p. 1621)
  92. Personal Care Attendant Workforce Advisory Panel (Section 2589(a)(2), p. 1624)
  93. Grant program for national health workforce online training (Section 2591, p. 1629)
  94. Grant program to disseminate best practices on implementing health workforce investment programs (Section 2591, p. 1632)
  95. Demonstration program for chronic shortages of health professionals (Section 3101, p. 1717)
  96. Demonstration program for substance abuse counselor educational curricula (Section 3101, p. 1719)
  97. Program of Indian community education on mental illness (Section 3101, p. 1722)
  98. Intergovernmental Task Force on Indian environmental and nuclear hazards (Section 3101, p. 1754)
  99. Office of Indian Men's Health (Section 3101, p. 1765)
  100. Indian Health facilities appropriation advisory board (Section 3101, p. 1774)
  101. Indian Health facilities needs assessment workgroup (Section 3101, p. 1775)
  102. Indian Health Service tribal facilities joint venture demonstration projects (Section 3101, p. 1809)
  103. Urban youth treatment center demonstration project (Section 3101, p. 1873)
  104. Grants to Urban Indian Organizations for diabetes prevention (Section 3101, p. 1874)
  105. Grants to Urban Indian Organizations for health IT adoption (Section 3101, p. 1877)
  106. Mental health technician training program (Section 3101, p. 1898)
  107. Indian youth telemental health demonstration project (Section 3101, p. 1909)
  108. Program for treatment of child sexual abuse victims and perpetrators (Section 3101, p. 1925)
  109. Program for treatment of domestic violence and sexual abuse (Section 3101, p. 1927)
  110. Native American Health and Wellness Foundation (Section 3103, p. 1966)
  111. Committee for the Establishment of the Native American Health and Wellness Foundation (Section 3103, p. 1968)
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## **New Taxes - \$728 billion**

### ***New Individual Taxes***

- 1) Individuals, including small business owners (who pay their business taxes at the individual level) making \$500,000 (\$1 million joint) will be forced to pay a 5.4% surtax.
- 2) Individuals who do not acquire newly-mandated coverage will be charged a 2.5% tax penalty.

### ***New Employer Tax***

Employers who do not offer government-mandated coverage will have to pay a new 8% tax penalty. The tax is phased in at an annual payroll level greater than \$500,000.

- 0 percent tax < \$500,000
- 2 percent tax \$500,000-\$585,000
- 4 percent tax \$585,000-\$670,000
- 6 percent tax \$670,000-\$750,000
- 8 percent tax > \$750,000

### ***New Medical Device Tax***

The Pelosi bill includes a new 2.5% excise tax on the sale of a medical device in the United States. Some have taken to calling this the wheelchair tax as it will cover everything from bandages to prosthetics as well as medical devices such as heart pacemakers, hearing aids, and even artificial hips and hearts.

### ***New Taxes on Health Savings Accounts***

The Pelosi bill eliminates the nontaxable reimbursements of over-the-counter medication from flexible spending accounts (FSA), health reimbursement arrangements (HRA), and health savings accounts (HSA).

### ***New Payroll Tax***

The Pelosi bill creates a new “voluntary” payroll tax to fund new long-term care program—requiring mandatory spending. This bill establishes a new, voluntary, public long-term care insurance program, to be known as the CLASS Independence Benefit Plan, for the purchase of community living assistance services and supports by individuals with functional limitations. Requires the Secretary to develop an actuarially sound benefit plan that ensures solvency for 75 years; allows for a five-year vesting period for eligibility of benefits; creates benefit triggers that allow for the determination of functional limitation; and provides cash benefit that is not less than an average of \$50 per day.

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## **Cuts in Medicare**

Reductions in the payment rates for services and changes in the payment rules for programs such as Medicare that will result in an overall cut of \$427 billion.

The largest budgetary effect includes permanent reductions in the annual updates to Medicare’s payment rates for most services in the fee-for-service sector that adds up to a \$228 billion cut.

The bill reduces Medicare Advantage (MA) payment benchmarks to levels paid by traditional Medicare—which provides less care to seniors—over a three-year period. This arbitrary adjustment would reduce access for millions of seniors to MA plans that have brought additional benefits.

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## Coverage

To increase the number of insured, the Pelosi bill requires individuals to purchase health insurance, certain employers to offer insurance, increases Medicaid eligibility to 150 percent of the federal poverty level (FPL), and subsidizes the purchase of insurance for qualified individuals and families with income between 150 FPL (about \$33,000 for a family of 4) and 400 FPL (\$88,200 for a family of four).

According to the Congressional Budget Office and Joint Committee on Taxation, by 2019, this bill is estimated to insure about 36 million, leaving about 18 million nonelderly resident uninsured (about one-third of whom would be unauthorized immigrants).

- This would increase the number of insured from around 83 percent to 96 percent.
- Around 21 million would purchase coverage through the new exchange and 15 million would become covered under Medicaid.

## *Abortion*

I voted in favor of an amendment to the bill that was adopted which prevents taxpayer funds from being used for abortions.

## *Illegal Immigrants*

H.R. 3962 does require a name and Social Security number to sign up for benefits. However, there are no requirements to show valid identification to match these documents leaving the door open for fraud and abuse. There are many people that believe this provision does not go far enough to ensure that benefits go only to citizens and legal residents.

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## Overriding Texas Law

In 2003, Texas implemented medical liability reform in response to a record number of lawsuits and skyrocketing liability premiums. This reform included a cap on non-economic damage, periodic payments for awards greater than \$100,000, emergency room provider protections, and expert witness reform to curb frivolous lawsuits.

The non-partisan Congressional Budget Office estimates that [medical liability reform](#) alone will reduce total health care spending by \$11 billion in 2009 and save the U.S. taxpayer \$54 billion by reducing the costs of programs such as Medicare and Medicaid.

H.R. 3962 establishes an incentive program for States to adopt and implement medical liability alternatives.

- However, to be eligible, states must implement these reforms after the date of the enactment of H.R. 3692, making Texas ineligible.

- Qualifying medical liability alternatives must also NOT include a cap on non-economic damages.
  - Both the Texas plan, and the hypothetical plan analyzed by the CBO that would reduce total health care spending by \$11 billion and save \$54 billion in taxpayer dollars include a cap on non-economic damages, making both the Texas and CBO analyzed plan ineligible.