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What's in the Senate Health Bill for You?

2,074-Page Reform Package Would Expand Health Coverage for Americans, Fine Those Without Insurance, and Ban Insurer Abuses



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The new Senate healthcare bill will extend Medicaid benefits to Americans near the poverty line and will fine those without insurance. Nancy Cordes reports.



(CBS/AP/iStockPhoto)

(CBS) Cathy Elkins lost her job six months ago and now volunteers at a Virginia food bank. With an income of \$13,000 a year, she can't afford health insurance.

"Anything could pop up at any time and could ruin me," she said.

Under the Senate's proposed health care bill, she'd qualify for free health insurance.

The bill extends Medicaid benefits to Americans making up to 133 percent of the poverty level. In Cathy's state, Virginia, that means individuals making less than \$14,000 or families making less than \$29,000.

Americans making more than that - up to roughly \$88,000 per family - would get tax credits to help them afford private insurance.

The lower your income, the more help you'd get. Credits would be worth anywhere from a couple hundred dollars a year to thousands.

But those who don't purchase insurance (even with those incentives) will face fines - \$75 the first year, \$350 the second,

and \$750 after that.

The Patient Protection and Affordable Care Act, unveiled by Senate Majority Leader Harry Reid on Wednesday night, would extend health coverage to 94 percent of eligible Americans, reducing the number of uninsured individuals by 31 million - leaving about 24 million people uninsured. (That's more

Americans covered than under the House bill, because Reid's bill would postpone subsidies for a year, allowing for greater assistance to reduce insurance premium costs.)

The Congressional Budget Office says the bill would cost \$848 billion over 10 years, while reducing the deficit by \$130 billion.

[Patient Protection and Affordable Care Act](#) (Text of Senate's Health Reform Bill)

[CBSNews.com Special Report: Health Care](#)

To help pay for it all, the Senate bill would heavily tax high-cost insurance plans, impose a 5% tax on elective cosmetic surgery (which some wags have nicknamed the "Bo-tax," estimated to raised \$6 billion), and slightly raise Medicare payroll taxes for the wealthiest Americans.

The Medicare tax rate is currently 2.9%, split between employee and employer, with no wage cap (as there is for Social Security taxes). The Senate bill would increase the employee's rate 0.5% for earnings above \$250,000 for joint returns, \$200,000 for individuals returns, beginning in calendar year 2013.

Republicans blasted the plan, saying states will end up footing the bill for the poor.

"We are going to do everything we can, obviously, to defeat this bad piece of legislation," said John Thune, R-S.D.

CBS News Congressional correspondent Nancy Cordes outlines some of the bill's key provisions.

Like the House bill, the Senate version would impose an immediate ban on insurance abuses, such as dropping customers with preexisting conditions.

It does include a government-run public option for Americans without insurance, though the Senate version would allow states to opt out of the program if they want to.

It would require most individuals to purchase coverage through their employer, privately, or through a public plan. (It includes hardship exemptions.) Those who choose not to purchase insurance would face fines, beginning at \$95 in 2014, and increasing over time to \$750.

Key Provisions of the Bill:

- Effective Date 2014
- Creates a new public federal health insurance plan, the so-called "public option" which would compete

with private insurers. States would have the choice of opting out by passing a state law.

- Establishes Health Insurance Exchanges, a marketplace where individuals, small businesses and others could purchase health care coverage.
- Insurance companies could not refuse coverage based on pre-existing conditions, and would not allow higher premiums based on pre-existing conditions or gender.
- Allows children to stay on their parents' plan up to age 26.
- There's no employer mandate, but fines are paid by companies if the government subsidizes an employee's coverage.
- Extends tax credits to individuals and families earning up to 400 percent of the poverty level, on a sliding scale depending on income. On the low end of the scale, Americans would pay no more than 2 percent of their income on premiums, rising to 9.8 percent at the high end of the scale.
- Forty-percent tax on high premium insurance plans (so-called "Cadillac" plans) costing over \$8,500 for individuals and \$23,000 for families.
- Creates a new 5-percent tax on elective cosmetic surgery.
- Increases Medicare payroll taxes by 0.5 percent, to 1.95 percent, for individuals earning more than \$200,000 or couples earning more than \$250,000.
- Limitations on Health flexible spending accounts, capping annual contributions at \$2,500.
- Provides for one-year additional \$500 for seniors before hitting the "Medicare donut hole" (the difference between the initial coverage limit and the catastrophic coverage threshold), but does not close the donut hole.
- Expands Medicaid program for low-income people from 100 percent of poverty level to 133 percent of poverty level.
- Immigrants in the country illegally would not receive health care subsidies, nor would they be able to obtain insurance through an insurance exchange.

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