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## White House Health Reform Proposal

*On February 22, the White House released “The President’s Proposal,” which largely follows the Senate health care reform bill, but includes several significant modifications reflecting priorities of the House and the Administration. The stage is now set for discussion during the Health Care Summit on February 25.*

### The Proposal

The President’s Proposal is substantially similar to the Senate bill passed on Christmas Eve (see our December 24, 2009 [For Your Information](#)) and, significantly, does not include a public option. However, the proposal makes the following changes to the Senate bill –

- Delays the effective date of the “Cadillac plan” excise tax to 2018, and increases the dollar limits to \$10,200 per individual and \$27,500 for families. These limits could increase if “health costs rise unexpectedly.” It excludes stand-alone dental and vision plans from the tax.
- Increases the employer penalty for not providing coverage from \$750 to \$2,000 per employee in 2014.
- Increases the individual penalty for not having coverage for higher income individuals.
- Implements a new Medicare hospital payroll tax on unearned income.
- Reduces payments to Medicare Advantage plans based on a combination of House and Senate proposals.
- Delays the taxation of Medicare Retiree Drug Subsidy (RDS) payments to 2012.
- Delays the surcharge or excise tax on certain industries – pharmaceuticals from 2009 to 2011, medical device manufacturers from 2010 to 2013, and health care insurers from 2011 to 2014.
- Phases out the Part D donut hole starting in 2010.

### Conclusion

With the introduction of the President’s Proposal, the stage is set for Congress to again move forward on health care reform legislation, although the process is uncertain. We have updated our [“Health Reform at a Glance”](#) to reflect how the proposal compares to the House and Senate bills. Employers will need to continue to monitor the emerging health care reform legislation. Buck’s consultants are available to discuss how health reform may impact you.

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*This FYI is intended to provide general information. It does not offer legal advice or purport to treat all the issues surrounding any one topic.*