

The PATIENT PROTECTION AND AFFORDABLE CARE

The Health Care and Education Reconciliation Act

Together with the Patient Protection and Affordability Act, the Health Care and Education Reconciliation Act will ensure that all Americans have access to quality, affordable health insurance and put students ahead of private banks. The Congressional Budget Office has determined that together, these two bills are fully paid for, will ensure 95 percent of Americans have access to quality, affordable health care, will bend the health care cost curve, and will reduce the deficit by \$143 billion over the next ten years with further deficit reduction in the following decade. Historic investments in our economic future will make college more affordable and accessible through a transformation in student loan programs.

TITLE I: COVERAGE, MEDICARE, MEDICAID, AND REVENUES

(Finance Committee provisions)

Coverage

- Makes plans in the Exchange more affordable by further limiting the cost of premiums and cost-sharing for individuals under 400 percent of poverty (a family of four with income less than \$88,000). Ensures that if costs grow faster than expected, the amount of tax credits will be reduced to more closely track the overall inflation rate.
- Modifies the assessment that individuals who remain uninsured pay by exempting income below the filing threshold. The individual assessment is the greater of a flat dollar payment, which has been lowered, and a percentage of income, which has been raised, as compared to the Patient Protection and Affordable Care Act.
- Improves the employer responsibility provisions
 - Large employer penalty cap raised from \$750 per worker to \$2,000 per worker
 - Strikes the penalty for waiting periods between 60 and 90 days
 - Counts full-time equivalents toward the threshold for triggering a penalty, but does NOT impose any penalties for part-time workers
 - Phases in the penalties as employers become larger by discounting 30 full-time workers from the per-worker penalty, eliminating a disincentive to creating new jobs
 - Eliminates the special rule for construction industry employers

Medicare

- Provides a \$250 rebate for beneficiaries who hit the coverage gap or “donut hole” in 2010 and fills the donut hole for brand and generic drugs by 2020.
- Reduces Medicare Advantage overpayments in a targeted way that reflects the different needs of urban and rural areas. Provides a more refined approach that varies rates by local fee-for-service costs on a sliding scale. Includes three to seven year phase-in and increases MA benchmarks for high-performance plans. Ensures that Medicare Advantage plans spend at least 85 percent of revenue on medical costs or activities that improve quality of care.
- Lowers Medicare Disproportionate Share Hospital (DSH) cuts in the Patient Protection and Affordable Care Act from \$25.1 billion to \$22.1 billion and revises market basket updates to hospitals by \$9.9 billion.
- Adjusts the utilization rate changes included in the Patient Protection and Affordable Care Act to take into account the CMS imaging rule that went into effect on January 1. Sets the assumed utilization rate at 75 percent for the practice expense portion of advanced diagnostic imaging services.

For the rest of this story and information regarding “Medicaid”, “**Fraud, Waste and Abuse**”, “**Revenue**”, and “**Higher Education Provisions Under the Finance Title**”, go to www.twu514.org 1

FAA Bill Presents Three Key Debates for Conferees

By Kathryn A. Wolfe, CQ Staff

Three big issues will confront the House-Senate conference on a major aviation policy bill: inspection standards at overseas repair facilities, antitrust immunity for some airline alliances and changes to labor law that have pit one package delivery giant against another. Those topics are treated differently by the House's Federal Aviation Administration reauthorization bill (HR 915) and the version the Senate passed Monday (HR 1586) — and they will take some doing to resolve. Sen. Kay Bailey Hutchison of Texas, the ranking Republican on the Senate Commerce, Science and Transportation Committee, said the bills are “very different.” “We still have a long way to go,” she said, referring to the coming conference, but she also seemed confident that negotiators can bridge the differences.

FedEx vs. UPS

The House bill, which was passed in May 2009, would remove FedEx's status as an “express carrier” under the 1926 Railway Labor Act (PL 69-257). Instead, the company's ground operations would be covered by the 1935 National Labor Relations Act (PL 74-198), under which UPS was organized as a trucking company. The change would allow FedEx ground employees to organize locally. Currently, they can only organize nationally, which is more difficult.

FedEx has called the change special treatment for UPS, terming it in ads as the “brown bailout.” UPS argues that it in fact removes a competitive advantage that FedEx has enjoyed for years. UPS is backed by the Teamsters and the AFL-CIO's Transportation Trades Department. The Senate-passed bill contains no such language and Republican senators have vowed to fight it in conference.

Foreign Repair of Aircraft

Lawmakers also must deal with language that seeks to tighten safety standards at foreign repair stations. Both bills would require the FAA to inspect certain overseas aircraft repair stations at least twice yearly and would mandate that safety-critical workers at those facilities pass drug and alcohol tests. But that language has provoked letters from the European Union hinting at retaliatory measures, such as requiring inspections of U.S. repair stations for compliance with EU standards. The airline industry also is opposed. The Aerospace Industries Association, which represents defense and aerospace giants such as Boeing, Raytheon, General Dynamics and others, has said the provision could

put tens of thousands of jobs at risk at the 1,237 U.S.-based repair stations that perform work on foreign aircraft. In the past, House authorizers have taken a hard-line stance in favor of the language, suggesting that the EU is bluffing and that it wouldn't have been included if it could really threaten jobs. But Senate Commerce Chairman John D. Rockefeller IV, D-W.Va., has said there has never been any intention to provoke a trade war and suggested that something should be worked out.

Antitrust Immunity

The House bill also contains another provision not in the Senate bill: language dealing with the antitrust immunity granted to certain airline alliances. These alliances are generally among several U.S. and international airlines, which — once sheltered from antitrust law — allow them to collaborate on setting prices and schedules. The House bill would, in essence, nullify every airline alliance's antitrust status within three years of enactment, and force them to reapply under new terms written by the Transportation Department. Airlines are vigorously opposed and suggest it could bite substantially into profits on lucrative international routes.

Other Potential Hang-ups

There are other issues awaiting negotiators. For instance, the House-passed bill contains a provision that the airport lobby desperately wants and that the airlines oppose: the ability to raise airport landing fees tacked onto the price of a ticket, known as Passenger Facility Charges (PFCs). PFCs are currently capped at \$4.50 per ticket; the House bill would raise the cap to \$7. These fees are used to fund certain capital improvement projects at airports. Conferees also will debate expanding long-distance flights at Ronald Reagan Washington National Airport. The two bills would expand the number of long-distance flights in different ways. Many lawmakers from the West want more direct flights back home, while the Virginia and Maryland delegations are fighting to keep the status quo. Despite the differences between the two bills, lawmakers are optimistic that they can write a final version. “We have some significant issues to discuss, but I think we all agree that this bill is critical for our aviation system and must be completed,” said Rep. Jerry Costello, D-Ill., chairman of the House Transportation and Infrastructure Aviation Subcommittee.