

SYNOPSIS OF BLAGOJEVICH HEALTH PLAN

- Requires insurers to offer a standard insurance product on a guarantee issue basis.
 - Called “**Illinois Covered Choice**” this defined benefit package will be required to be offered by insurers to individuals with no employer coverage and to small groups (2-25) where the employer agrees to pick up 70% of the cost of the coverage
 - State says it will “make sure these products will stay affordable” because it will reinsure for 80% of claims above \$40K
 - State will also cap premiums for individuals buying the *Choice* product at a percentage of income. [100% to 250% of FPL will have a prem. cap of 2.5% (individual) to 5% (family) of annual income. 250% to 400% of FPL will have prem. cap of 3.5% (individual) to 7% (family) of annual income]
 - It will also control insurer’s rates through some form of narrow community rating that will allow age and geography factors and some form of rate up for pre-existing conditions
 - Reimbursement rates to providers will be set by the state
 - Agent Commissions will remain intact

- Creates a rebate program that caps premium levels to a proportion of income.
 - **Illinois Covered Rebate** can be used for coverage purchased through Illinois Covered *Choice* or for employer-sponsored plans, if the employer contributes at least 70% of the premium for an individual
 - Families earning between 100 percent and 400 percent of the federal poverty level (\$20,000 to \$80,000 for a family of four) will be eligible for discounts on the cost of health insurance they obtain through their employer.
 - For those whose employers contribute to their health insurance premiums, Illinois Covered *Rebate* will “cap health insurance premiums at a rate that is affordable for the employee”, (Premiums for families at 100% to 250% of FPL - \$20K to \$50K for a family of four – will be capped at 1.5% for an individual and 3% for family coverage. Premiums for families earning between 250 percent and 400 percent of FPL (\$50,000 to \$80,000 for a family of four) will be capped at 2.5 percent of annual income for individual coverage, or 5 percent of annual income for family coverage.
 - Requires the state to work with insurance companies to cover the difference between the discounted premium and the actual rate for the employee portion;

- **Creates the Illinois Covered Assist Program:**
 - Expands FamilyCare to cover lower-income parents up to 400% FPL;
 - Expands Medicaid and FamilyCare coverage to childless adults earning up to 100% of the federal poverty level (FPL).

- Quality and Transparency:
 - Improves quality by developing a plan to promote wellness, manage chronic conditions, and expand health information technology.
- Other
 - Increase the dependent age to 29 for mandatory coverage under a parent's insurance policy
- Funding
 - Gross receipts tax (see other attachment for detail)
 - 3% payroll tax on all employers with more than 10 employees pay less than 4% of their payroll for health care costs.