

**Clarification Regarding The Lewin Group Analysis
of the Affordable Healthcare for America Act (H.R. 3962) as passed by the
U.S. House of Representatives, and the Patient Protection and Affordable
Care Act (H.R. 3590, being considered in the U.S. Senate)**

The Lewin Group does not advocate for or against any legislation, and maintains editorial independence with respect to all work products. The Lewin Group's recent analysis of health reform bills, commissioned by The Peter G. Peterson Foundation can be accessed [here](http://www.lewin.com/content/publications/Lewin_Senate_and_House_Bill_Compared.pdf). (http://www.lewin.com/content/publications/Lewin_Senate_and_House_Bill_Compared.pdf)

Recently, a few questions were raised about The Lewin Group's recent analysis of the two health reform bills in Congress. Following are some helpful summary comments, for clarification:

- The study shows that both bills would reduce the federal deficit over the 2010 through 2019 period and that deficit reduction under the House bill would be greater than estimated by the CBO.

Estimated Changes in Federal Deficit 2010 - 2019 (billions)

	CBO	Lewin
Senate	-\$130	-\$21
House	-\$115	-\$151

- The study estimates ten-year savings to state and local governments of \$83 billion under the Senate bill and \$24 billion under the House bill.
- The study estimates that private employers who now provide insurance would save \$223 per worker under the Senate bill (\$113 increase under the House bill).
- The study estimates that national health spending would increase by no more than 0.2 percent
- Physician net income would increase by \$184 billion over the 2010 through 2019 period.

Further clarifications in response to specific critiques of this study:

1) Lewin estimates differ significantly from the predictions of the Congressional Budget Office.

Lewin Response: Our estimates actually confirm CBOs major conclusions on coverage of the uninsured and federal budgetary impacts. We differ on some points due to the extreme uncertainty as to how people will respond to new programs that have never before been implemented in the U.S. We provide lengthy documentation of our approach which is available for all to review and critique [on our website, here](#).

a) Contradicts CBO on deficit effects. While the Lewin analysis states that the Senate bill would increase federal deficits in the second decade, this runs

counter to the CBO, which predicts that the Senate bill would decrease federal deficits in the second decade.

Lewin Response: The study showed that both bills reduce the deficit in the first 10 years (as does the CBO) and that the House bill reduces the deficit in the second decade as well. Lewin shows an increase in the deficit under the Senate bill in the second decade. CBO did not show results after 2019.

b) Significantly higher public plan enrollment. The Lewin analysis estimates 15 million people going into the public plan - 5 times the estimate of CBO.

Lewin Response: Lewin estimates have always differed from CBO on this, for reasons we have discussed in a separate paper available [on our website, here](#). Many of our health sector clients expect a much larger impact than CBO estimates. However, enrollment in the public plan has little impact on costs under the proposal because the current proposal would use negotiated rates rather than the Medicare fee schedule.

2) The Lewin Group analysis contains assumptions that do not mirror the actual legislation, for instance that reforms will be fully implemented by 2011. The House bill implements the exchanges in 2013, while the Senate implements the exchanges in 2014.

Lewin Response: The study's budget forecasts use the implementation dates in the legislation correctly. However, for illustrative purposes, the analysis also shows estimates of its impact on coverage and family spending if fully implemented in 2011, just to demonstrate the plan's impact once fully implemented and enrollment has fully matured, which would not happen till 2016 or 2017 under the bills. This is clearly stated in the report. The study uses a more immediate date to so that the impacts of the bills are more comparable to today's costs. If the analysis used 2016 or 2017, the changes would be exaggerated relative to what health care costs today and could distort perceptions of the amount of change.

3) The Lewin analysis does not mention any administrative savings from the creation of the health insurance exchanges - savings which the Congressional Budget Office has estimated to reduce premiums for people in the individual market by 7 to 10%.

Lewin Response: The study estimated savings of 8 percent for small employers and individuals in the exchange, with additional savings of 4.6 percent in the public plan. This was presented in Lewin's July 27 report on the tri-committee bill, also available on www.lewin.com. The study also shows reductions in health spending due to increased competition in the exchange of \$1.2 billion per year.

4) Examines only select aspects of the reform bills. The Lewin analysis does not consider the effects of various delivery system reforms, including bundling payments, introducing value-based purchasing, and reducing preventable readmissions - reforms which numerous bipartisan economists have cited as critical to cost-containment, and which the Business Roundtable has estimated would contribute to a \$3,000 reduction in health care costs per employee.

Lewin Response: The study's estimates of savings to Medicare from these provisions are the same as those used by CBO. Like the CBO, the study estimates no savings to employers from these provisions.

About The Lewin Group

The Lewin Group is a health care and human services policy research and management consulting firm. We have over 25 years of experience in estimating the impact of major health reform proposals. The Lewin Group is committed to providing independent, objective and non-partisan analyses of policy options. In keeping with our tradition of objectivity, The Lewin Group is not an advocate for or against any legislation. The Lewin Group is part of Ingenix, Inc., which is a wholly owned subsidiary of UnitedHealth Group. To assure the independence of its work, The Lewin Group has editorial control over all of its work products. Go to www.lewin.com/integrity for more information.