



HEALTH CARE AND HUMAN SERVICES POLICY, RESEARCH, AND CONSULTING - WITH REAL-WORLD PERSPECTIVE.

Health Reform and Employer Costs

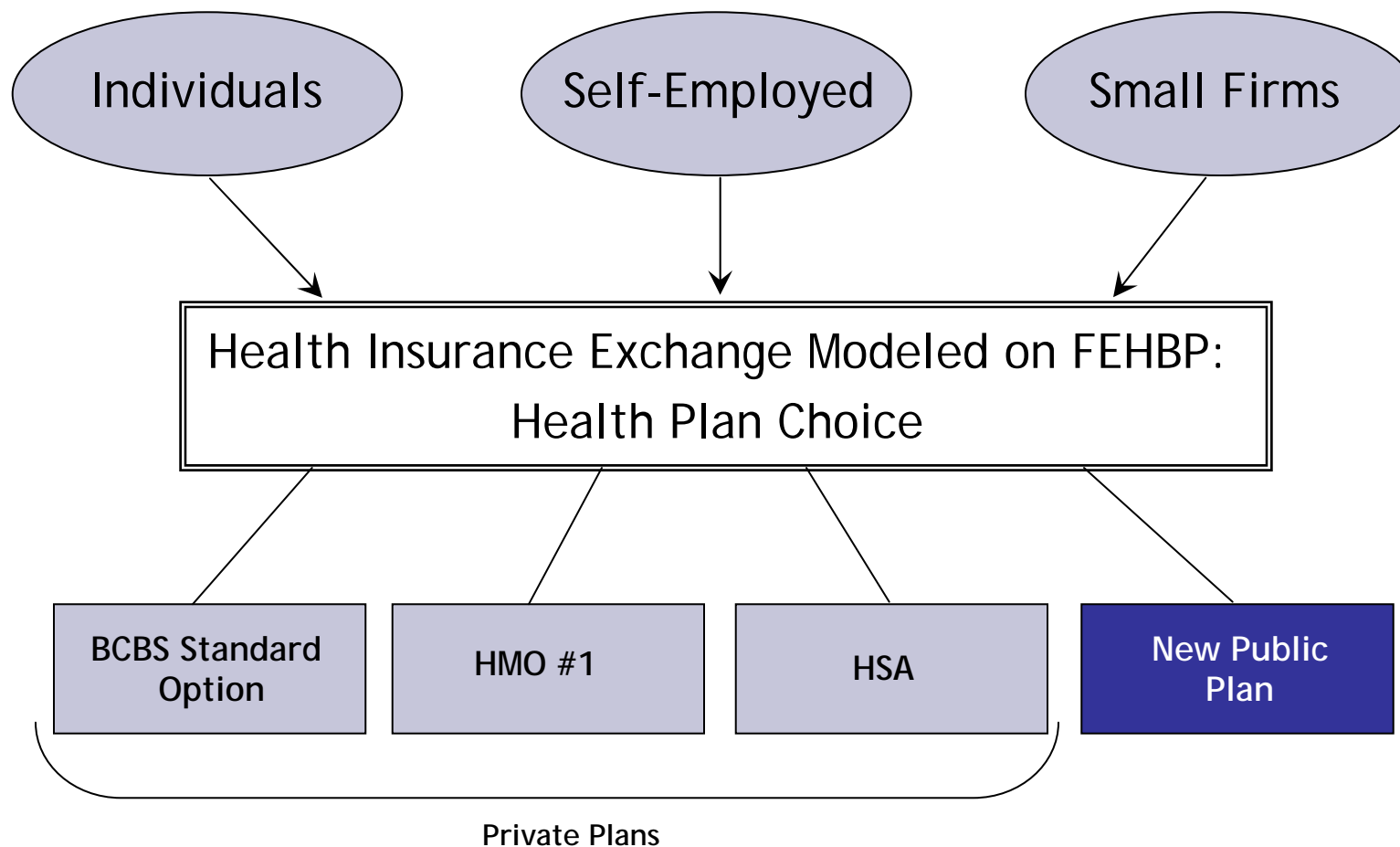
Health Action Council: Kick-Off Conference

January 28, 2010

Comparison of Health Reform Bills Now Before Congress

	Senate Bill	House Bill
Employer Penalty	Up to \$750 per full-time worker; Firms with 50 or more workers only	Up to 8% of payroll for firms with over \$500,000 payroll
Dependent Coverage	Must cover dependents to age 26	Must cover dependents to age 27
Individual Mandate	Unless premiums > 8% income	Unless premiums > 12% income
Individual Penalty	Greater of \$750 per person and 2% of income	2.5% of income up to premium amount
Small Employer Tax Credit (two year limit for each firm)	Up to 50% credit for firms <25 workers; average payroll <\$50,000 per worker	Up to 50% credit for firms <25 workers; average payroll <\$40,000 per worker
Medicaid Eligibility	133% of FPL; 89% FMAP; Plus 23% CHIP	150% of FPL, 91% FMAP
Premium & Cost Sharing Subsidies	400% FPL, 2.8%-9.8% cap as % of income	400% FPL, 1.5-12% cap as % of income
Guarantee Issue	YES; No Lifetime Limits	YES; No Lifetime Limits
Rating Restrictions	3:1 on Age; 1.5:1 on Tobacco use	2:1 on Age
Medicare/Medicaid Cuts	Reduce growth in provider payments	Reduce growth in provider payments
New Taxes	Excise tax on high-cost plans (greater than \$8,500 single, \$23,000 family), drugs and Medical devices	5.4% surtax on incomes over \$1.0 million; excise tax on device manufacturers;

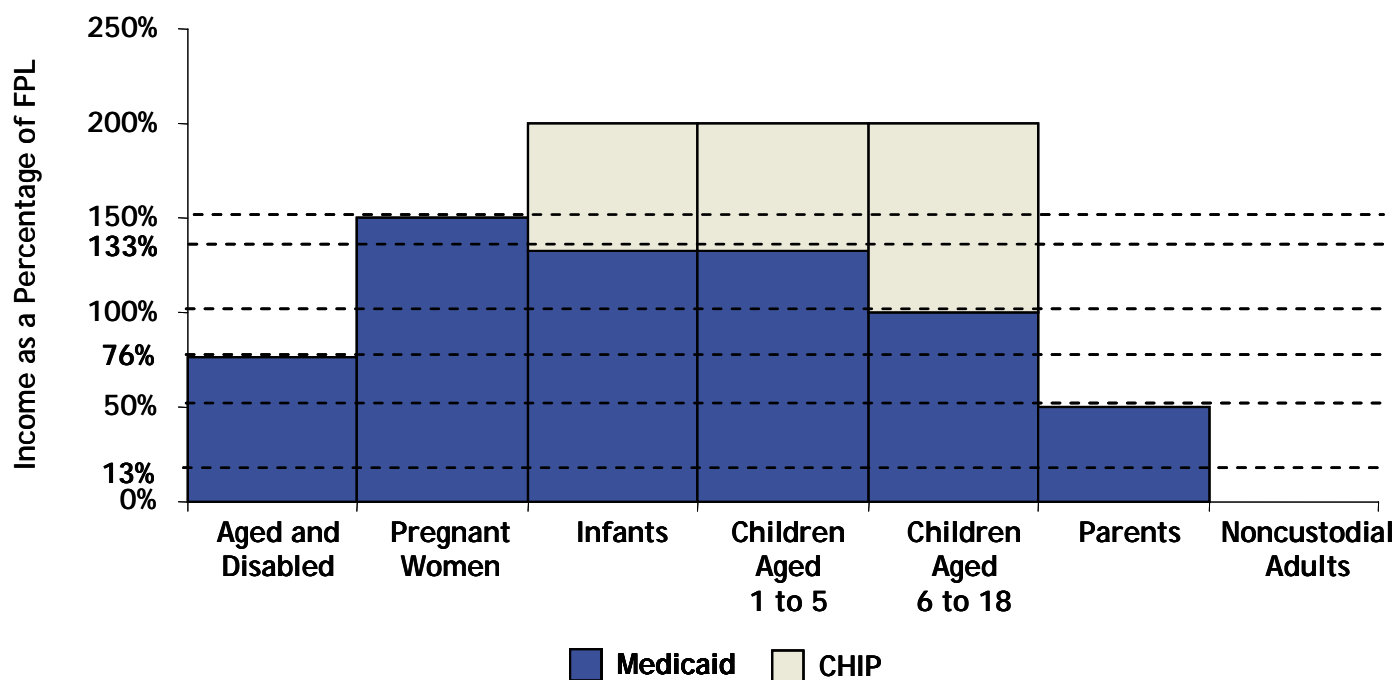
New Health Insurance Exchange under Reform Proposal



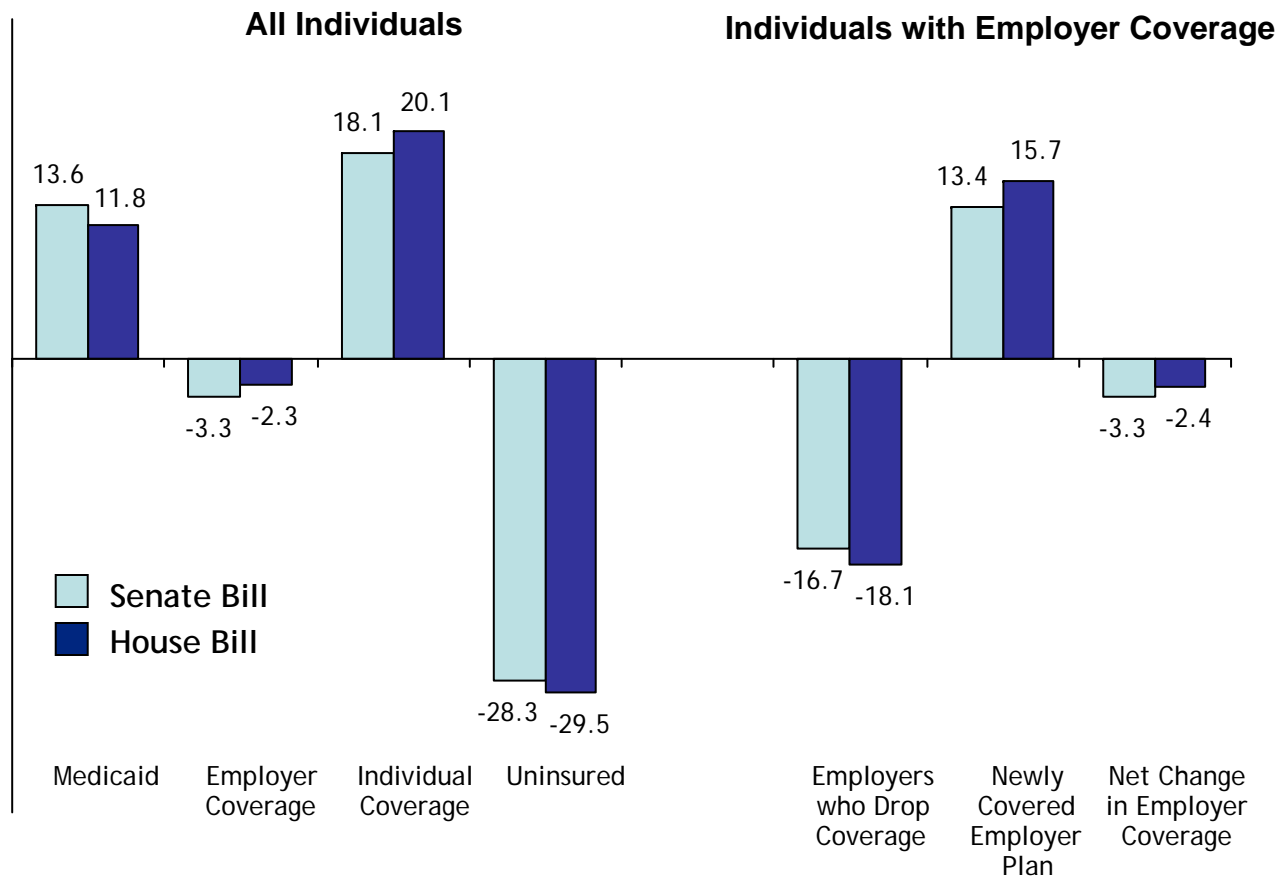
Illustrative Cost-Sharing Amounts Consistent with Actuarial Valuation of Health Plan Options

	Minimum Benefits Packages		
	Without Cost Sharing	Senate Bill "Bronze" package	House Bill "Basic" Package
Actuarial Value	1.0	0.60	0.70
Hospital Deductible	\$0	\$4,500	\$1,500
Hospital Coinsurance	0%	35%	25%
Medical Deductible			
Single	\$0	\$4,500	\$1,500
Family	\$0	\$9,000	\$3,000
Medical Services	0%	50%	25%
Prescription Drugs	0%	50%	25%
Preventive Care	0%	0%	0%
Out-of-Pocket Limit			
Single	\$0	\$5,950	\$5,000
Family	\$0	\$11,900	\$10,000
Per Member Per Month (PMPM) in 2011	\$424	\$254	\$297

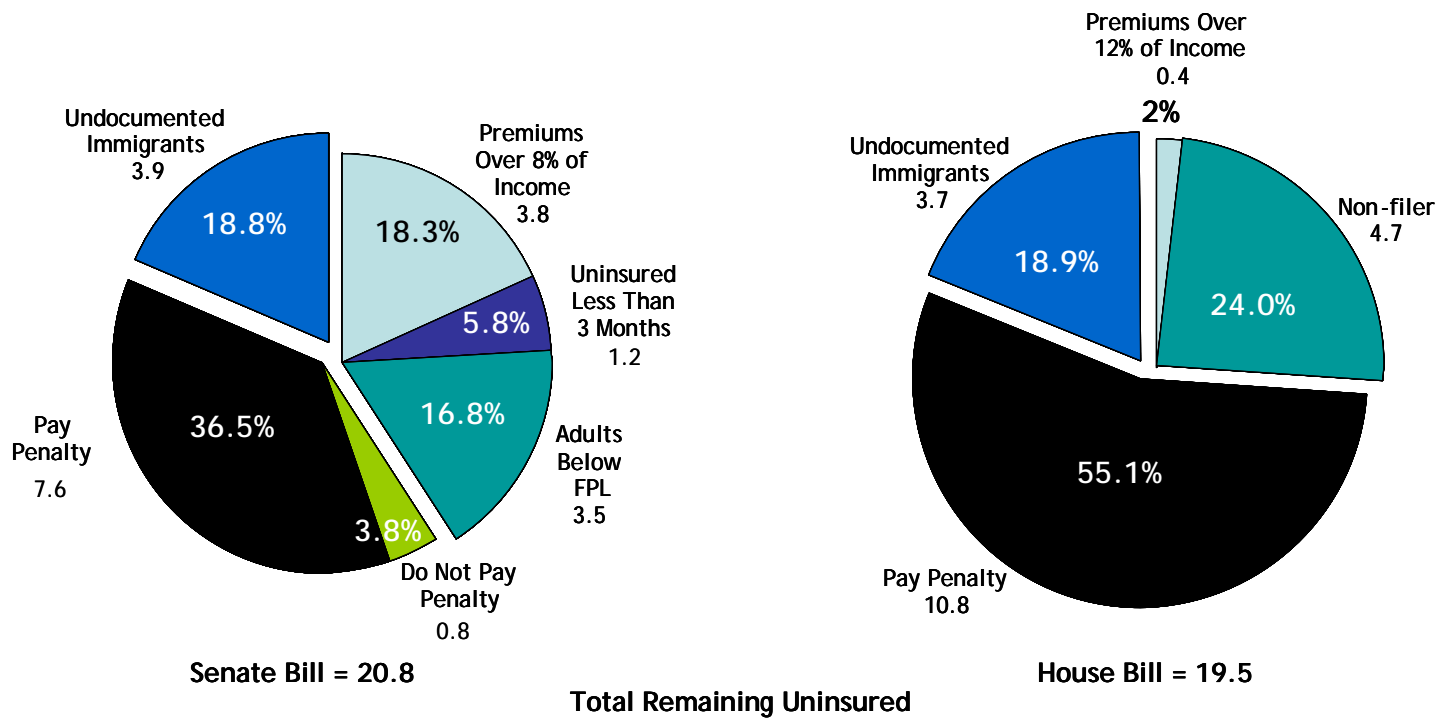
Medicaid and CHIP Eligibility for a "Typical State" Under Current Law



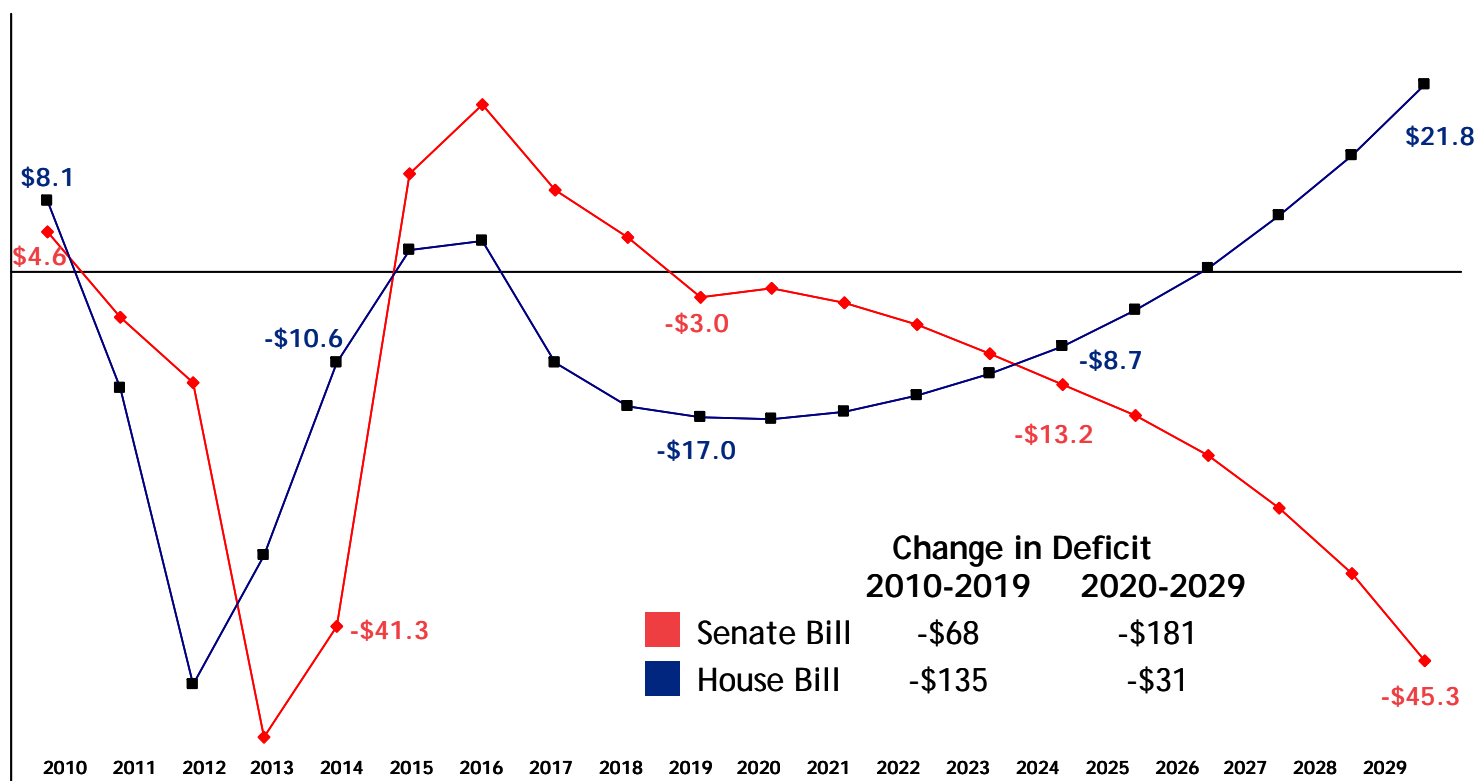
Changes in sources of Coverage under the House and Senate Bills Assuming Full Implementation in 2011 (millions)



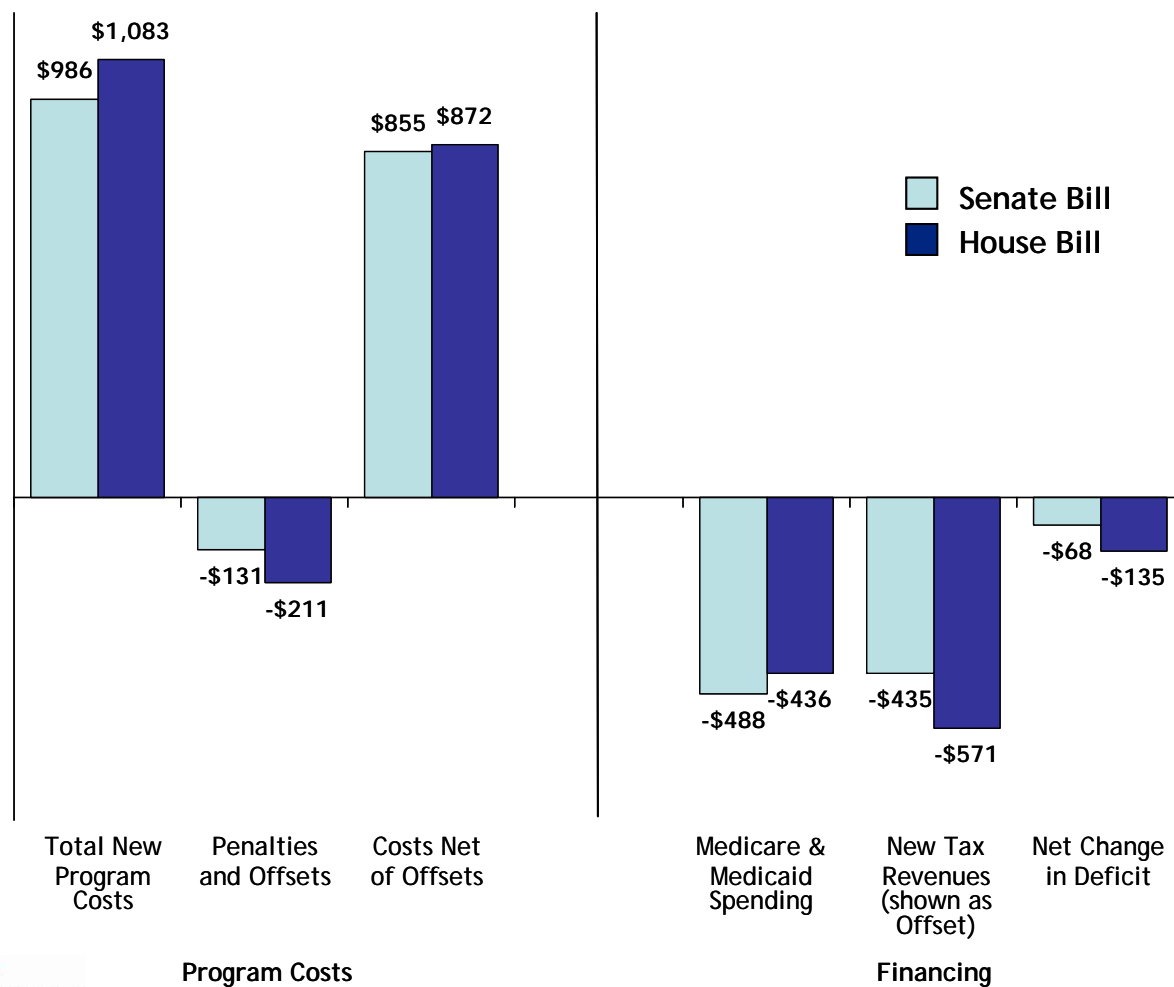
People Who Remain Uninsured under the House and Senate Bills Assuming Full Implementation in 2011 (millions)



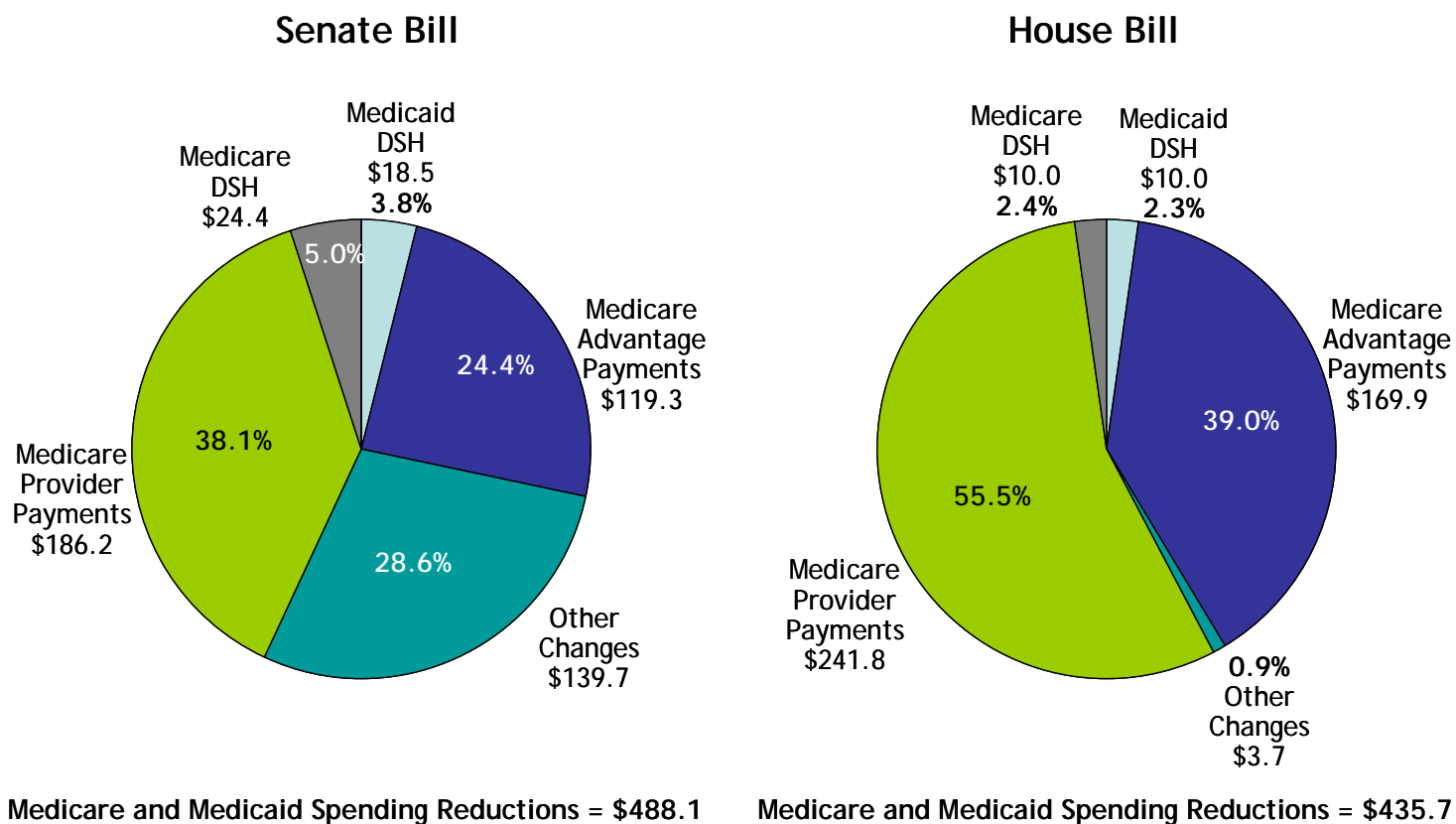
Change in Federal Deficit under the House and Senate Bills: 2010-2019 (billions)



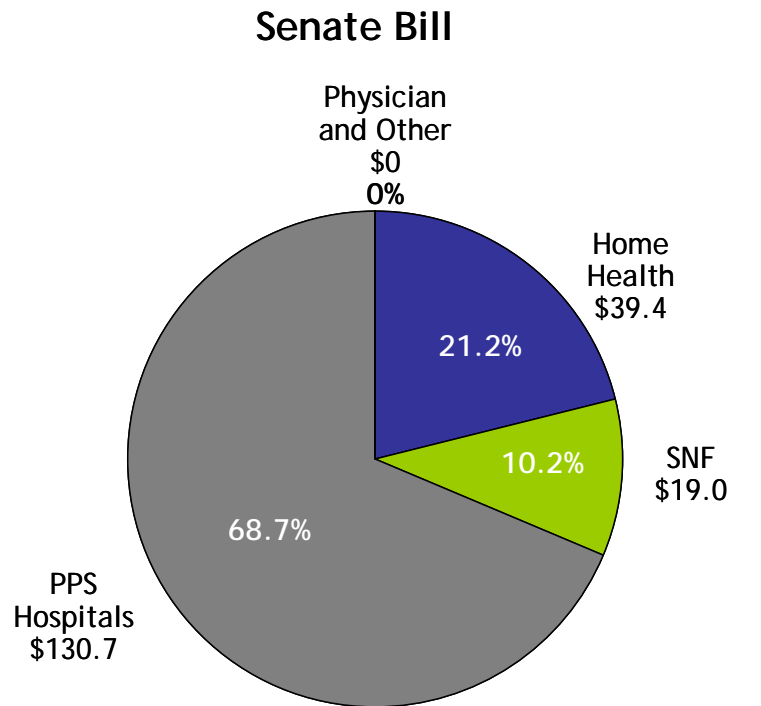
Federal Costs and Revenues for House and Senate Bills: 2010-2019 (billions)



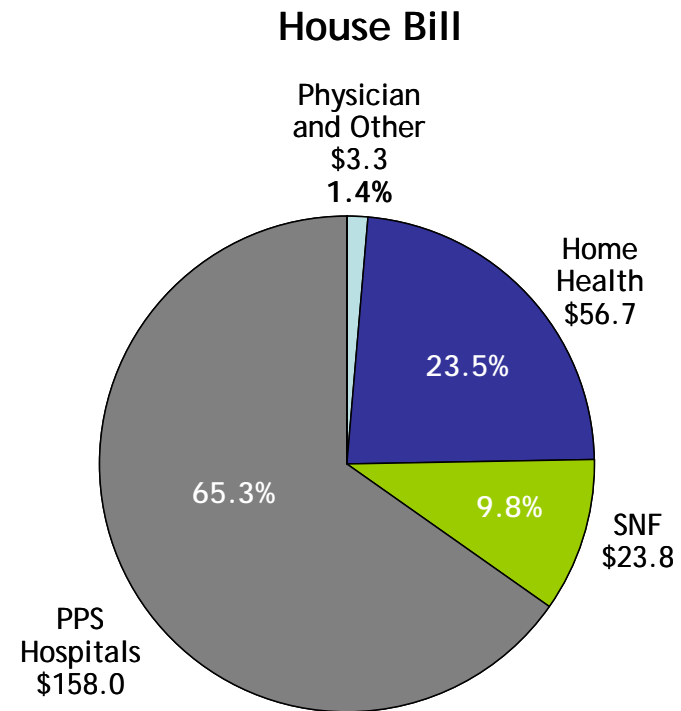
Medicare and Medicaid Savings under the House and Senate Bills: 2010-2019 (billions)



Provider Payment Reductions for Medicare under the House and Senate Bills: 2010-2019 (billions)

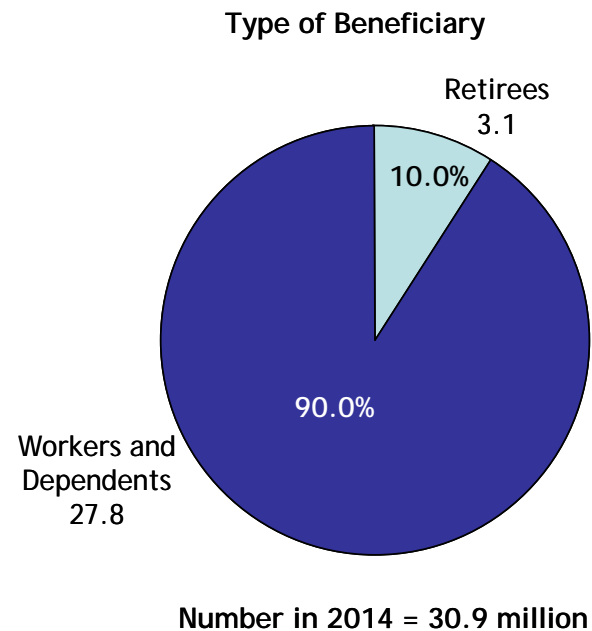
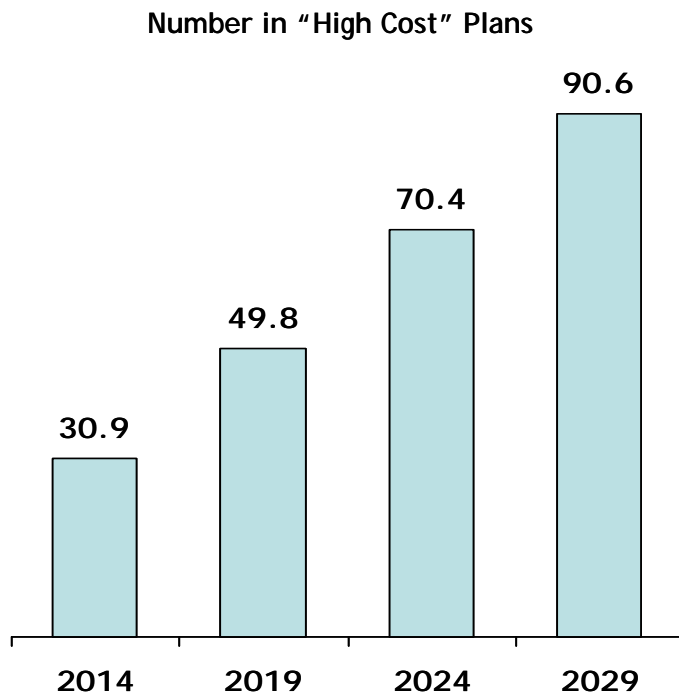


Medicare Provider Payment Reductions = \$186.2

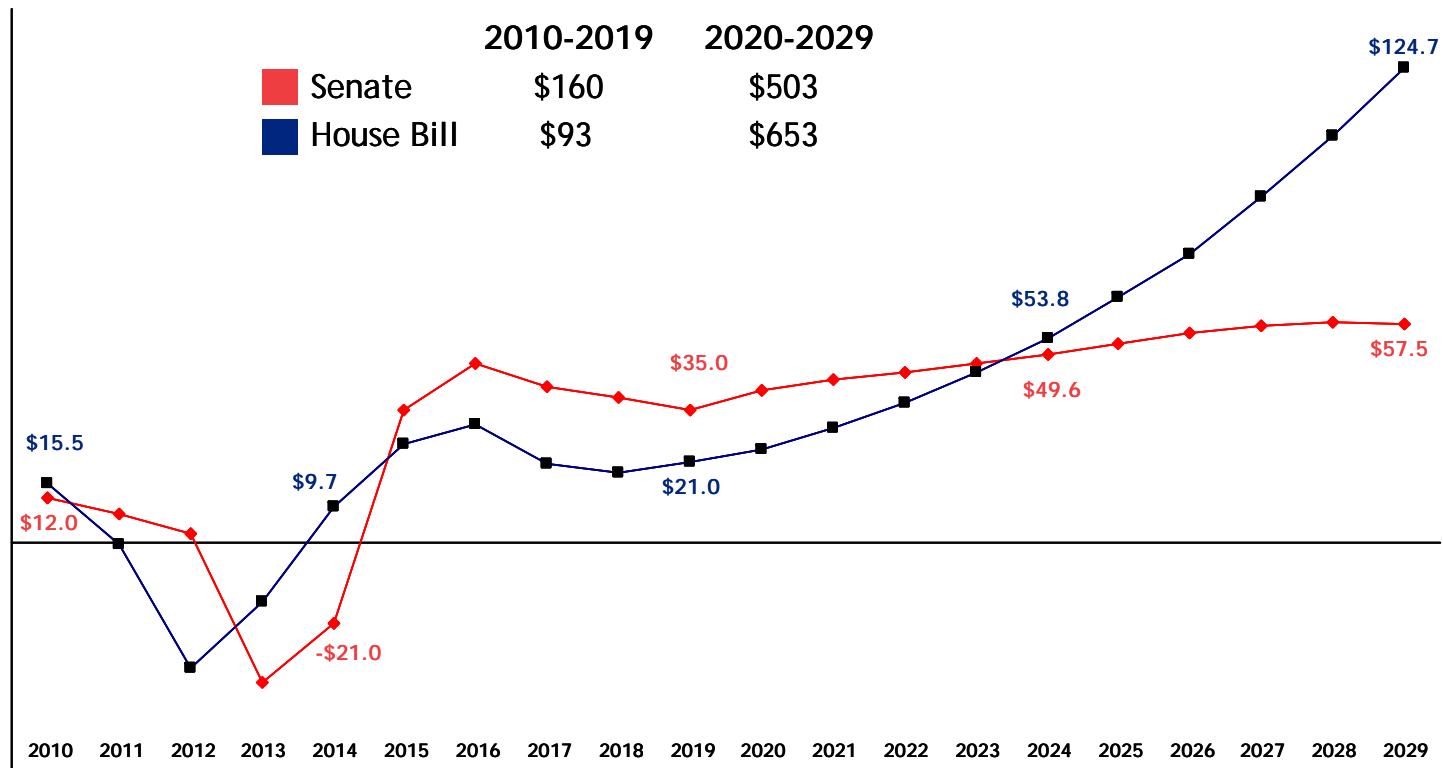


Medicare Provider Payment Reductions = \$241.8

Number of People with Policies subject to the Excise Tax on High-Cost Health Plans under the Senate Bill (millions)



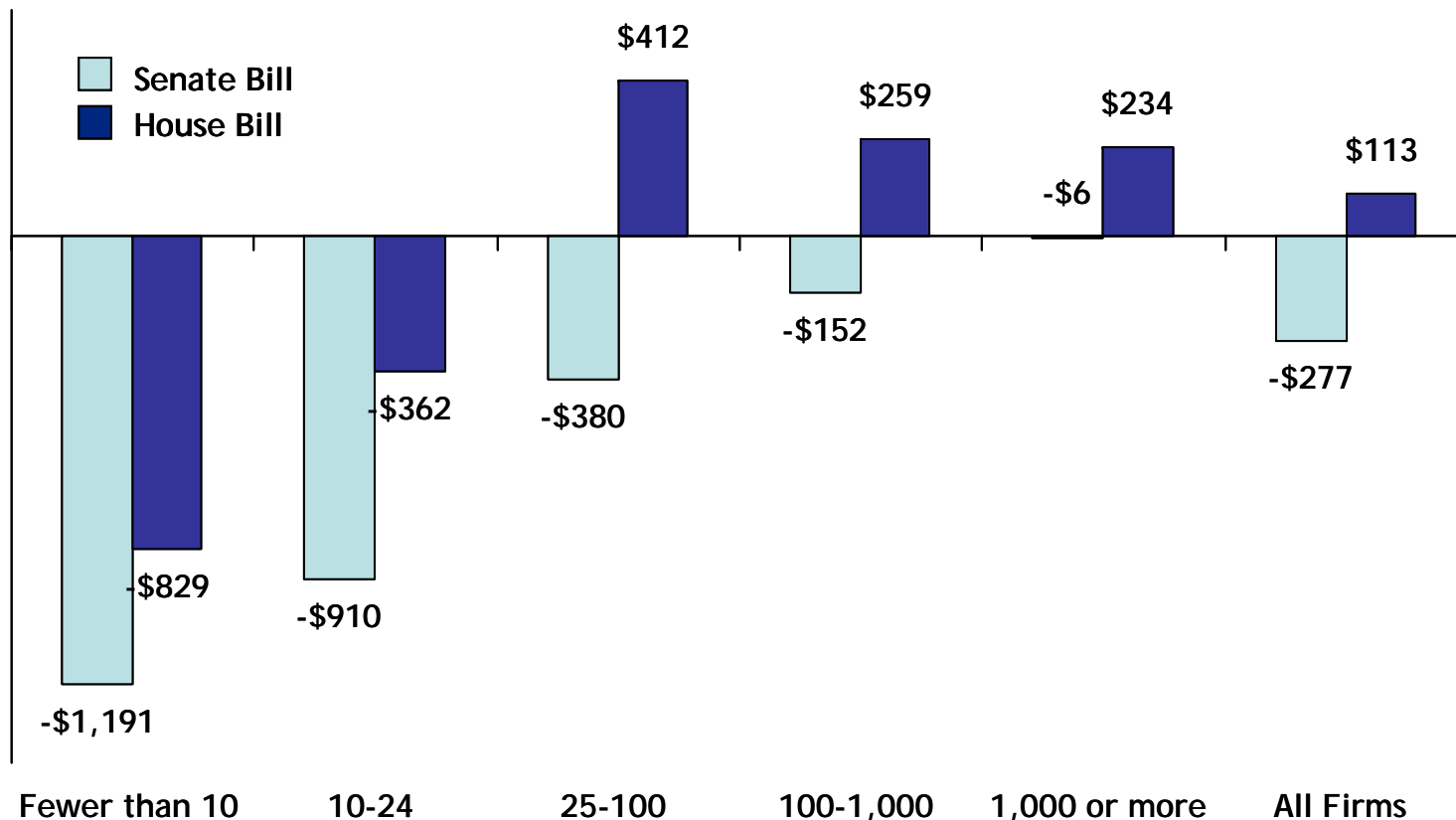
Change in Federal Deficit under the House and Senate Bills: With SGR Correction 2010 - 2019 (billions)



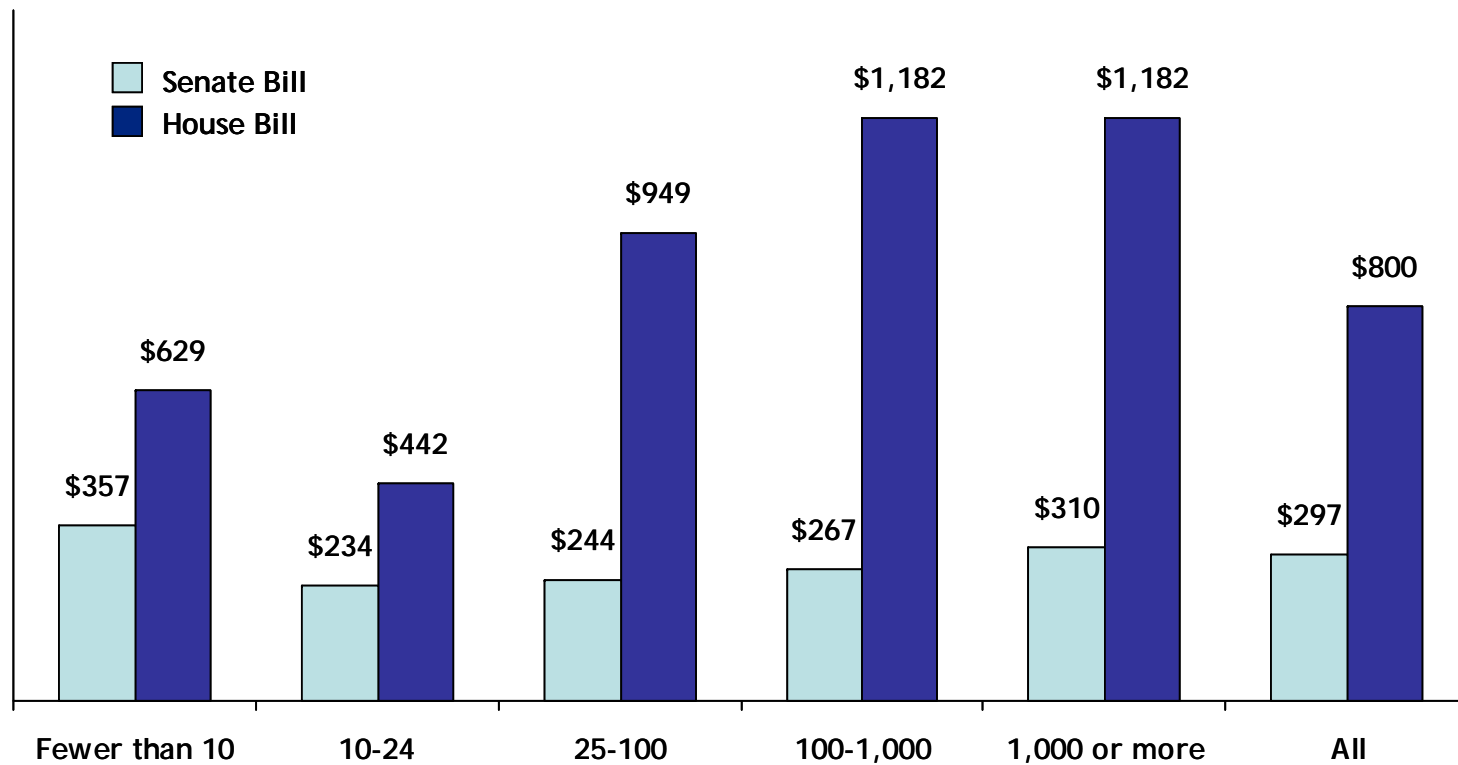
Impact of the House and Senate Health Reform Bills on State and Local Government Spending: 2010 - 2019 (billions)



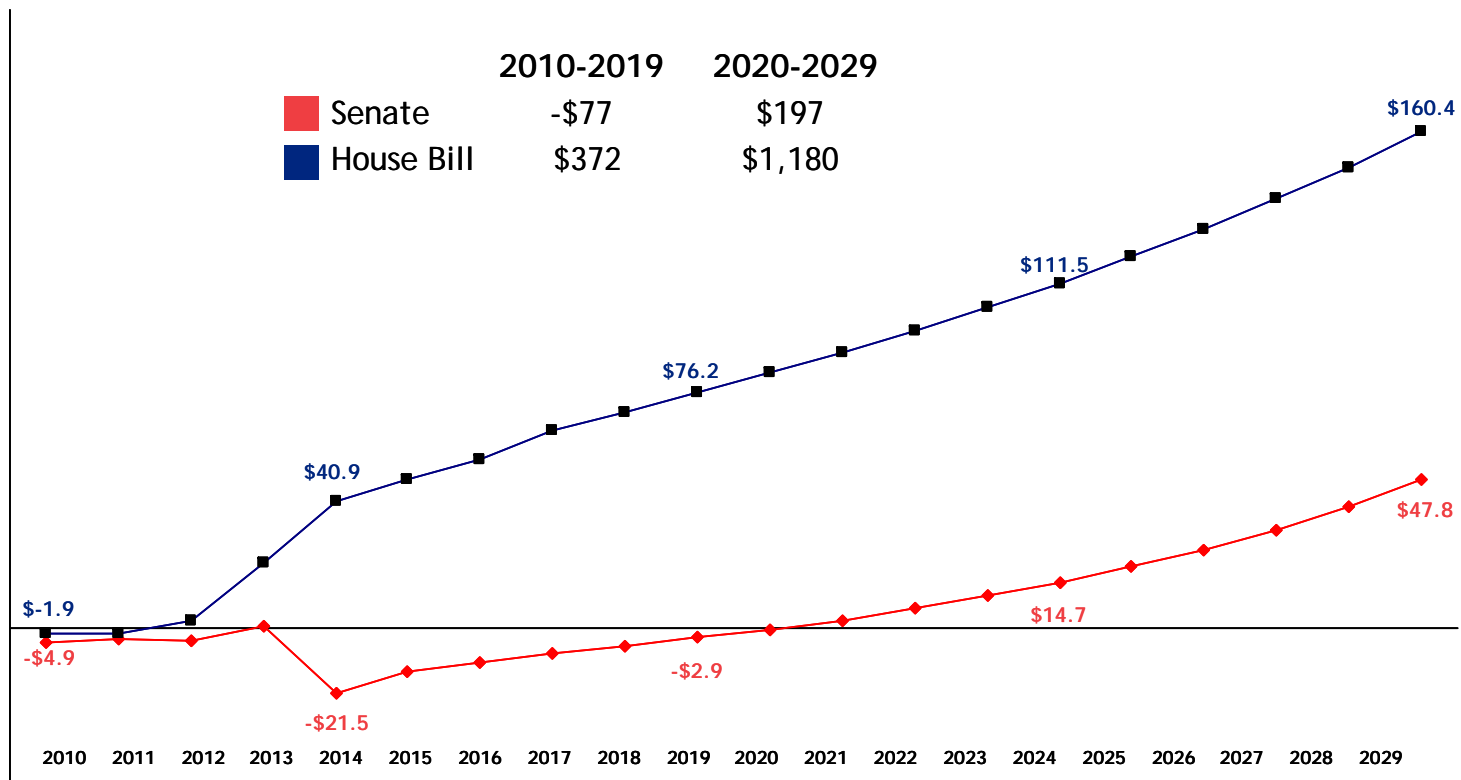
Change in Private Employer Health Spending Per Worker under the House and Senate Bills for Currently Insuring Firms: If fully implemented in 2011



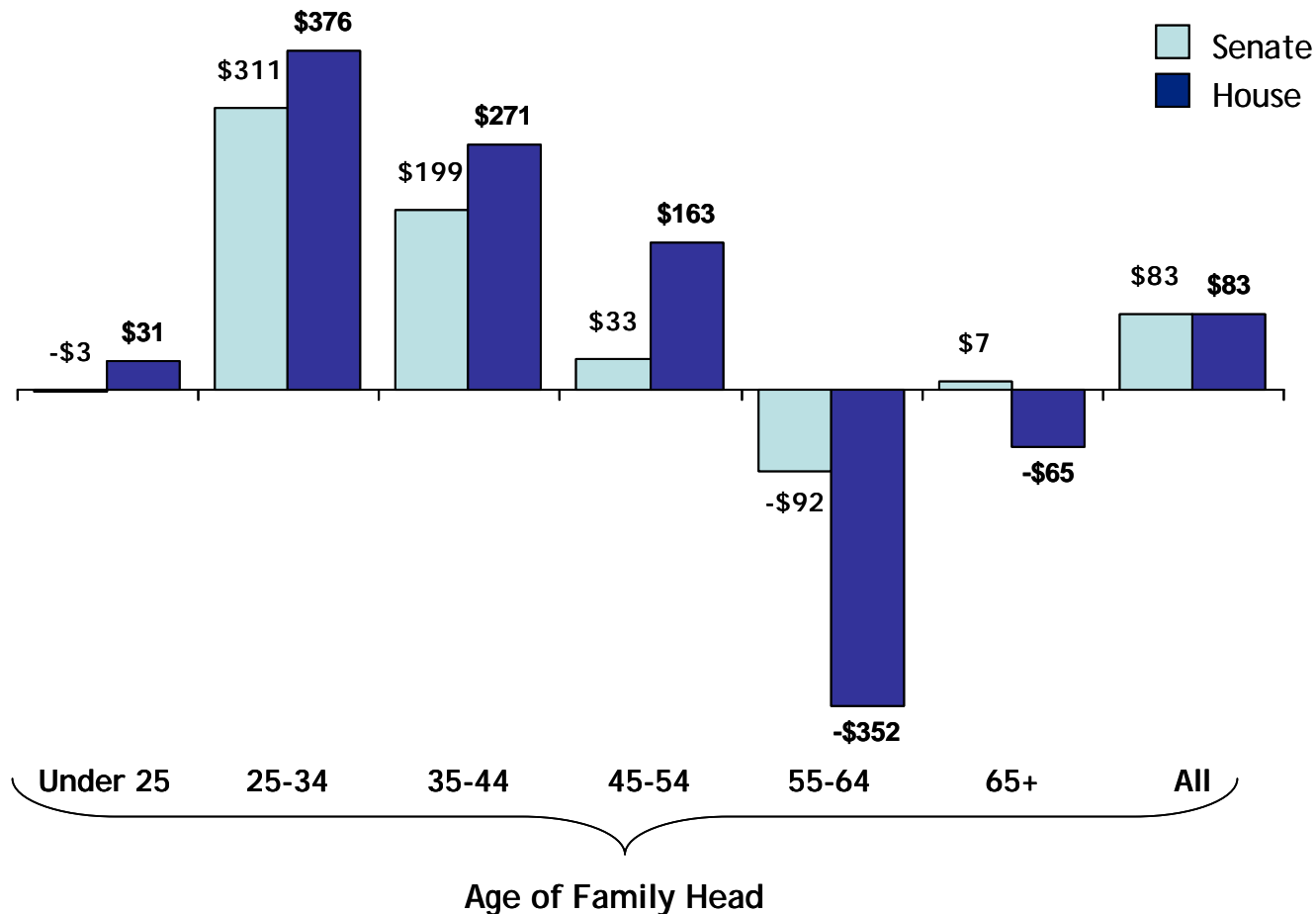
Change in Private Employer Health Spending per Worker under the House and Senate Bill for Currently Non-Insuring Firms: If fully implemented in 2011



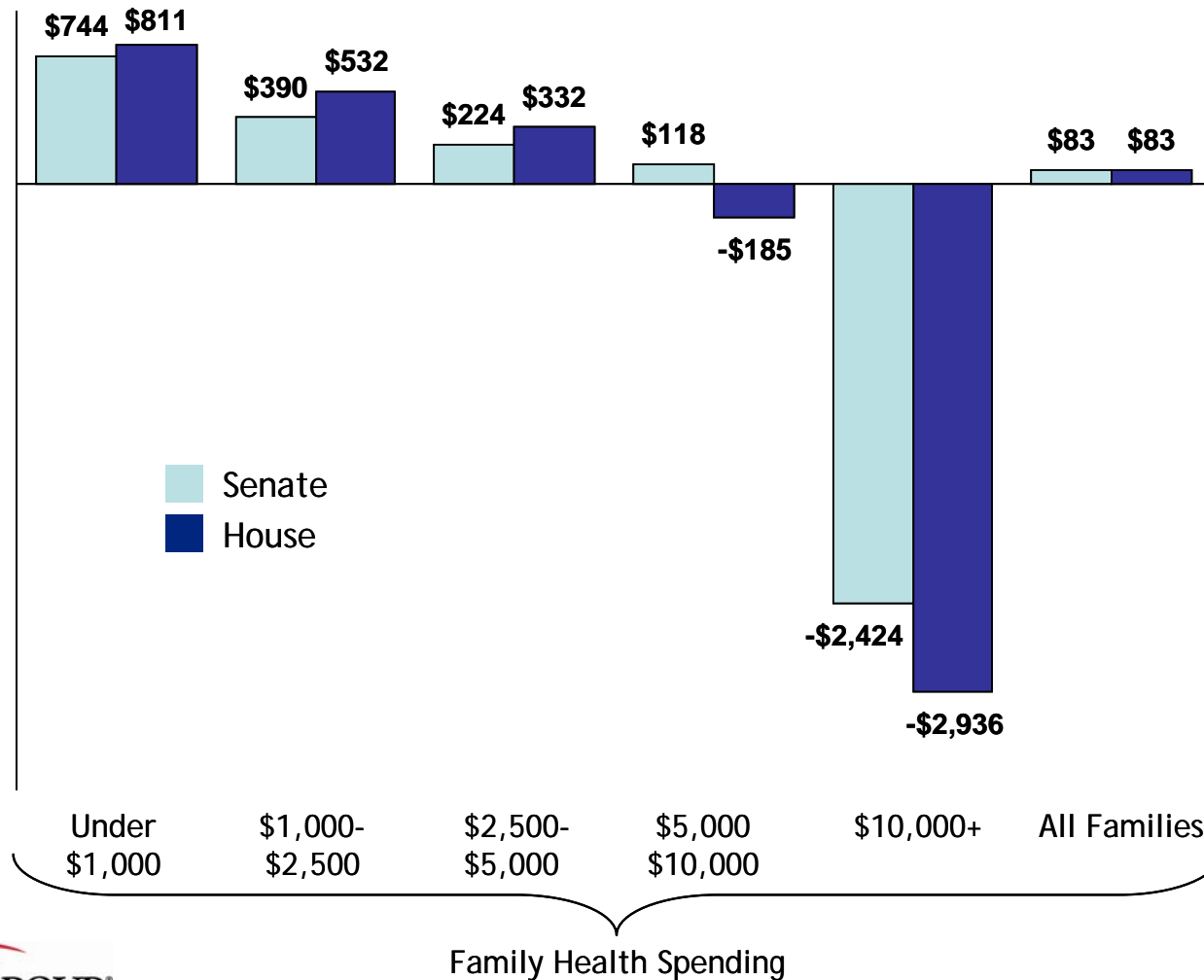
Change in Private Employer Health Spending under the House and Senate Bills: 2010-2019 (billions)



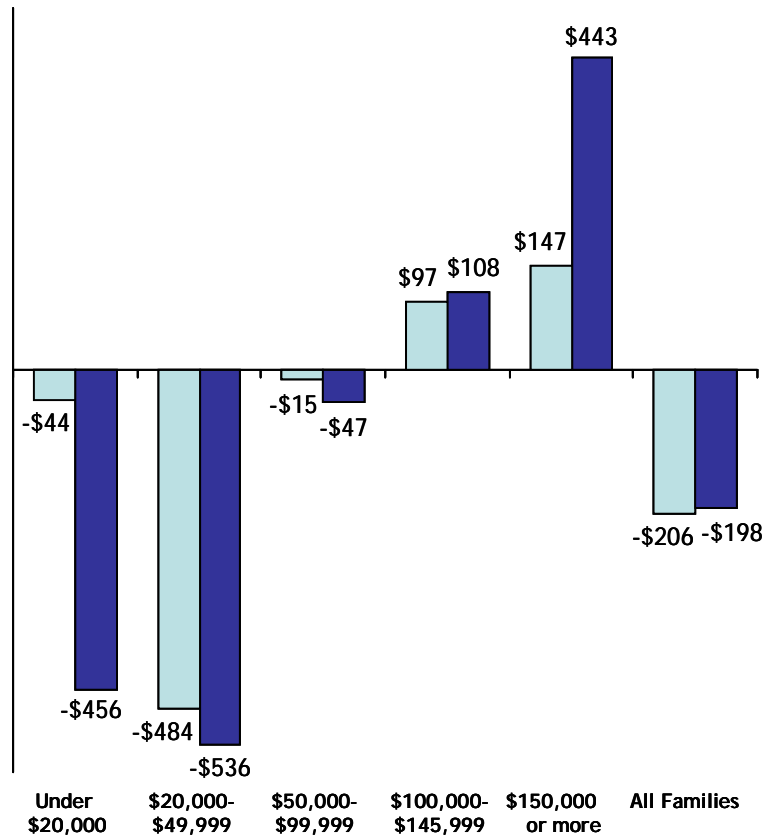
Changes in Average Family Health Spending by Age of Family Head Assuming Full Implementation in 2011



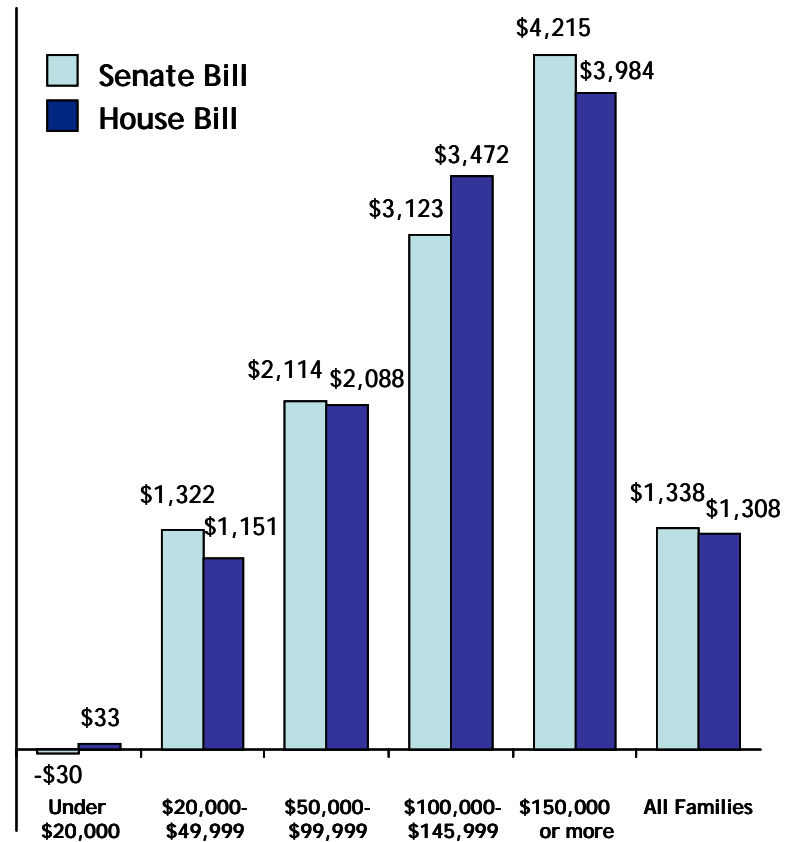
Change in Average Family Health Spending by Current Family Spending under the House and Senate Bills Assuming Full Implementation in 2011



Changes in Average Family Health Spending under the House and Senate Health Reform Bills in 2011

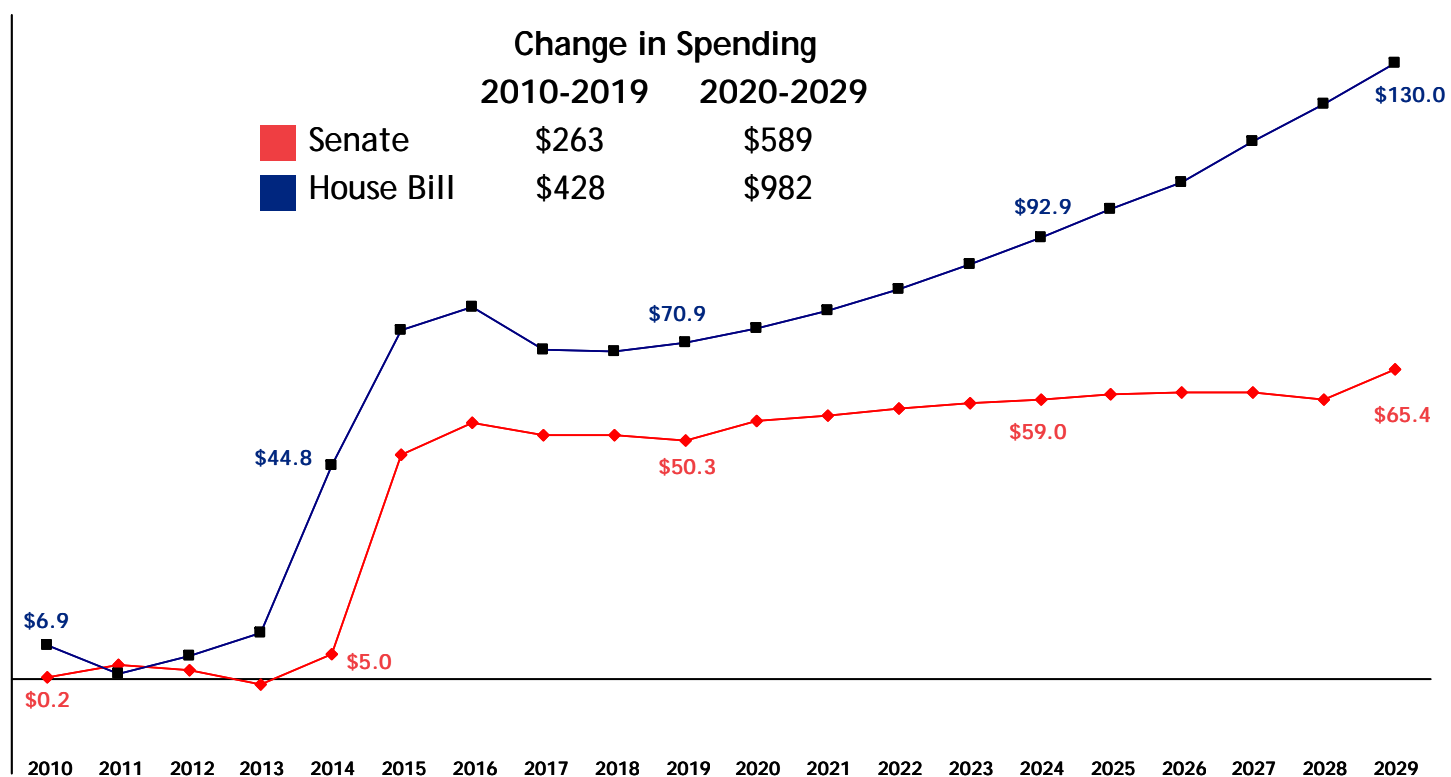


Currently Insured Families

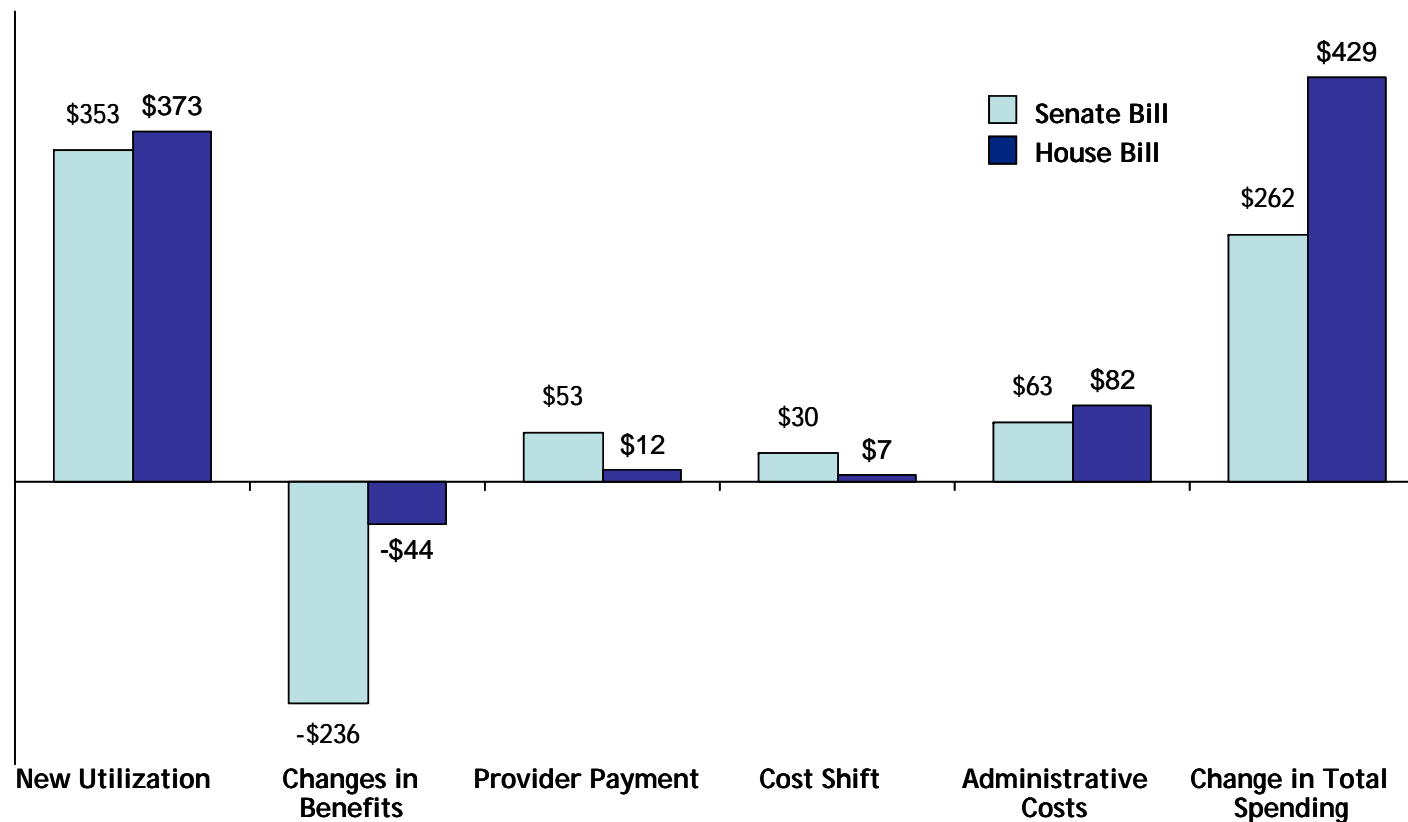


Currently With Uninsured Members

Change in National Health Spending under the House and Senate Bills 2010-2029 (billions)



Changes in National Health Spending Under the House and Senate Bills: 2010-2019 (billions)



Latest Information on Items with Broad Support

- “I would advise that we try to move quickly to coalesce around those elements of the package that people agree on.” President Obama - January 20, 2010 (interview with ABC News)
- Reported areas of common agreement:
 - Eliminating pre-existing condition clauses
 - Ending separate rates for people because of gender
 - Closing the coverage gap in Medicare prescription drug coverage
 - Extending parents' insurance to dependent adults until age 26
 - Basing Medicare provider payments on quality rather than volume
- Flashpoints in the legislation include:
 - Creation of Exchanges
 - Whether there will be an expansion of coverage and how to finance it
 - Antitrust protections for insurance companies