Leading Health Insurance Reform Proposals: Implications for Uninsured and U.S. Health Care Spending

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Alliance for Health Reform
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Growing Interest in Affordable Health Care for All

- Numbers of uninsured have grown from 40 million in 2000 to 47 million in 2005
- Growing financial squeeze on middle class
- New York Times poll confirms health insurance coverage is high on the public’s agenda
- Numerous proposals have been introduced in Congress 2005–2007
- President Bush made a new strategy for health insurance coverage a key feature of his State of the Union address and budget
- Presidential candidates are beginning to advance proposals
- Governors are stepping up to the plate
Commonwealth Fund Report Released Today

- Analysis of major Congressional and Administration health insurance reform proposals over 2005-2007 in three broad categories:
  - Fundamental reforms of insurance system
  - Expansions of public insurance programs
  - Strengthening employer-based coverage
- Lewin Group used its microsimulation model to generate coverage and cost estimates
- Health Policy R&D developed side-by-side analyses of Congressional bills
- First of two part series: Part II will analyze proposals to improve quality and efficiency
| Major Features of Proposals for Fundamental Health Insurance Reform and Impact on Uninsured and Health Care Spending |
|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| **President Bush’s Proposal** | **Healthy Americans Act** (Wyden) | **Fed./State Partnership** 15 States | **AmeriCare** (Stark) | **Senator Edwards’ Proposal** |
| **Aims to Cover All People** | X | X | X | X |
| **Individual Mandate or Auto Enrollment** | X | X | X | X |
| **Employer Shared Responsibility** | X | X | X | X |
| **Public Program Expansion** | | X | X | X |
| **Subsidies for Lower Income Families** | X | X | X | X |
| **Risk Pooling** | X | X | X | X |
| **Comprehensive Benefit Package** | X | X | X | X |
| **Quality & Efficiency Measures** | X | X | X | X |
| **Uninsured Covered in 2007** (in millions) | 9.0 | 45.3 | 20.3 | 47.8 | 44?? |
| **Net Health System Cost in 2007** (in billions) | ($11.7) | ($4.5) | $22.7 | ($60.7) | N/A |
| **Net Federal Budget Cost in 2007** (in billions) | $70.4 | $24.3 | $22.0 | $154.5 | $90–120?? |

1 Out of an estimated total uninsured in 2007 of 47.8 million.
2 Estimates reflect a mandatory cash-out of benefits on the part of employers that currently offer coverage.
Source: The Lewin Group for The Commonwealth Fund. Edwards’ information comes from the campaign, not included in Lewin analysis.

**Current Law**

- **Uninsured**: 47.8 (16%)
- **Employer**: 153.7 (52%)
- **Medicaid/SCHIP**: 37.5 (13%)
- **Dual Eligible**: 8.0 (3%)
- **Medicare**: 31.9 (11%)
- **CHAMPUS**: 3.4 (1%)
- **Private Non-Employer**: 9.5 (3%)
- **Employer Retiree**: 3.3 (1%)

**Healthy Americans Act (Wyden)**

- **Uninsured**: 2.5 (1%)
- **Medicare**: 31.9 (11%)
- **Medicaid/SCHIP**: 38.5 (13%)
- **CHAMPUS**: 3.4 (1%)
- **Private Non-Employer**: 29.3 (10%)
- **Employer Retiree**: 3.3 (1%)
- **Medicare**: 39.9 (14%)
- **CHAMPUS**: 3.4 (1%)
- **President Bush’s Proposal**

- **Uninsured**: 38.8 (13%)
- **Medicare**: 39.9 (14%)
- **Medicaid/SCHIP**: 38.5 (13%)
- **CHAMPUS**: 3.4 (1%)
- **Private Non-Employer**: 29.3 (10%)
- **Employer Retiree**: 3.3 (1%)

**AmeriCare (Stark)**

- **Medicare**: 31.9 (11%)
- **Medicaid/SCHIP**: 38.5 (13%)
- **CHAMPUS**: 3.4 (1%)
- **Private Non-Employer**: 29.3 (10%)
- **Employer Retiree**: 3.3 (1%)

**Total population = 295.1 million**

Note: Average monthly coverage. Primary payer is determined on basis of current prevailing coordination of benefits practices.
Source: The Lewin Group for The Commonwealth Fund.
### Some Reform Proposals Achieve Near-Universal Coverage While Reducing Total Health System Spending

(Change in Health Spending by Stakeholder Group, Billions of Dollars, 2007)

<table>
<thead>
<tr>
<th></th>
<th>President Bush's Proposal</th>
<th>Healthy Americans Act(^2) (Wyden)</th>
<th>Federal/State Partnership 15 States</th>
<th>AmeriCare (Stark)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Uninsured Covered, Millions</strong></td>
<td>9.0</td>
<td>45.3</td>
<td>20.3</td>
<td>47.8</td>
</tr>
<tr>
<td><strong>Federal Government</strong></td>
<td>$70.4</td>
<td>$24.3</td>
<td>$22.0</td>
<td>$154.5</td>
</tr>
<tr>
<td><strong>State and Local Government</strong></td>
<td>($0.3)</td>
<td>($10.2)</td>
<td>$13.4</td>
<td>($57.4)</td>
</tr>
<tr>
<td><strong>Private Employers</strong></td>
<td>($50.8)</td>
<td>$60.2</td>
<td>$5.7</td>
<td>($15.2)</td>
</tr>
<tr>
<td><strong>Households</strong></td>
<td>($31.0)</td>
<td>($78.8)</td>
<td>($18.4)</td>
<td>($142.6)</td>
</tr>
<tr>
<td><strong>Net Health System Cost in 2007 (in billions)</strong></td>
<td>($11.7)</td>
<td>($4.5)</td>
<td>$22.7</td>
<td>($60.7)</td>
</tr>
<tr>
<td><strong>Total Uninsured Not Covered(^1), Millions</strong></td>
<td>38.8</td>
<td>2.5</td>
<td>27.5</td>
<td>0</td>
</tr>
</tbody>
</table>

\(^1\) Out of an estimated total uninsured in 2007 of 47.8 million.

\(^2\) Estimates reflect a mandatory cash-out of benefits on the part of employers that currently offer coverage.

Source: The Lewin Group for The Commonwealth Fund.
### Health Reform Proposals Have Potential to Improve Health System Performance: Likely Impact on Access, Efficiency, Equity, Quality, and Health Outcomes

<table>
<thead>
<tr>
<th>Measures to Improve Quality</th>
<th>President Bush’s Proposal</th>
<th>Healthy Americans Act (Wyden)</th>
<th>Fed./State Partnership 15 States&lt;sup&gt;2&lt;/sup&gt;</th>
<th>AmeriCare (Stark)</th>
<th>Potential to Ensure Long, Healthy, Productive Lives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access (% of uninsured covered&lt;sup&gt;1&lt;/sup&gt; in 2007)</td>
<td>19%</td>
<td>95%</td>
<td>42%</td>
<td>100%</td>
<td>X</td>
</tr>
<tr>
<td>Efficiency (change in national health system spending in 2007)</td>
<td>($11.7)</td>
<td>($4.5)</td>
<td>$22.7</td>
<td>($60.7)</td>
<td>X</td>
</tr>
<tr>
<td>Equity (change in average family health spending by annual income in 2007)</td>
<td>&lt;$10,000: -$23 &gt;$150,000: -$1,263</td>
<td>&lt;$10,000: -$983 &gt;$250,000: +$1,562</td>
<td>N/A</td>
<td>N/A</td>
<td>X</td>
</tr>
<tr>
<td>Measures to Improve Quality</td>
<td>Medical home, hospital safety, reward healthy behavior, chronic disease management</td>
<td>State proposals required to show improvements in quality, efficiency, and health IT</td>
<td>Uniform electronic claims forms and medical records; electronic national claims data set</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<sup>1</sup>Out of an estimated total uninsured in 2007 of 47.8 million.

<sup>2</sup>Estimated to cover 86% of the 23.6 million people projected to be uninsured in the 15 states in 2007.

Source: The Lewin Group for The Commonwealth Fund.
Thank You!

• Stephen C. Schoenbaum, M.D., Executive Vice President for Programs and Executive Director, Commonwealth Fund Commission on a High Performance Health System

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