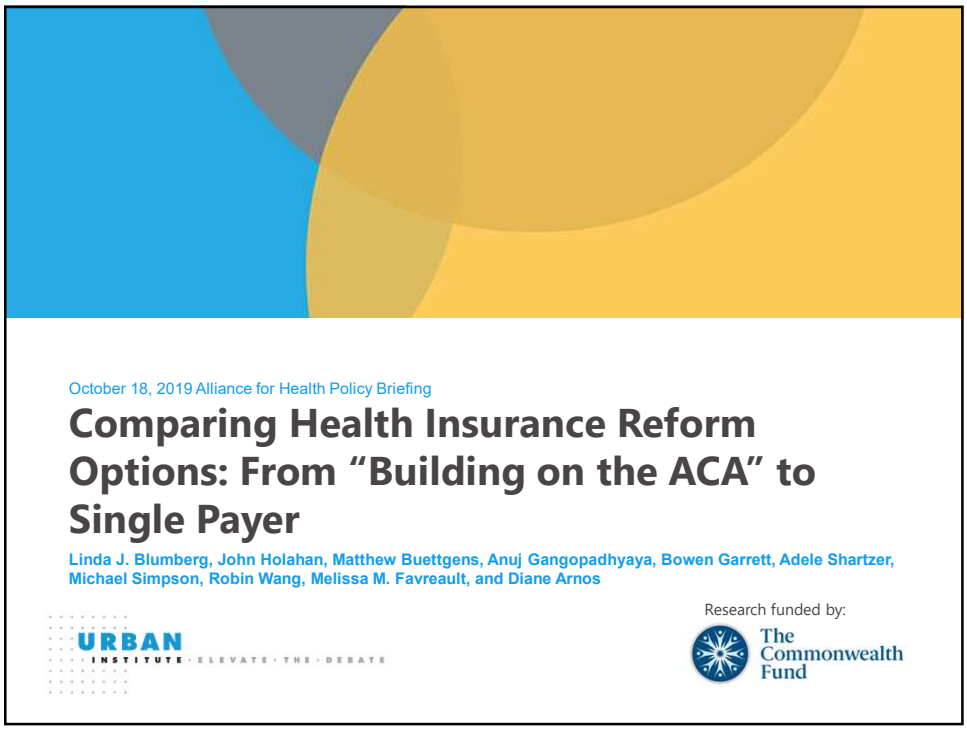

Analysis of 8 reform options

- 4 reforms add incrementally to the ACA in steps:
  - Improve premium & cost-sharing subsidies and expand eligibility for assistance
  - Bring healthier people back into the insurance pool
  - Cost containment through introduction of public option
- Reforms 5-6: builds on 1-4, but also
  - Auto-enrollment which leads to universal coverage for US residents legally present
  - Further improve affordability, including for more workers
- Reforms 7-8: single payer "lite" and single payer "enhanced"
  - single government health insurance plan for all, no private coverage
  - the two approaches differ in benefits and cost-sharing and coverage for undocumented immigrants

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Overview

- Results compare reform to current law:
  - The uninsured
  - The change in federal spending = federal budget effects
  - The change in national health spending = households + employers + state governments + federal government
- We include different ways to achieve universal coverage
- Tradeoffs across reform options highlighted:
  - Greater the savings to households, the greater the increase in federal government spending;
  - Universal coverage requires some people to pay premiums or taxes they would choose not to pay
  - Greater the savings in national health spending, the greater the need for regulation of provider prices
- Reforms estimated as if fully in place in 2020
- Estimated government revenues needed, but not how to get them

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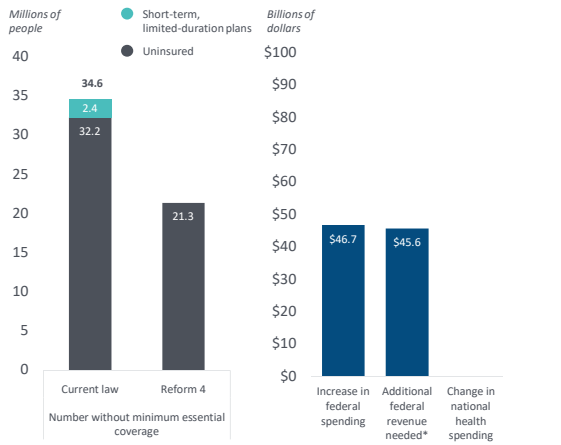
Reforms 1-4:

In 4 steps, show how coverage and spending are affected by:

- **More generous premium & cost-sharing subsidies**
- **Restored individual mandate & prohibition on substandard plans**
- **Filling in the Medicaid gap in nonexpansion states**
- **Public plan option**
- uninsured fall by 10.9 million with all pieces; filling Medicaid gap is critical
- Keeping *national* spending constant requires public option
- *Federal* spending increases with more assistance, falls with public option ($46.7 billion in 2020, $590 billion over 10 years for reform 4).

Coverage and Changes in Spending Compared to Current Law, 2020



* Increase in federal revenue needed to finance reform, net of additional income tax receipts resulting from reduced employer spending on health insurance passed back to workers as wage increases.
Data: Urban Institute analysis.

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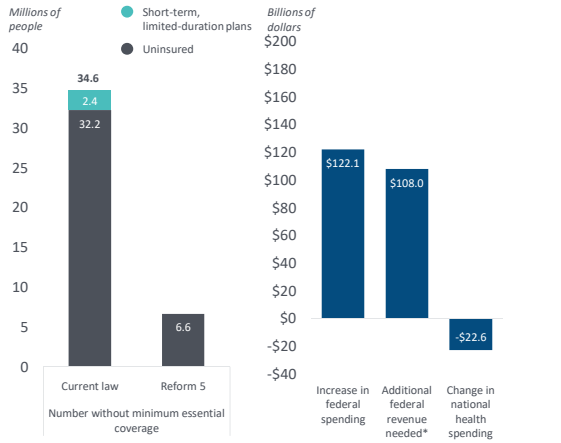
Reform 5: Reform 4 *plus*:

- **Continuous auto-enrollment with retroactive enforcement (CARE)**
- **Eliminates ESI "firewall"**
- **Requires public option**

- Universal coverage for people legally present in US; reduces uninsured by 25.6 million (80%)
- Employer coverage drops by 15.0 million, 10.2%
- *National* spending decreases modestly ($22.6 billion or 0.6%)
- *Federal* spending increases by $122.1 billion in 2020, $1.5 trillion over 10 years

Coverage and Changes in Spending Compared to Current Law, 2020



* Increase in federal revenue needed to finance reform, net of additional income tax receipts resulting from reduced employer spending on health insurance passed back to workers as wage increases.

Data: Urban Institute analysis.

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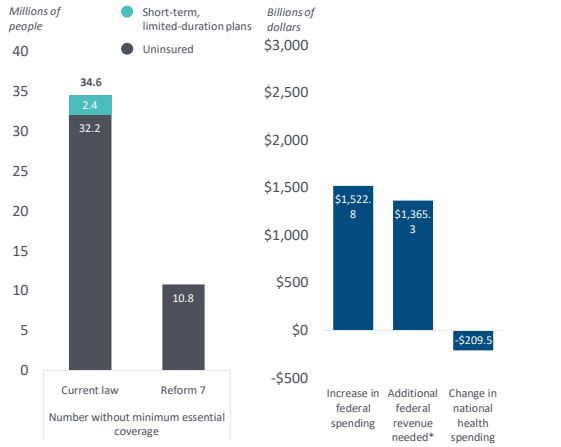
Reform 7: Single Payer "Lite"

- **Coverage of all legally present US residents**
- **ACA essential health benefits**
- **Income-related cost-sharing**
- **No private insurance**

- 25.6 million legal residents gain insurance, but additional 4.2 million undocumented immigrants become uninsured; net decline of 21.4 million
- *National* spending falls by $209.5 billion (6%)
- *Federal* spending increases by $1.5 trillion in 2020, $17.6 trillion over 10 years
- *Household* spending drops dramatically across income groups (72% overall)

Coverage and Changes in Spending Compared to Current Law, 2020



* Increase in federal revenue needed to finance reform, net of additional income tax receipts resulting from reduced employer spending on health insurance passed back to workers as wage increases.

Data: Urban Institute analysis.

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Reform 8: Single Payer "Enhanced"

- **Coverage of all US residents**
- **Additional benefits beyond ACA**
- **No cost-sharing**
- **No private insurance**

- Uninsured eliminated (although uncertainty around this estimate)
- *National* spending increases by $720 billion (~20%) in 2020.
- *Federal* spending increases by $2.8 trillion in 2020, $34.0 trillion over 10 years, roughly double "lite" version
- *Household* spending eliminated

Coverage and Changes in Spending Compared to Current Law, 2020

* Increase in federal revenue needed to finance reform, net of additional income tax receipts resulting from reduced employer spending on health insurance passed back to workers as wage increases.
Data: Urban Institute analysis.

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Discussion

- Optimal levels of provider payment rates in a price regulated individual market (Reforms 4-6) or single payer reform (Reforms 7-8) are unknown but have large effects on government costs;
- Phase-in periods are critical with larger, more system disrupting reforms, and these can have large implications for costs in the 10 year window;
- Changes in employer health care spending are not the same as changes in employer spending as a whole;
- Effects on specific households' finances depend upon particular approach to funding reforms and will vary by income;
- Critical tradeoffs: household costs v. government costs, voluntary v. coverage level, national cost savings v. potential provider system disruption

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