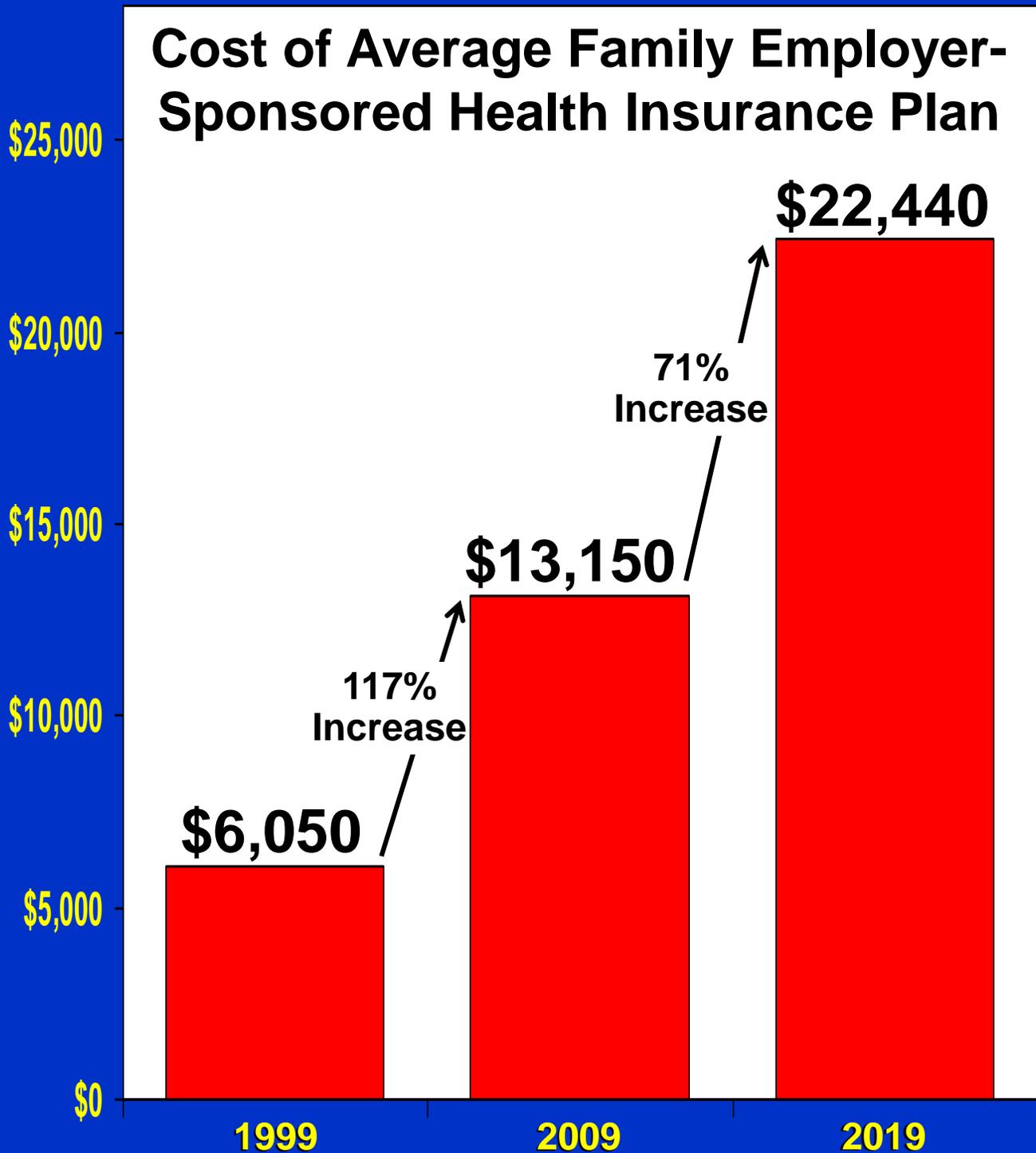


# Senate Plan Meets Key Health Reform Benchmarks

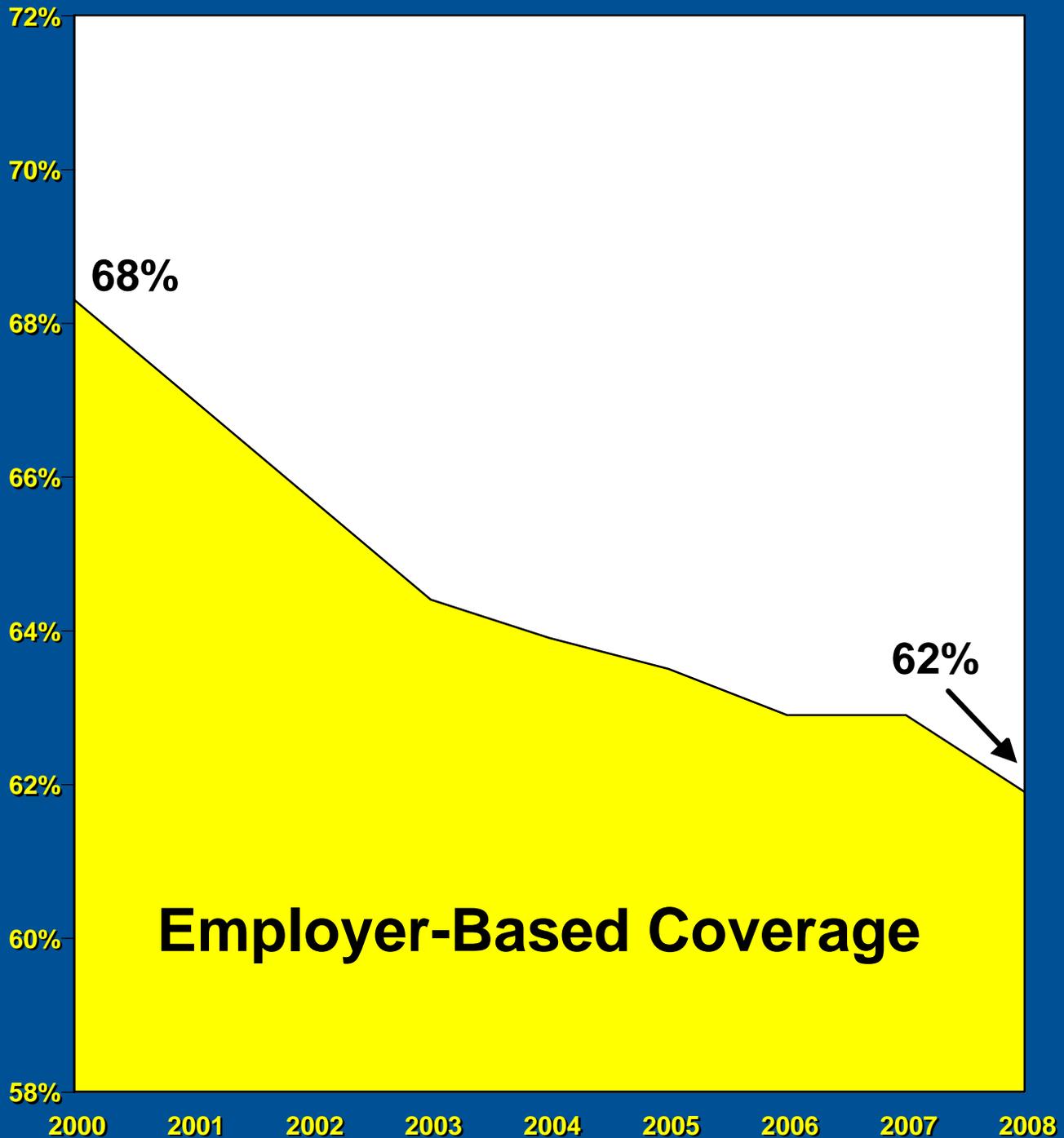
- Fully paid for ✓
- Reduces short- and long-term deficits ✓
- Expands coverage to 94% of Americans ✓
- Contains insurance market reforms ✓
- Contains delivery system reforms ✓

# Premiums Projected to Continue Rising on American Families



Sources: HHS Agency for Healthcare Research and Quality; David Cutler, Harvard University  
Note: Total employee and employer contribution.

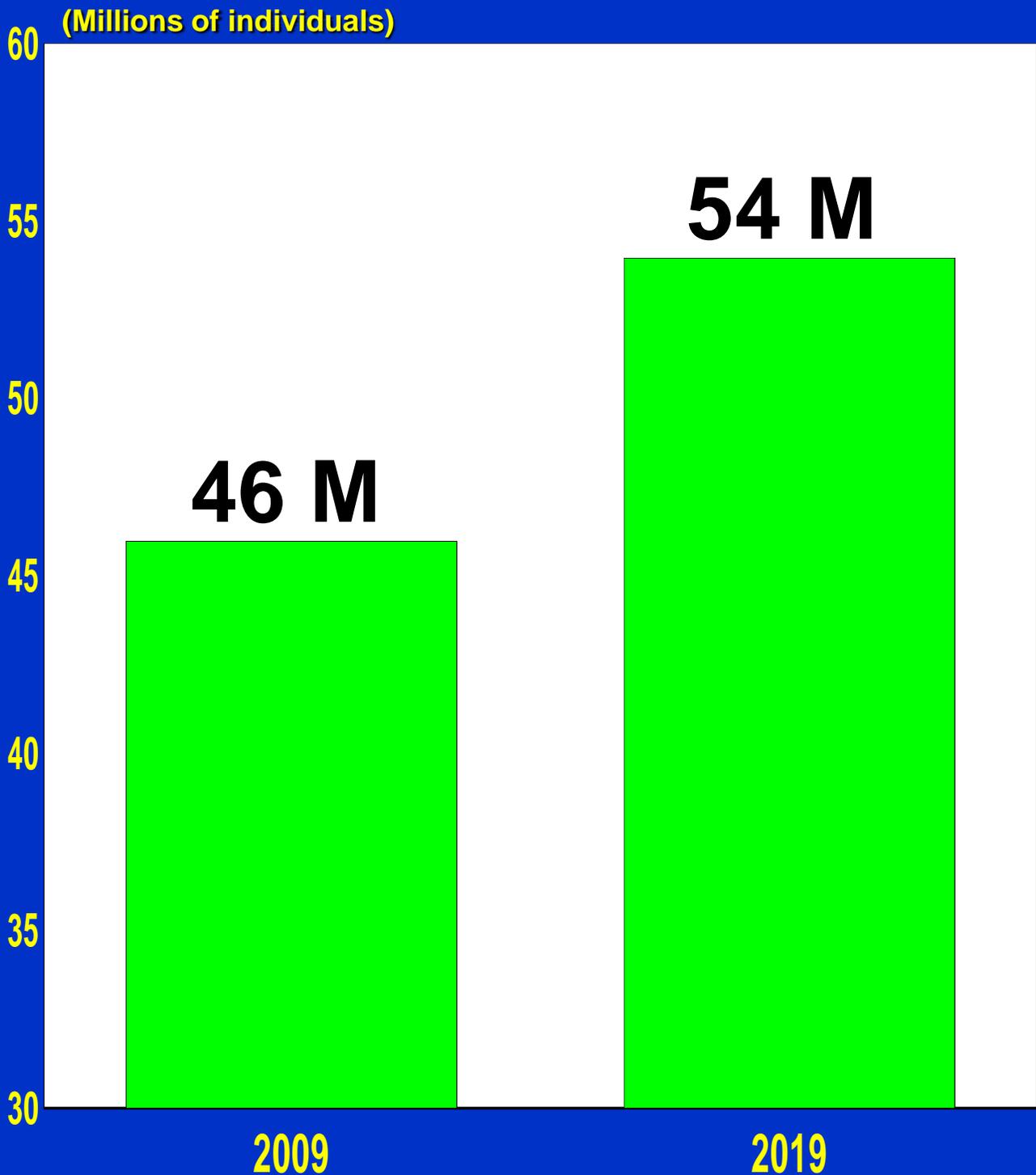
# Employer-Based Health Coverage on the Decline



Source: U.S. Census Bureau

Note: Percentage of non-elderly population with employment-based health benefits.

# Number of Uninsured Projected to Continue Rising



Source: CBO

**September 14, 2009**

**Dear Senator Conrad,**

**I am 51 years old and have never given much thought to writing a senator until now.**

**Three days ago, we received some of the worst news a person can get. My husband has been diagnosed with bladder cancer. He does not have health insurance. We are self-employed. Our income is low but we do own some property which makes us ineligible for most assistance programs. A few years ago we both dropped our Blue Cross Blue Shield because the premiums were too high. I re-applied and got my insurance back but my husband was denied due to his weight. (He quit smoking 4 years ago and put on weight gradually since then.)**

**We are stunned by the diagnosis and are terrified by the uncertainties of his prognosis. We already owe \$2,000 just for Emergency Room costs and he has surgery scheduled for September 22 with at least an overnight stay in the hospital. The medical bills will be astronomical. If the cancer is not localized, he will be referred to oncology and will begin chemotherapy/radiation treatments and possibly even more surgery. We will have to sell almost everything we own to pay bills.**

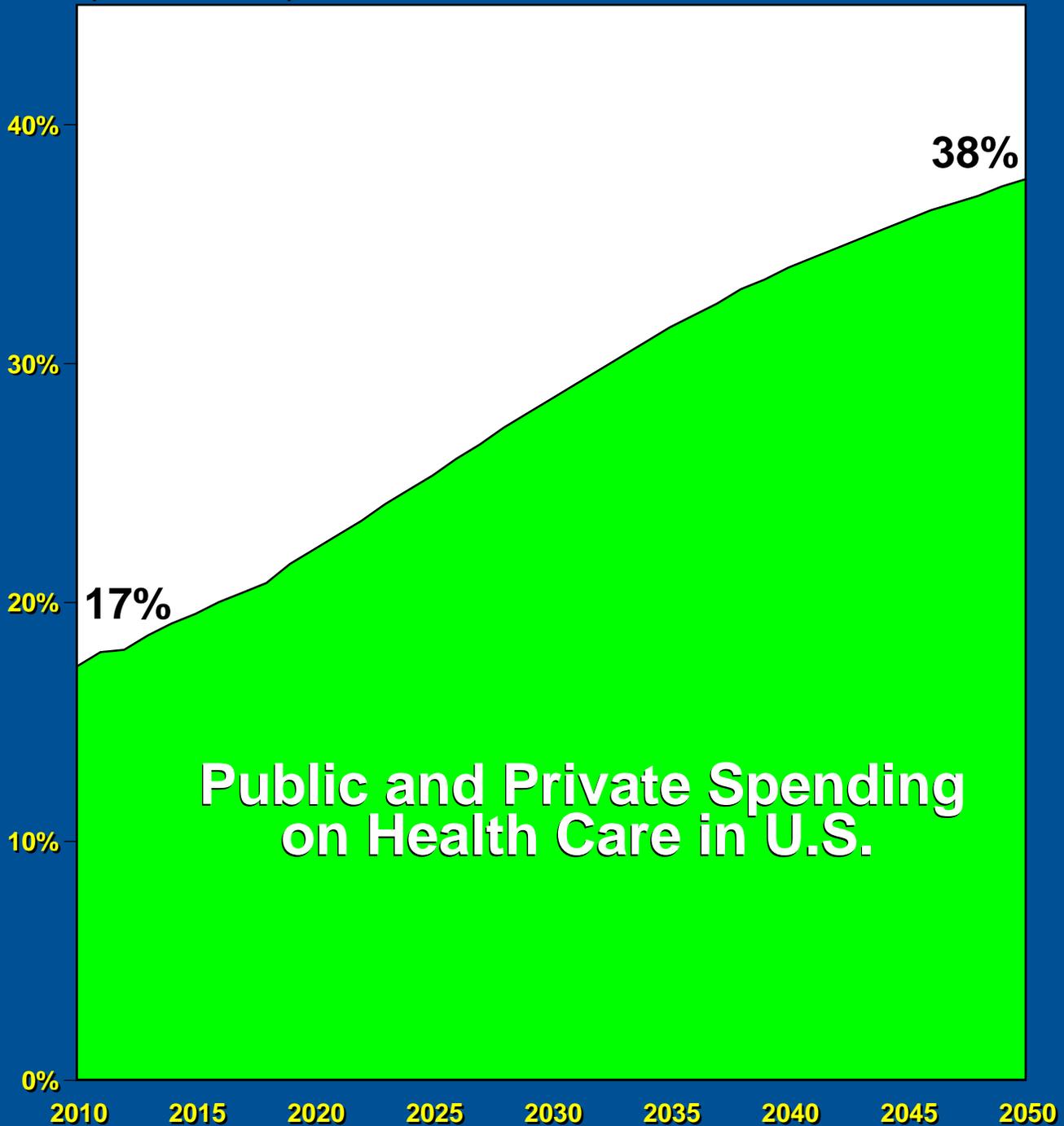
**Please sir, consider our story when thinking about health care reform. Any changes will happen too slowly to help us, but others will benefit. Don't give up, we are counting on you to make a difference.**

**Sincerely,**

**[Constituent]  
Fargo, ND**

# Total Health Expenditures as Percent of GDP

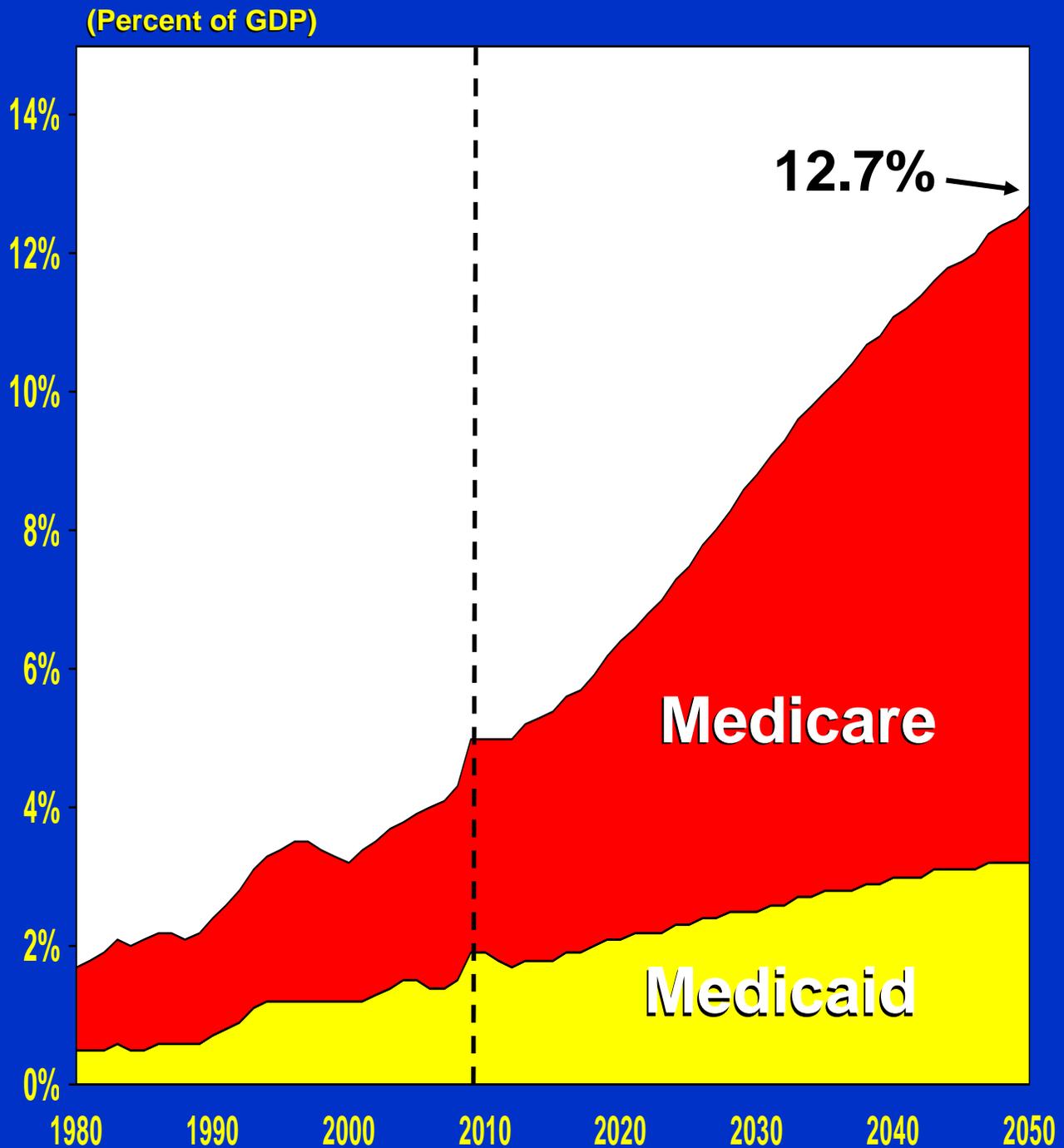
(Percent of GDP)



Source: CBO Long-Term Budget Outlook, June 2009

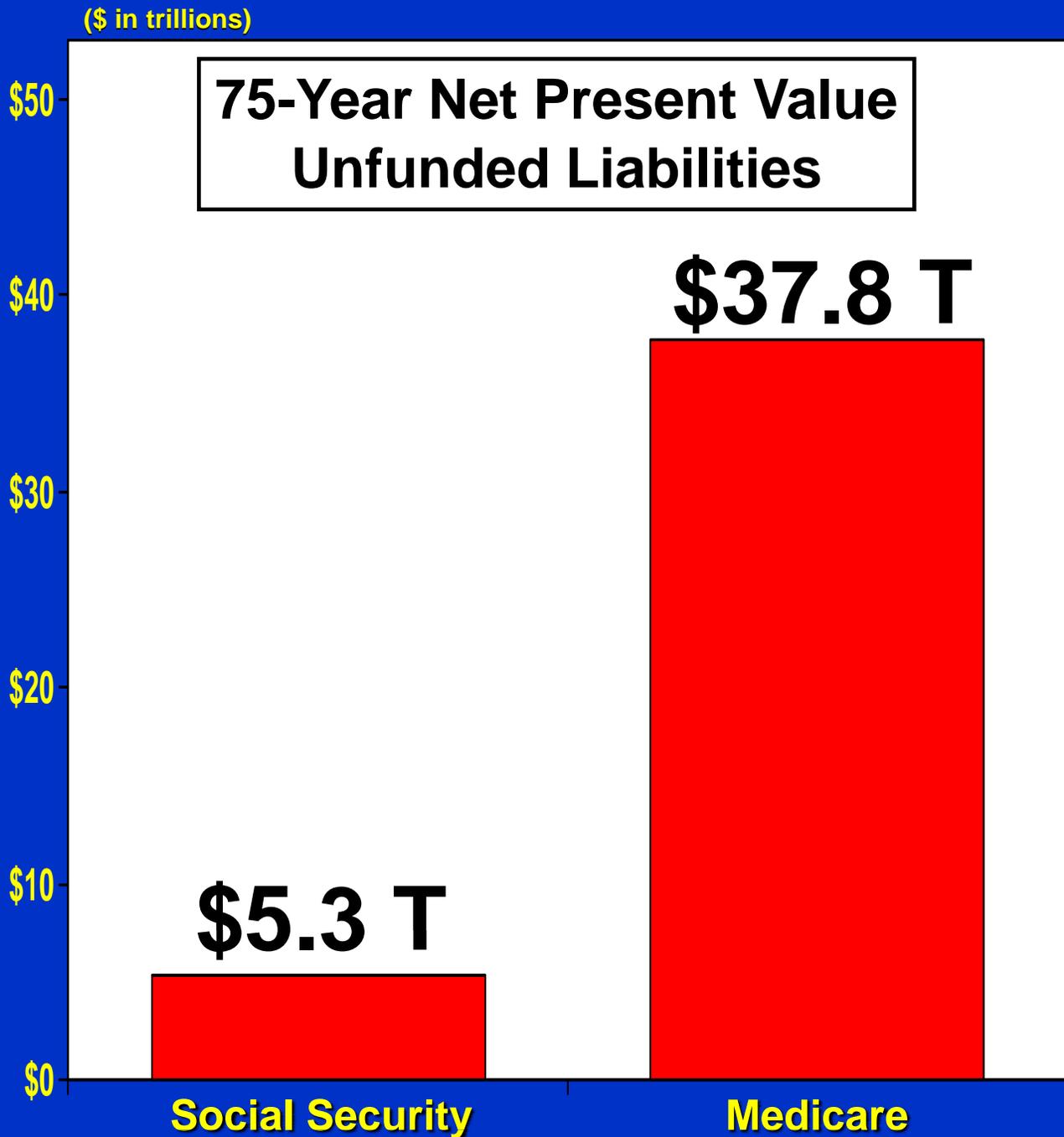
Note: Health spending under CBO's alternative fiscal scenario.

# Medicare and Medicaid Spending as a Percent of GDP 1980-2050



Source: CBO Long-Term Budget Outlook, June 2009.  
Note: CBO alternative fiscal scenario.

# Health Care Costs Are Largest Unfunded Liability by Far



Source: Social Security and Medicare Trustees 2009 Annual Report

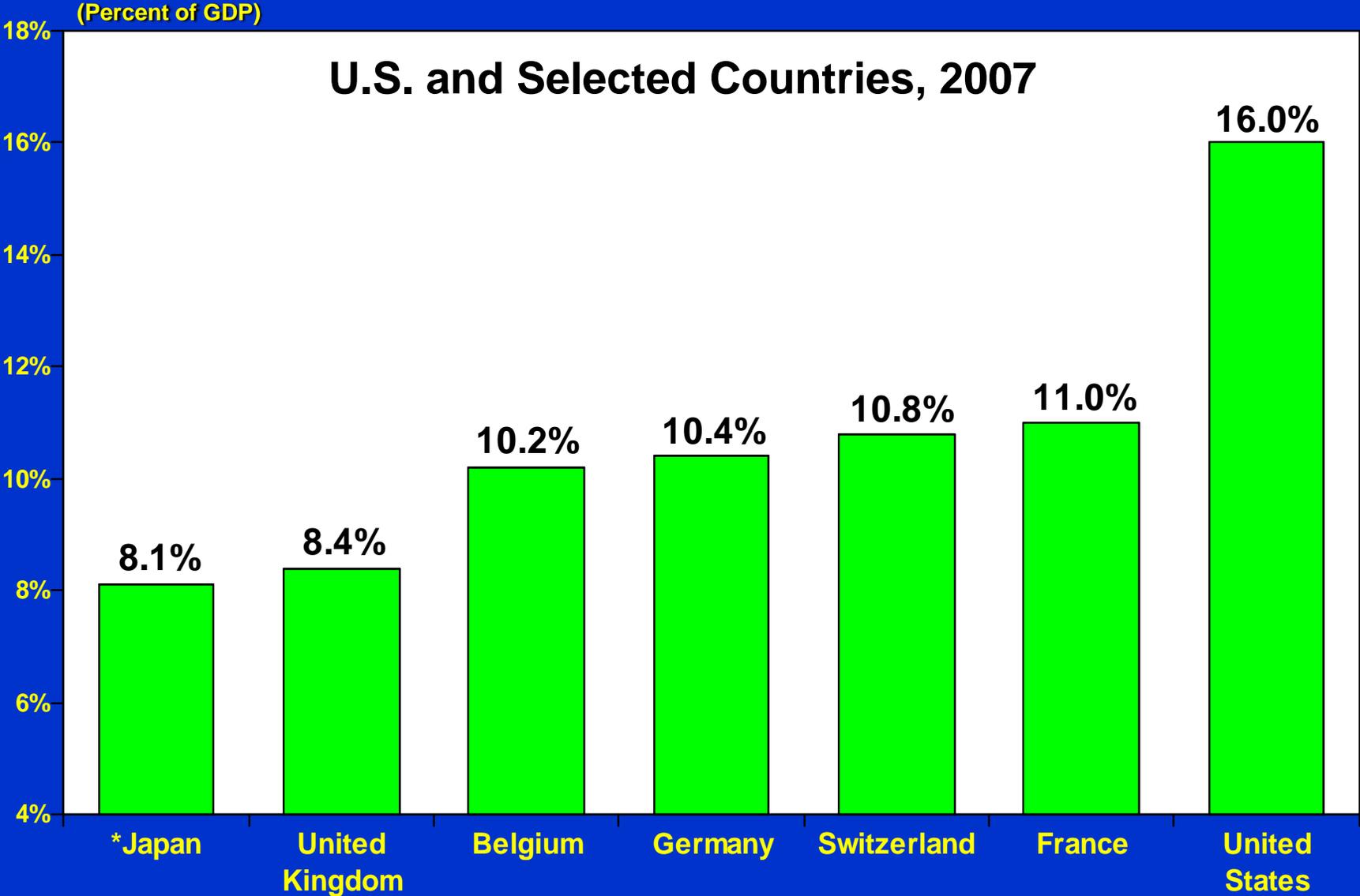
# **30 Percent of Health Spending May Not Contribute to Better Health Outcomes**

**“Although many Americans believe more medical care is better care, evidence indicates otherwise. Evidence suggests that states with higher Medicare spending levels actually provide lower quality care....**

**“We may be wasting perhaps 30% of U.S. health care spending on medical care that does not appear to improve our health.”**

**– Dr. Elliott Fisher, Dartmouth Medical School  
“More Care is Not Better Care,”  
NIHCM Foundation’s *Expert Voices*  
January 2005**

# Health Expenditures as Share of GDP



\*Japan data for 2006, latest year available.  
Source: Organization for Economic Co-operation and Development

# Comparing Health Systems – Coverage

## U.S. Model

**46 million  
uninsured**

## British Model

**Universal  
coverage**

## Germany, France, Japan, Switzerland, Belgium

**Universal  
coverage**

# U.S. Ranked 19<sup>th</sup> in Preventable Deaths

1. France
2. Japan
3. Australia
4. Spain
5. Italy
6. Canada
7. Norway
8. Netherlands
9. Sweden
10. Greece
- ...
19. United States

# U.S. Ranked 22<sup>nd</sup> in Infant Mortality

|                   |            |
|-------------------|------------|
| <b>1. Japan</b>   | <b>3.0</b> |
| 2. Finland        | 3.0        |
| 3. Sweden         | 3.3        |
| 4. Norway         | 3.5        |
| <b>5. France</b>  | <b>4.1</b> |
| 6. Spain          | 4.1        |
| 7. Austria        | 4.1        |
| 8. Czech Republic | 4.2        |
| <b>9. Germany</b> | <b>4.2</b> |
| ...               |            |
| 20. Canada        | 5.4        |
| 21. New Zealand   | 5.6        |
| <b>22. USA</b>    | <b>7.0</b> |

Source: Commonwealth Fund  
Note: Deaths per 1,000 births.

# U.S. Ranked 24<sup>th</sup> in Life Expectancy

|                          |             |
|--------------------------|-------------|
| <b>1. Japan</b>          | <b>82.6</b> |
| <b>2. Switzerland</b>    | <b>81.9</b> |
| <b>3. Australia</b>      | <b>81.4</b> |
| <b>4. Italy</b>          | <b>81.4</b> |
| <b>5. Spain</b>          | <b>81.0</b> |
| <b>6. France</b>         | <b>81.0</b> |
| <b>7. Sweden</b>         | <b>81.0</b> |
| <b>8. Canada</b>         | <b>80.7</b> |
| <b>9. Norway</b>         | <b>80.6</b> |
| <b>10. New Zealand</b>   | <b>80.2</b> |
| <b>...</b>               |             |
| <b>24. United States</b> | <b>78.1</b> |

Source: OECD

Note: 2007 or latest year available; life expectancy at birth.

# **Key Elements of Senate Health Care Reform Plan**

- **Reduces short- and long-term deficits**
- **Expands coverage**
- **Promotes choice and competition**
- **Reforms insurance market**
- **Improves quality of care**

# **Senate Health Plan – Reduces Short- and Long-Term Deficits**

- **Reduces short- and long-term deficits**
- **Extends Medicare solvency**
- **Includes reforms to improve delivery of care and reduce costs**
- **Curbs overpayments to Medicare Advantage plans**
- **Creates the Independent Medicare Advisory Board (IMAB)**
- **Includes excise tax on insurers offering “Cadillac” plans**

# CBO Estimate of Senate Health Plan

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By Fiscal Year, in Billions of Dollars

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| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2010-2014 | 2010-2019 |
|------|------|------|------|------|------|------|------|------|------|-----------|-----------|
|------|------|------|------|------|------|------|------|------|------|-----------|-----------|

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## NET CHANGES IN THE DEFICIT<sup>1</sup>

|   |   |     |     |     |     |     |    |    |   |    |      |      |
|---|---|-----|-----|-----|-----|-----|----|----|---|----|------|------|
| Net Increase or Decrease (-)<br>in the Budget Deficit | 2 | -14 | -28 | -58 | -38 | -11 | 14 | 11 | 1 | -8 | -136 | -130 |
|---|---|-----|-----|-----|-----|-----|----|----|---|----|------|------|

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Sources: Congressional Budget Office and staff of the Joint Committee on Taxation (JCT).

# **CBO on Senate Health Plan Reducing Long-Term Deficits**

**“...CBO expects that the bill, if enacted, would reduce federal budget deficits over the ensuing decade [beyond 2019] relative to those projected under current law – with a total effect during that decade that is in a broad range around one-quarter percent of GDP.**

**“...CBO anticipates that the legislation would probably continue to reduce budget deficits relative to those under current law in subsequent decades...”**

**– CBO Analysis of Senate Health Reform Plan  
November 18, 2009**

# Excise Tax Aimed at Insurers Offering “Cadillac” Plans, Not Typical Coverage



Source: David Cutler, Harvard University

# **Senate Health Plan – Expands Coverage**

- **Covers 94 percent of Americans by building off of existing employer-based system**
- **Creates state-based exchanges for individuals and small businesses**
- **Provides tax credits to help individuals and small businesses buy insurance**
- **Expands Medicaid eligibility, with assistance to states**

# Senate Health Plan – Promotes Choice and Competition

- **Creates public option to compete with private plans**
  - **not based on Medicare reimbursement rates**
  - **states can opt-out**
- **Provides seed money for non-profit cooperatives to compete with private plans**

# Medicare Reimbursement Per Enrollee, 2006

|                         |                |
|-------------------------|----------------|
| <b>1. New York</b>      | <b>\$9,564</b> |
| <b>2. New Jersey</b>    | <b>\$9,551</b> |
| <b>3. Louisiana</b>     | <b>\$9,401</b> |
| <b>4. Florida</b>       | <b>\$9,379</b> |
| <b>5. Massachusetts</b> | <b>\$9,379</b> |
| <b>...</b>              |                |
| <b>46. Montana</b>      | <b>\$6,340</b> |
| <b>47. South Dakota</b> | <b>\$6,253</b> |
| <b>48. Oregon</b>       | <b>\$6,122</b> |
| <b>49. North Dakota</b> | <b>\$6,108</b> |
| <b>50. Hawaii</b>       | <b>\$5,311</b> |

Source: Dartmouth Atlas Project

# **Consumer Operated and Oriented Plan (CO-OP) Health Insurance Option**

- **Non-profit co-ops would provide affordable, accountable, transparent alternative to private insurance**
- **Mission to provide best value for consumer members**
- **Could operate at state, regional, or national level**
- **Self-governed by members with an elected board – no federal role**
- **Subject to same state and federal rules and regulations as private plans in exchanges**
- **\$6 B in start-up funding for capitalization provided by federal government**

# **Senate Health Plan – Reforms Insurance Market**

- **Prohibits insurers from denying coverage for pre-existing conditions**
- **Prohibits insurers from rescinding coverage**
- **Bans insurers from lifetime caps and unreasonable annual limits on health benefits**
- **Prevents insurers from charging more based on health status**

# **Senate Health Plan – Improves Quality of Care**

- **Covers preventive services**
- **Provides incentives for healthy lifestyles**
- **Promotes adoption of best practices, comparative effectiveness research**
- **Includes delivery system reforms – encouraging quality over quantity of care**

# Delivery System Reform Comparison

| <u>Reform</u>                              | <u>Senate</u> | <u>House</u> |
|--|---------------|--------------|
| Accountable Care Organizations             | ✓             | Pilot        |
| Primary Care Payment Bonus                 | ✓             | ✓            |
| Readmissions                               | ✓             | ✓            |
| Hospital Value-Based Purchasing            | ✓             |              |
| Comparative Effectiveness Research         | ✓             | ✓            |
| CMS Innovation Center                      | ✓             | ✓            |
| Independent Medicare Advisory Board (IMAB) | ✓             |              |
| Bundling                                   | ✓             | Pilot        |

# Debunking the Myths

- **No government-run health care**
  - **opt-out public option with negotiated rates**
  - **co-ops member operated and oriented**
- **No cut in guaranteed benefits for Seniors**
- **No coverage for illegal immigrants**
- **No “death panels”**
- **No expansion of federal funding for abortion services**

# Comparing Senate Democratic and House Republican Health Plans

|   | <u>Senate Democratic</u>            | <u>House Republican</u>                       |
|---|-------------------------------------|---|
| Contains delivery system reforms  | Yes                                 | No  |
| Reduces number of uninsured   | Yes – 31 M Americans gain insurance | No – more people uninsured in 2019 than today |
| Reforms insurance industry – bans pre-existing condition exclusions, rescissions of coverage, health status rating, and lifetime benefit limits | Yes                                 | No  |
| Improves rural Medicare reimbursement   | Yes                                 | No  |
| Extends Medicare solvency   | Yes                                 | No  |
| Net 10-year deficit reduction   | -\$130 B                            | -\$68 B                                       |