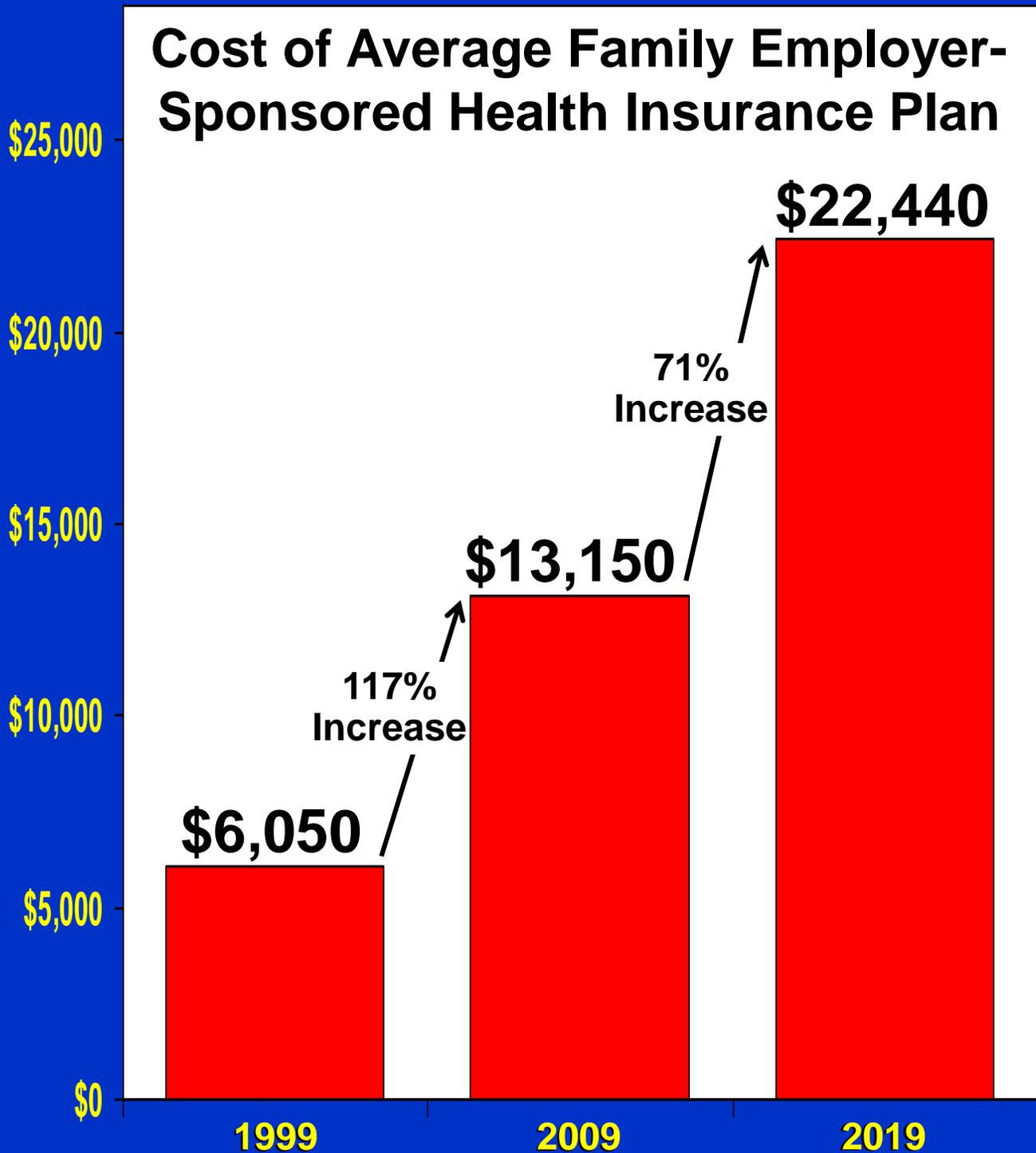


Senate Plan Meets Key Health Reform Benchmarks

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

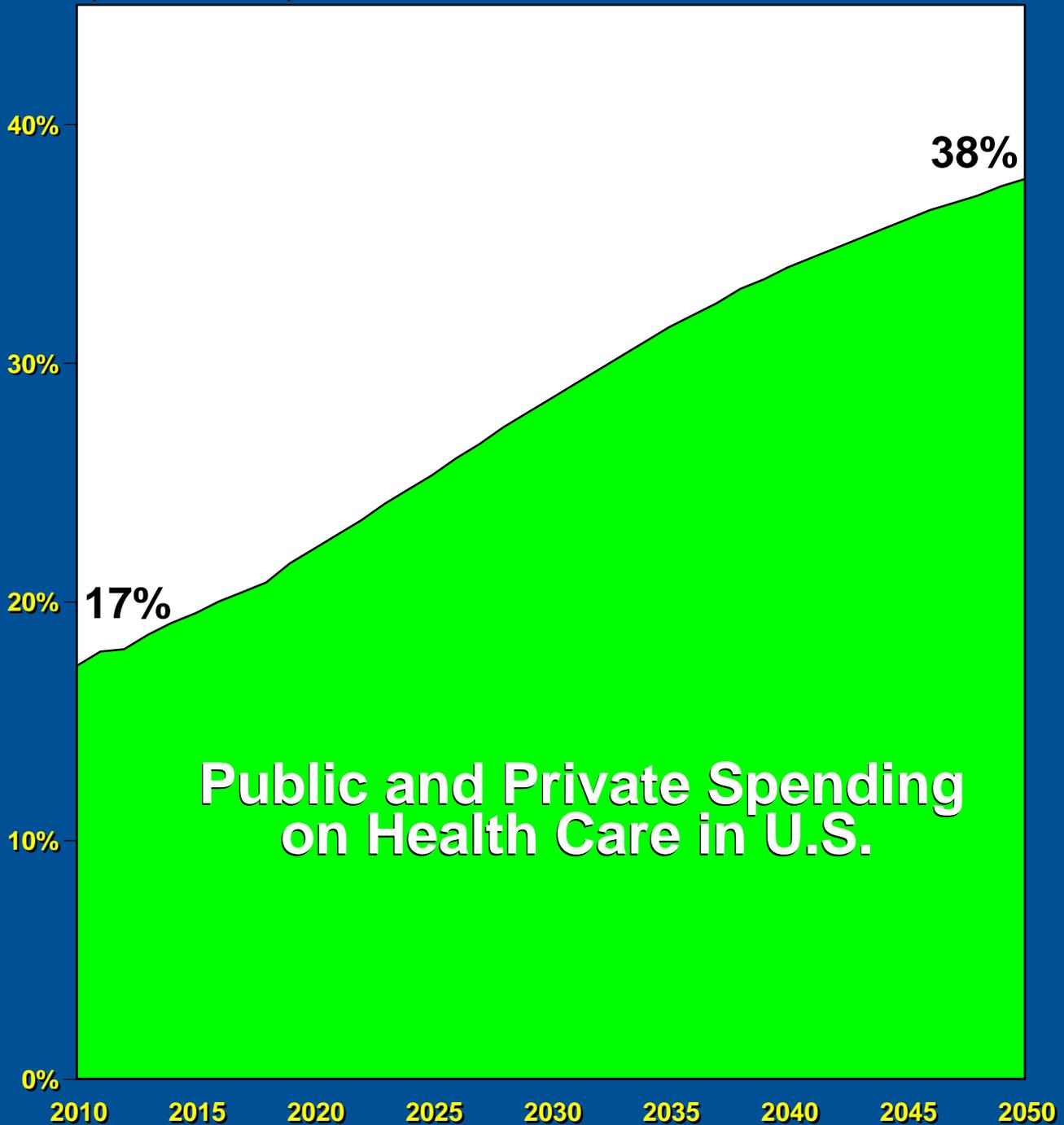
Premiums Projected to Continue Rising on American Families



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

Total Health Expenditures as Percent of GDP

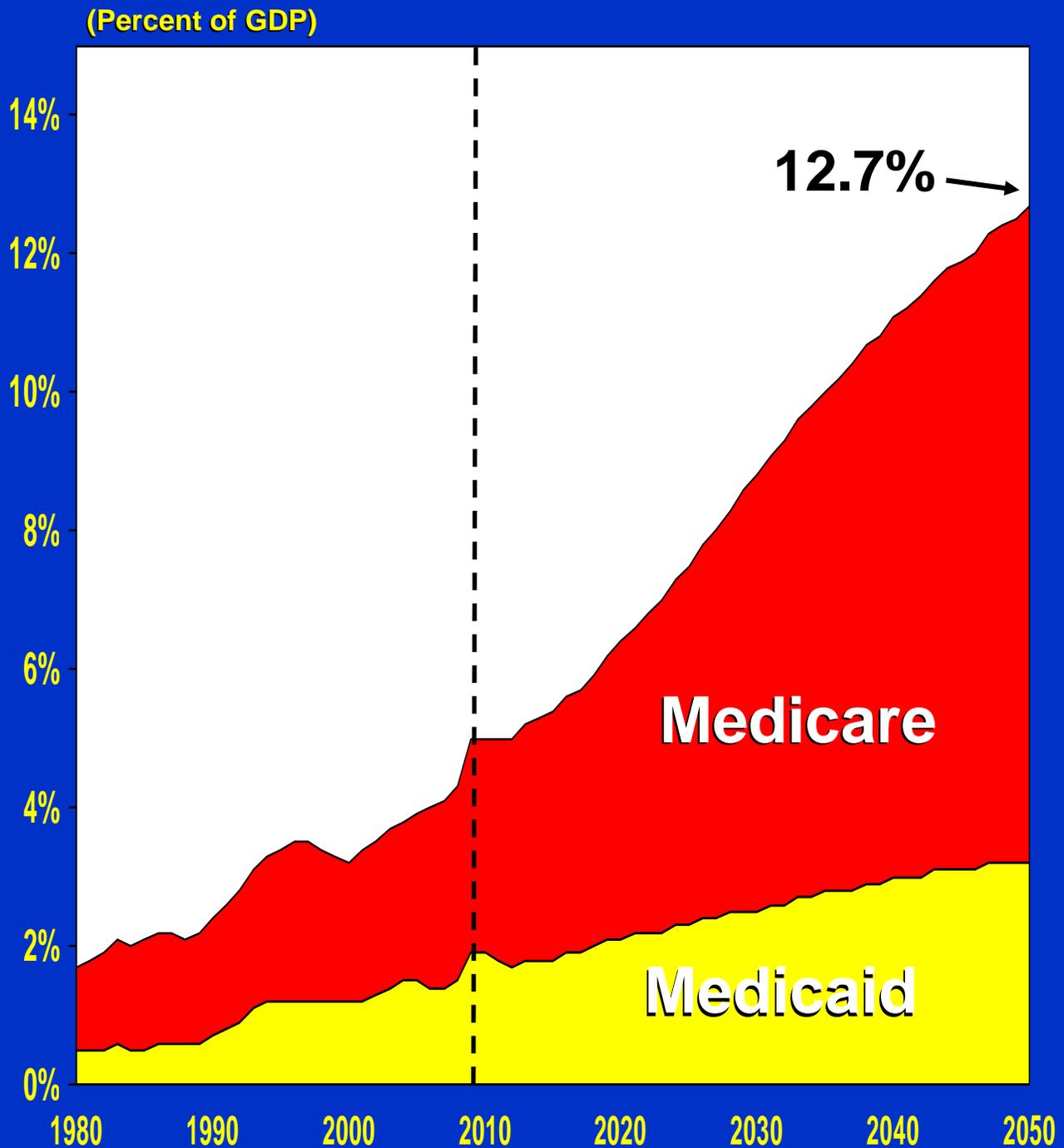
(Percent of GDP)



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

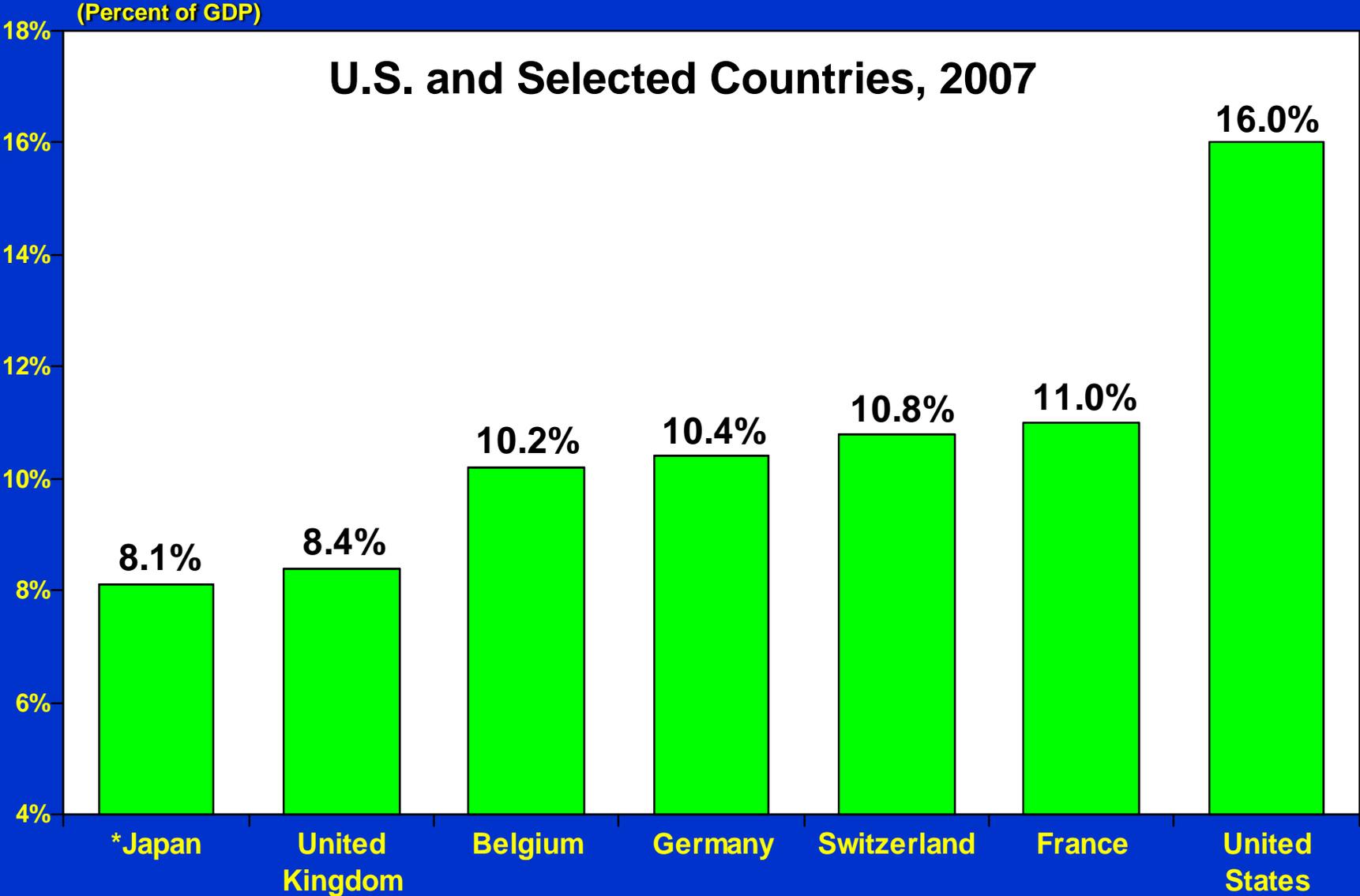


Source: CBO Long-Term Budget Outlook, June 2009.
Note: CBO alternative fiscal scenario.

Medicare is Going Bankrupt

- **Went cash negative in 2008**
- **Insolvent in 2017 – 2 years earlier than forecast last year**

Health Expenditures as Share of GDP



*Japan data for 2006, latest year available.

Source: Organization for Economic Co-operation and Development

CBO Estimate of Senate Health Plan

By Fiscal Year, in Billions of Dollars

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
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NET CHANGES IN THE DEFICIT¹

Net Increase or Decrease (-) in the Budget Deficit	5	-8	-20	-54	-35	-12	10	3	-7	-16	-111	-132
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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 legislation, if enacted, would reduce federal budget deficits over the decade after 2019 relative to those projected under current law – with a total effect during that decade that is in a broad range between one-quarter percent and one-half percent of GDP.”

**– CBO Analysis of Senate Health Reform Plan
December 20, 2009**

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 annual limits on health benefits**
- **Prevents insurers from charging more based on health status**

Senate Health Bill Embraces Choice and Competition

- **Sets up new health exchanges where consumers can shop for the best value**
- **Creates consumer run co-op health plans**
- **Creates new national plans with not-for-profit competitors**
- **Allows for insurance sales across state lines to further increase competition**

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**

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**

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 Payment Advisory Board (IPAB)	✓	
Bundling	✓	Pilot

Medicare Savings Provisions Lower Cost Growth Without Harming Beneficiaries

- **reduces overpayments to private MA plans**
- **reforms health delivery system**
- **pays for quality rather than quantity**
- **improves payment accuracy**
- **cracks down on fraud and waste**
- **slows growth in reimbursements to providers (many of whom will benefit from 31 million newly-insured Americans)**