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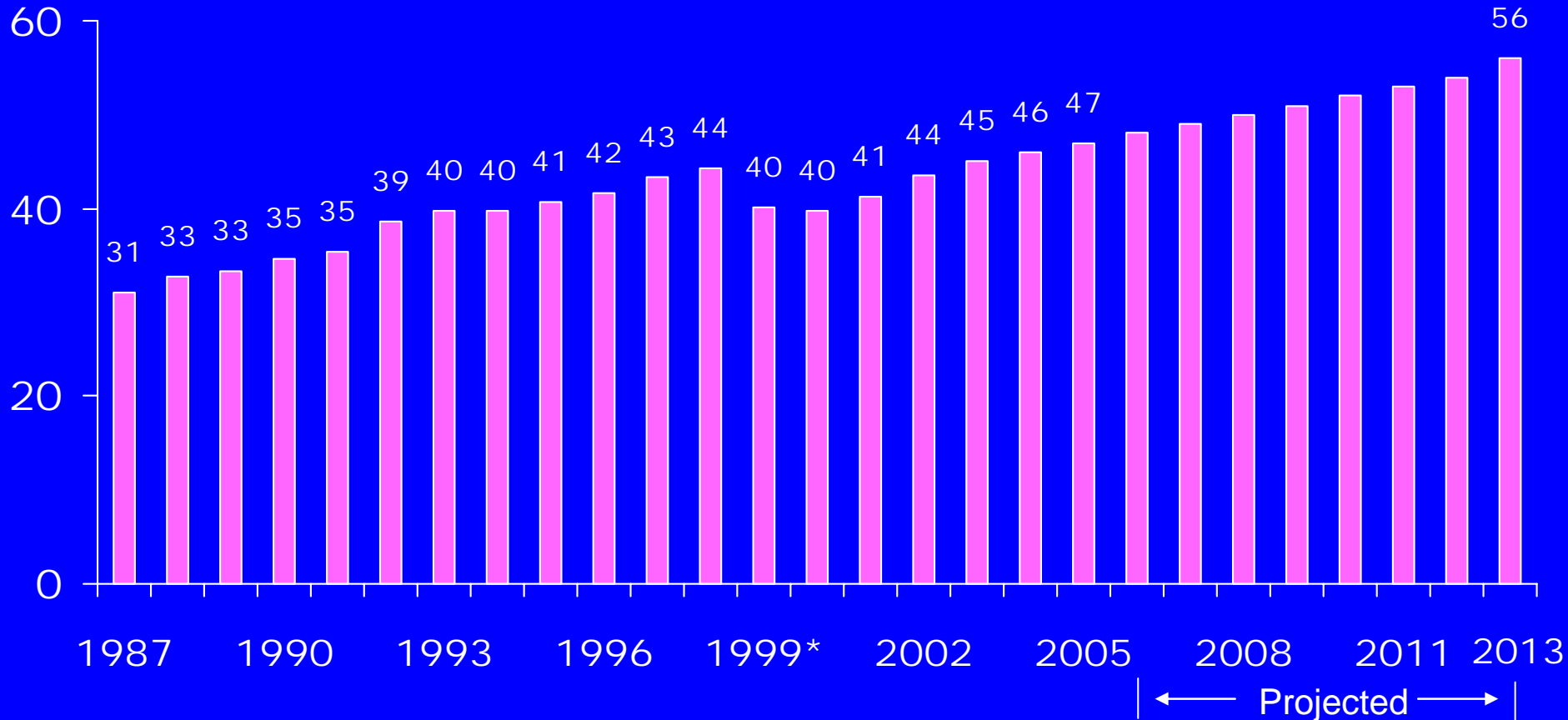
Looking Back, Moving Forward: Access to Health Care

Karen Davis

President, The Commonwealth Fund
Grantmakers in Health 25th Anniversary
February 14, 2007

47 Million Uninsured in 2005; Increase of 7 Million Since 2000

Number of uninsured, in millions

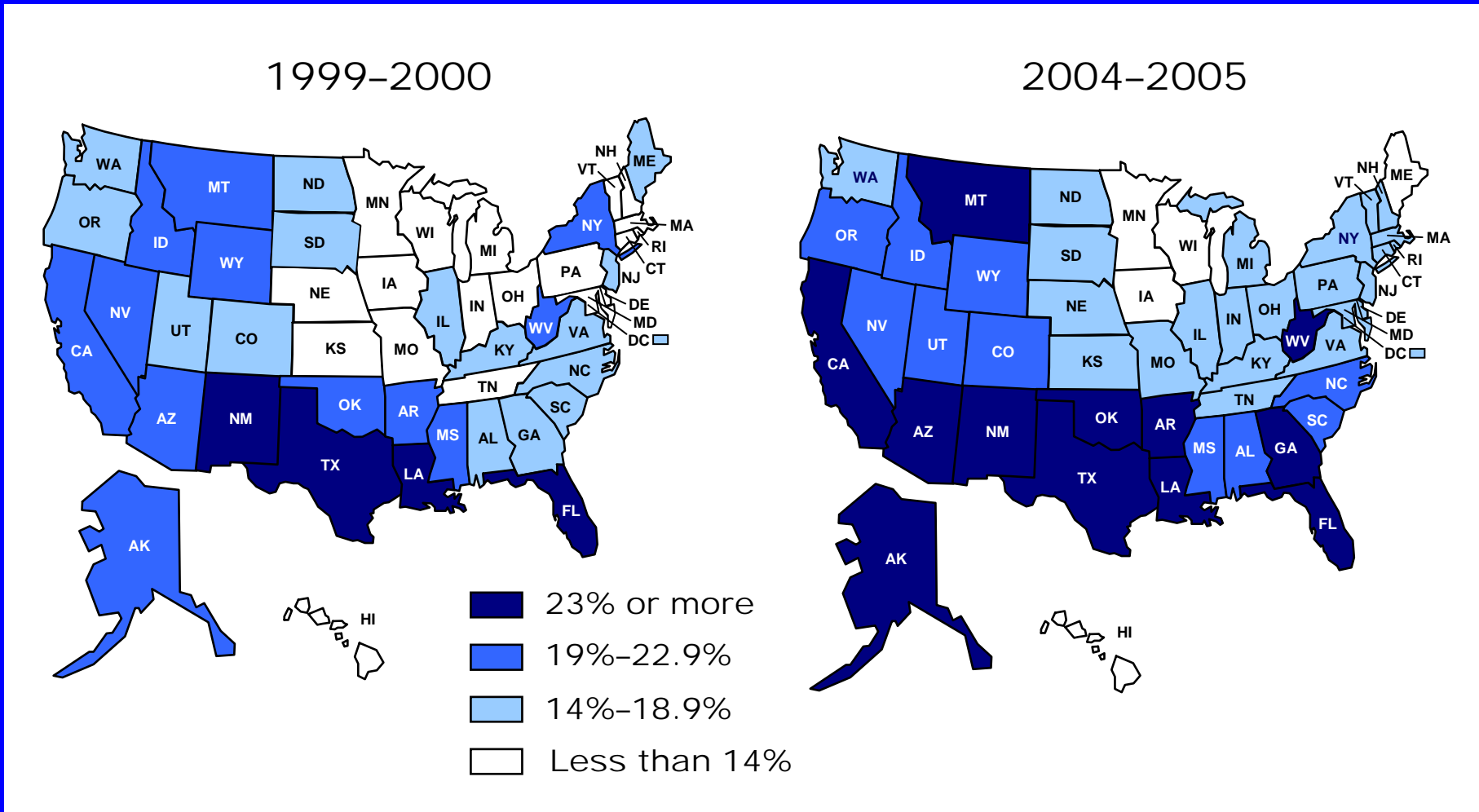


*1999–2005 estimates reflect the results of follow-up verification questions and implementation of Census 2000-based population controls.

Note: Projected estimates for 2004–2013 are for nonelderly uninsured based on T. Gilmer and R. Kronick, "It's the Premiums, Stupid: Projections of the Uninsured Through 2013," *Health Affairs* Web Exclusive, April 5, 2005.

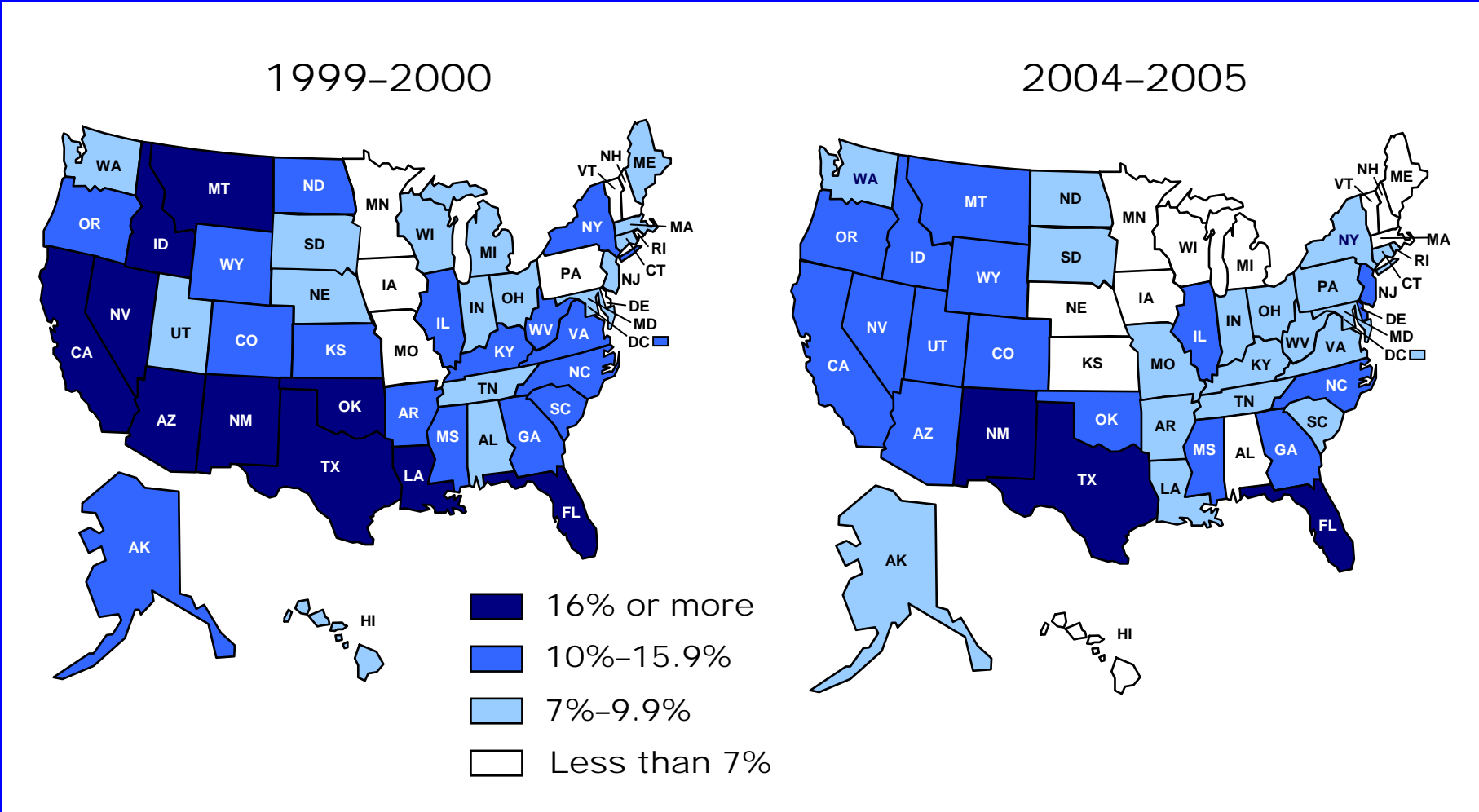
Source: U.S. Census Bureau, March CPS Surveys 1988 to 2006.

Uninsured Non-Elderly Adult Rate Rapidly Deteriorating



Data: Two-year averages 1999–2000 and 2004–2005 from the Census Bureau’s March 2000, 2001 and 2005, 2006 Current Population Surveys. Estimates by the Employee Benefit Research Institute.

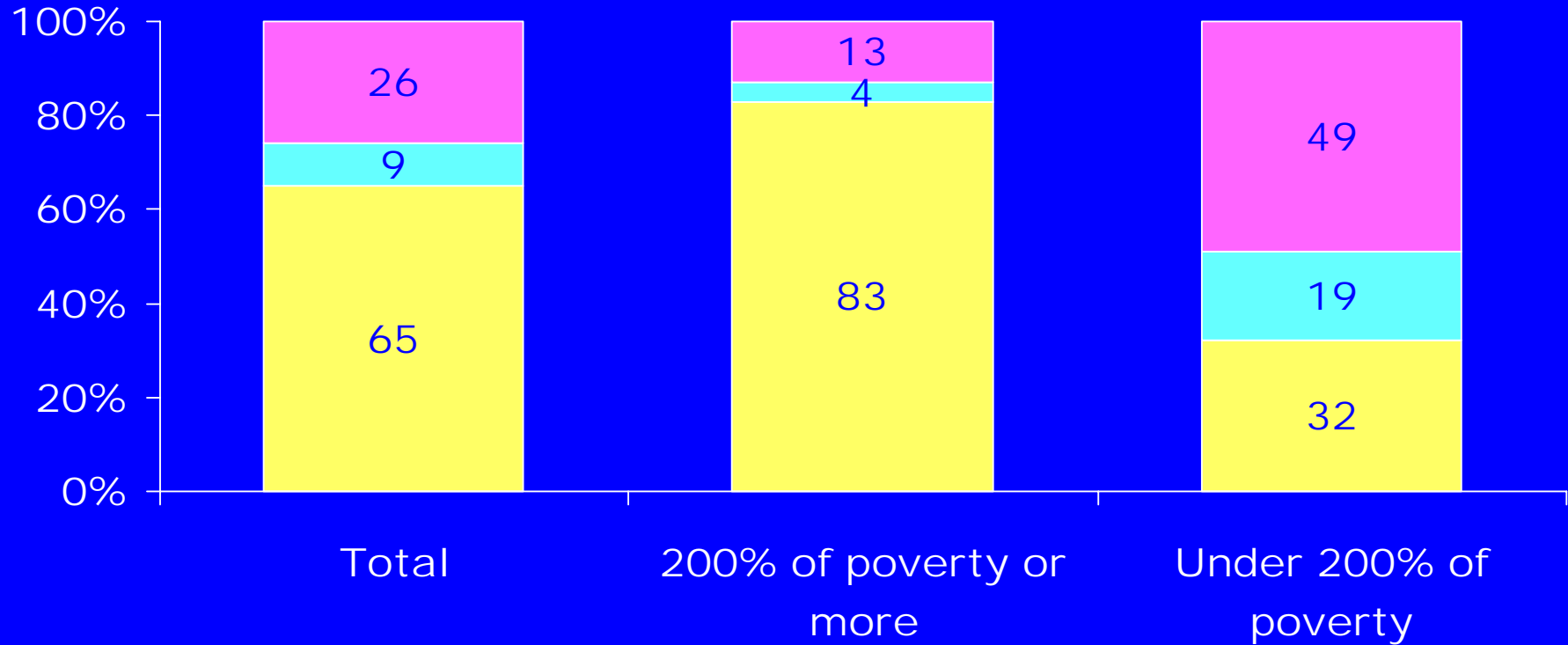
Percent of Uninsured Children Declined Since Implementation of SCHIP



Data: Two-year averages 1999–2000 and 2004–2005 from the Census Bureau’s March 2000, 2001 and 2005, 2006 Current Population Surveys. Estimates by the Employee Benefit Research Institute.

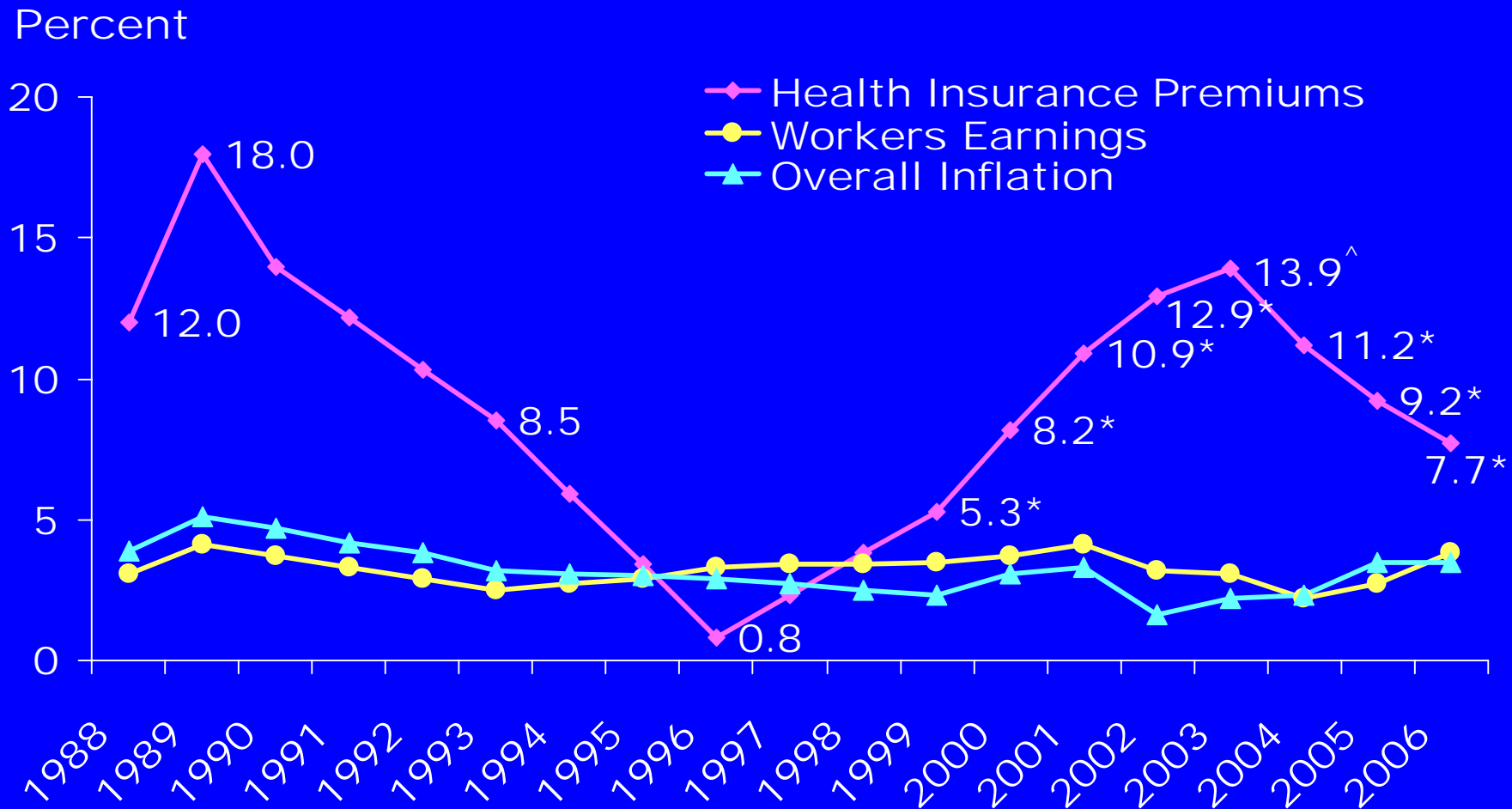
One-Third of Adults Ages 19–64 Uninsured or Underinsured, Half of Low-Income Adults

■ Insured, not underinsured ■ Underinsured* ■ Uninsured during year



* Underinsured defined as insured all year but experienced one of the following: medical expenses equaled 10% or more of income; medical expenses equaled 5% or more of incomes if low-income (<200% of poverty); or deductibles equaled 5% or more of income. Data: 2003 Commonwealth Fund Biennial Health Insurance Survey (Schoen et al. 2005b).

Increases in Health Insurance Premiums Compared to Other Indicators, 1988–2006



Source: KFF/HRET Survey of Employer-Sponsored Health Benefits: 2006.

*Estimate is statistically different from the previous year shown at $p < 0.05$.

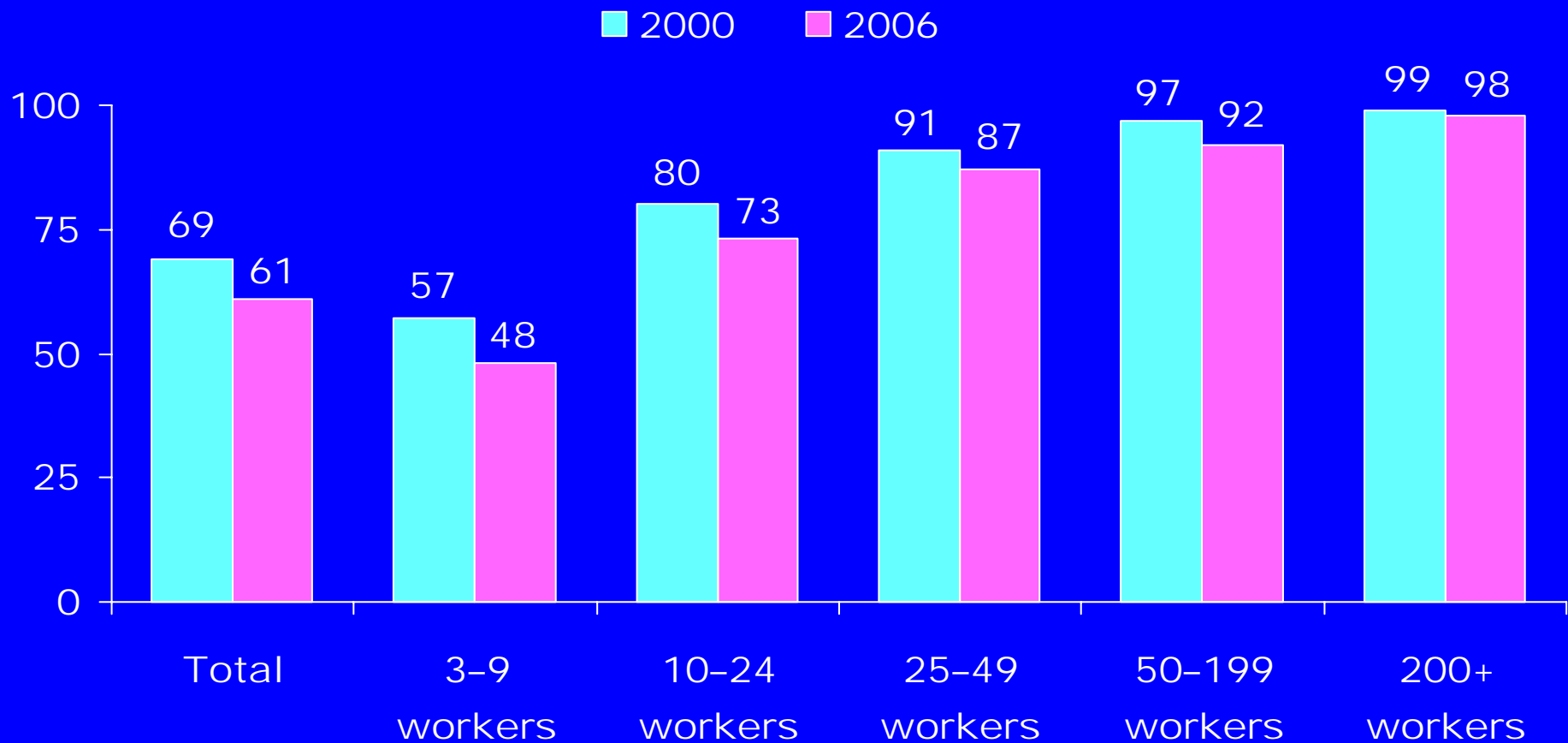
^ Estimate is statistically different from the previous year shown at $p < 0.1$.

Note: Data on premium increases reflect the cost of health insurance premiums for a family of four. Historical estimates of workers' earnings have been updated to reflect new industry classifications (NAICS).



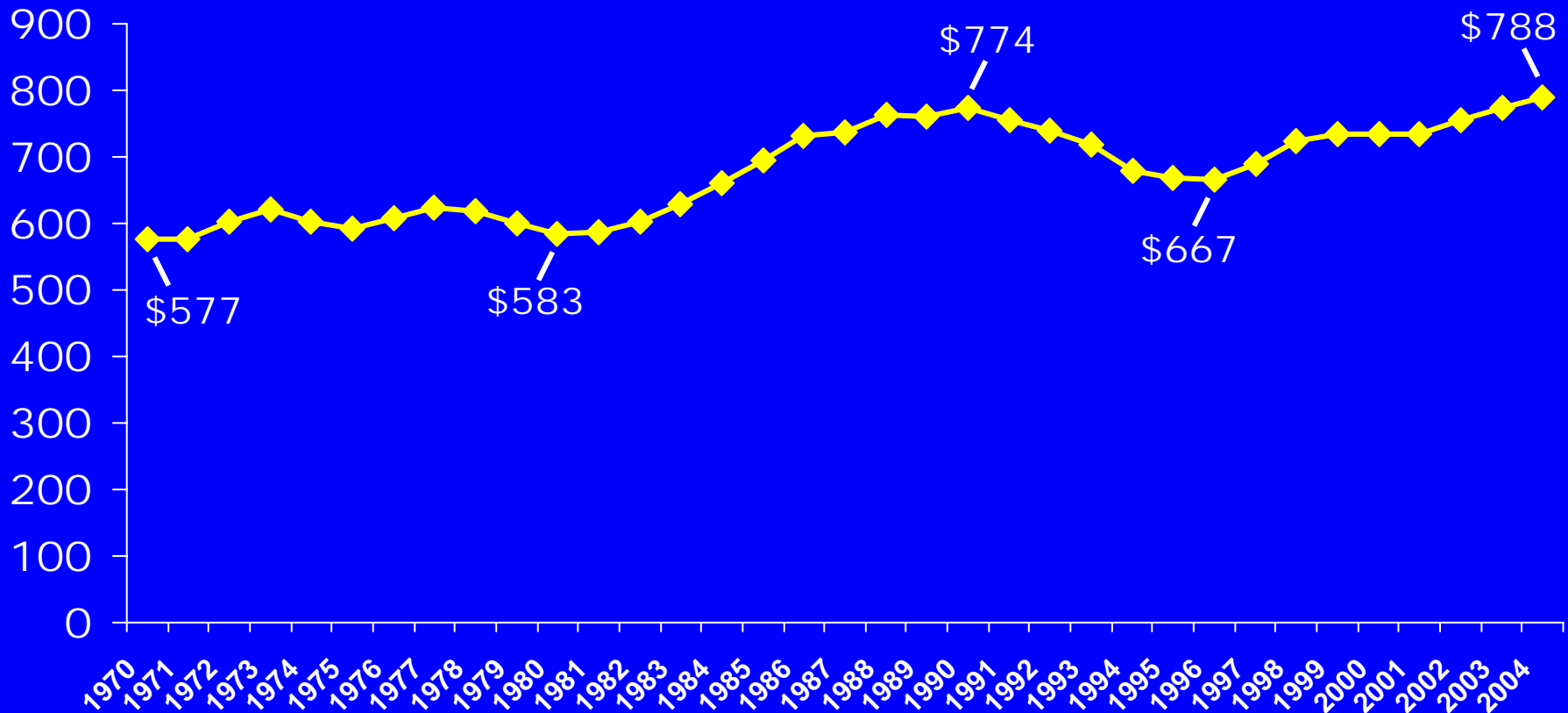
Percent of Firms Offering Health Benefits Declined Over 2000–2005

Percent of firms offering health benefits



Consumers Spending More Out-of-Pocket for Health Care

Dollars spent per capita (in 2004 dollars)

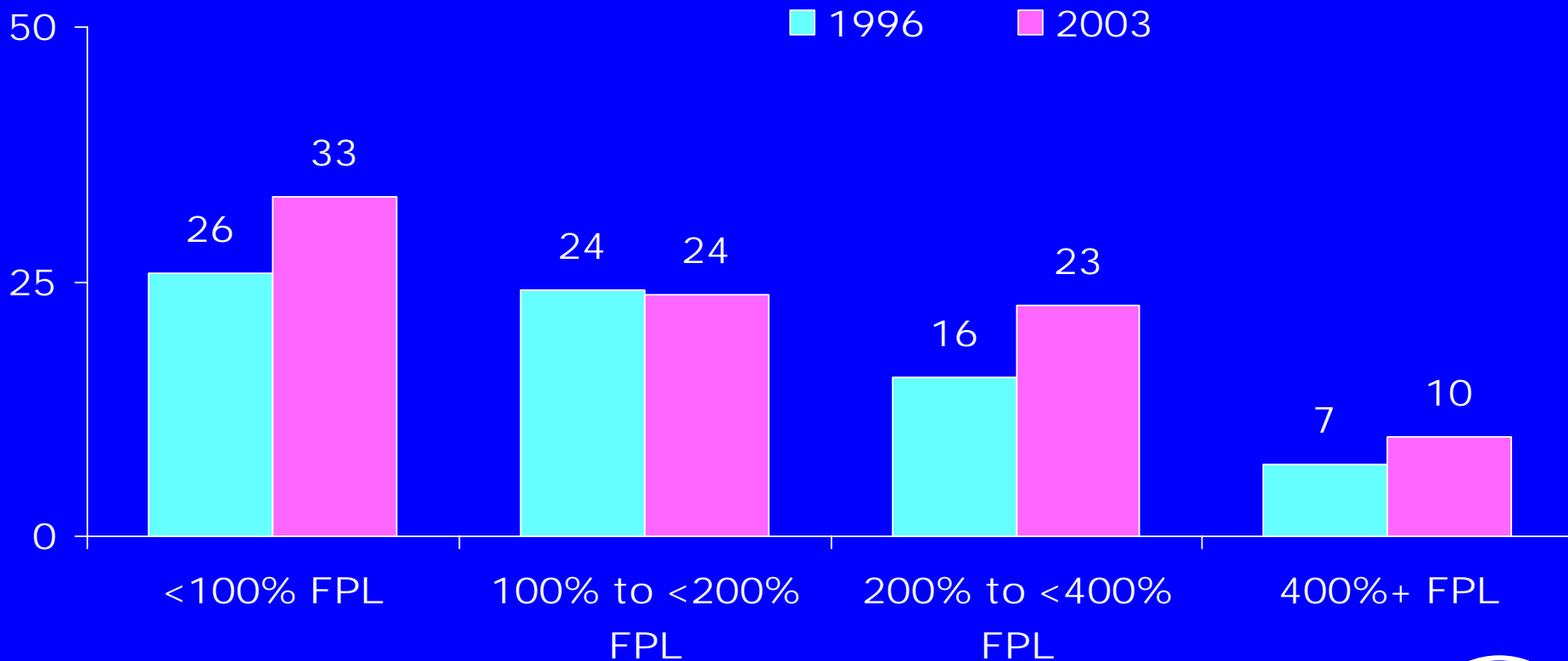


Source: C. Smith et al., "National Health Spending in 2004: Recent Slowdown Led by Prescription Drug Spending," *Health Affairs* 25, no. 1 (January/February 2006); Centers for Medicare and Medicaid Services, National Health Expenditures Data; <http://www.cms.hhs.gov/NationalHealthExpendData/downloads/tables.pdf>



Financial Burden for Low- and Middle-Income Families Is Increasing

Percent of non-elderly adults spending 10% or more of disposable income on family out-of-pocket medical costs and premiums



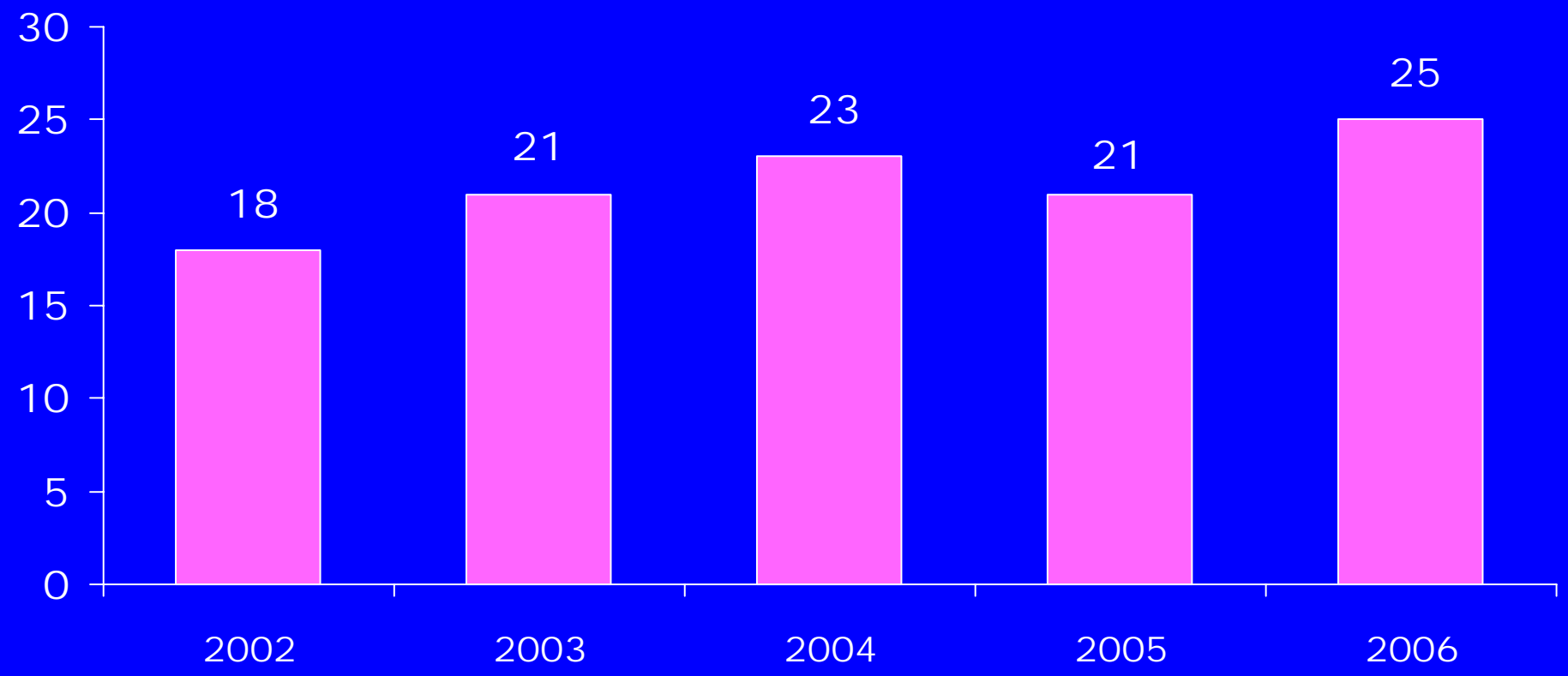
Note: Financial burden includes out-of-pocket expenditures on premiums for private insurance and other health care services.

Source: J.S. Banthin and D.M. Bernard, "Changes in Financial Burdens for Health Care: National Estimates for the Population Younger than 65 Years," *JAMA* 296, no. 22 (Dec. 13, 2006): 2712-19.



One in Four Americans Are Not at All Confident in Their Ability to Afford Health Care Without Financial Hardship

Percent of Americans who are not at all confident in their ability to afford health care without financial hardship

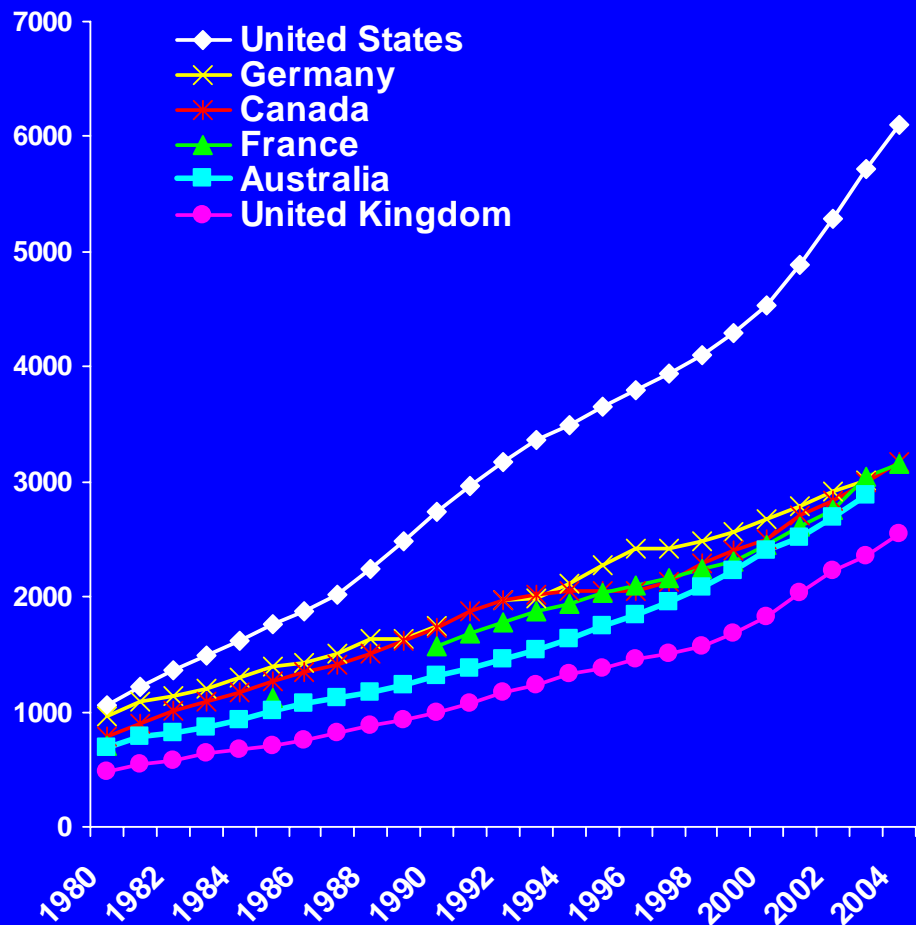


Source: R. Helman and P. Fronstin, *2006 Health Confidence Survey: Dissatisfaction with Health Care System Doubles Since 1998* (Washington, DC: EBRI, Nov. 2006).

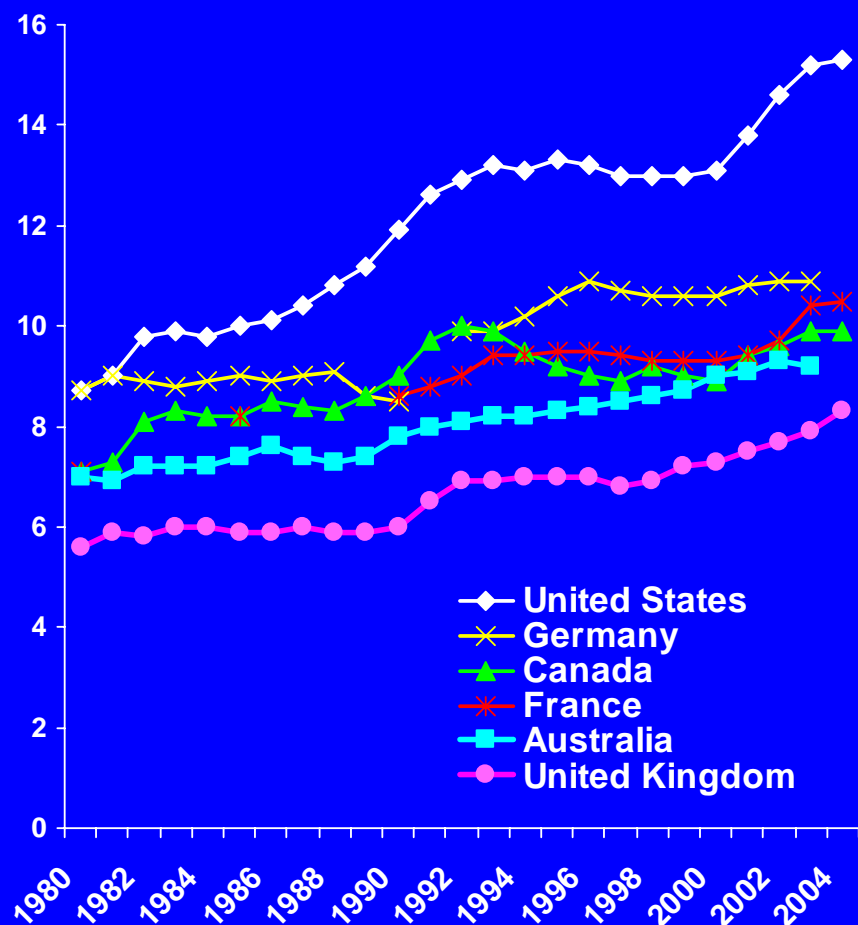


Health Care Costs in US Markedly Exceed that of Other Countries, and Increasing More Rapidly

Average spending on health per capita (\$US PPP)

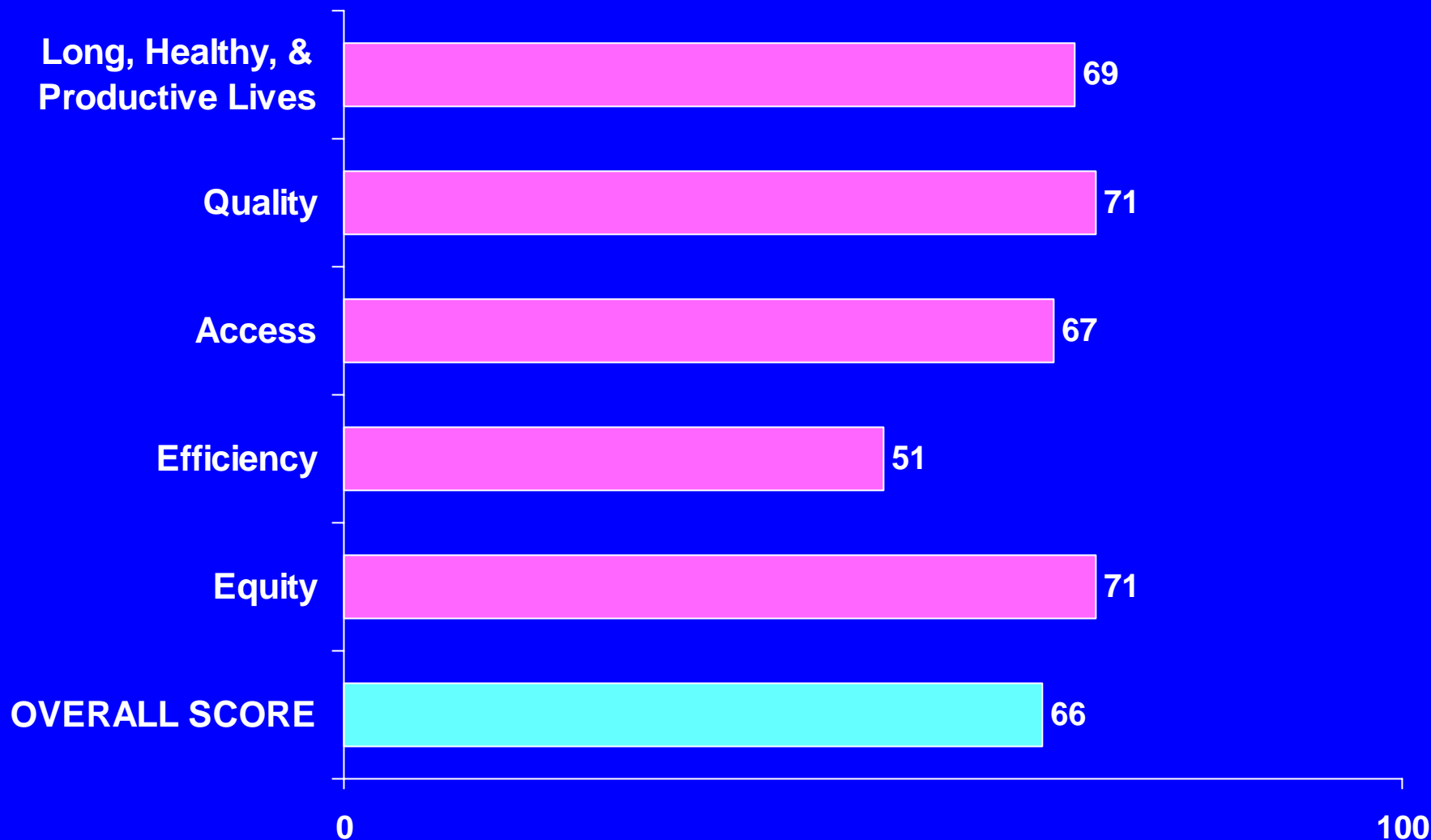


Total expenditures on health as percent of GDP



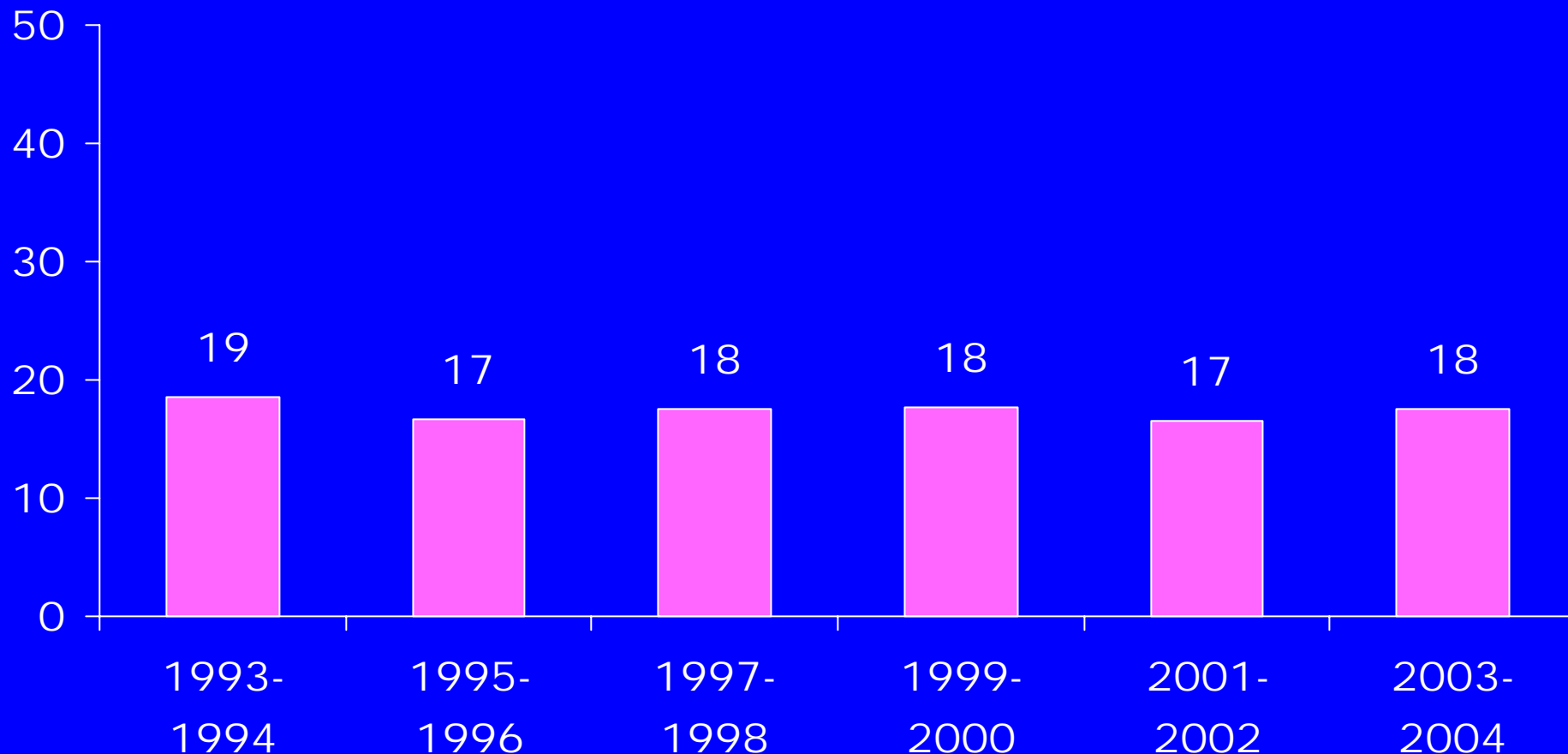
Data: OECD Health Data 2005 and 2006.

US Scorecard: Falls Short of Benchmarks on All Dimensions of a High Performance Health System



Percentage of Adults Ages 18–64 Without a Usual Source of Care Has Remained Constant Over Last Ten Years

Percent of adults ages 18–64 without a usual source of care

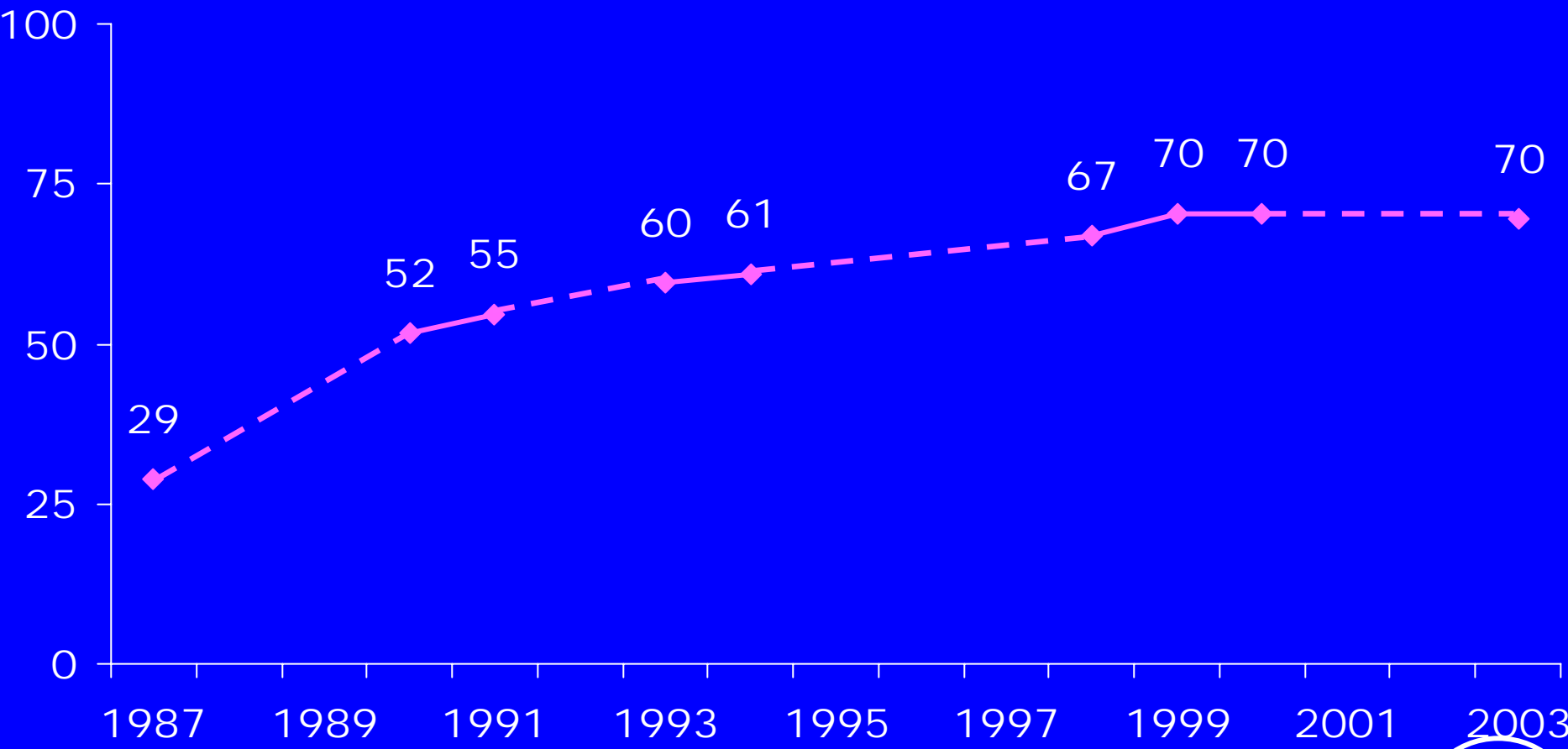


Source: National Center for Health Statistics, *Health, United States, 2006* (Hyattsville, MD: U.S. Government Printing Office, 2006).



Gains Have Been Made in Access to Mammograms, 1987-2003

Percent of women over age 40 with a mammogram in past two years (age-adjusted)



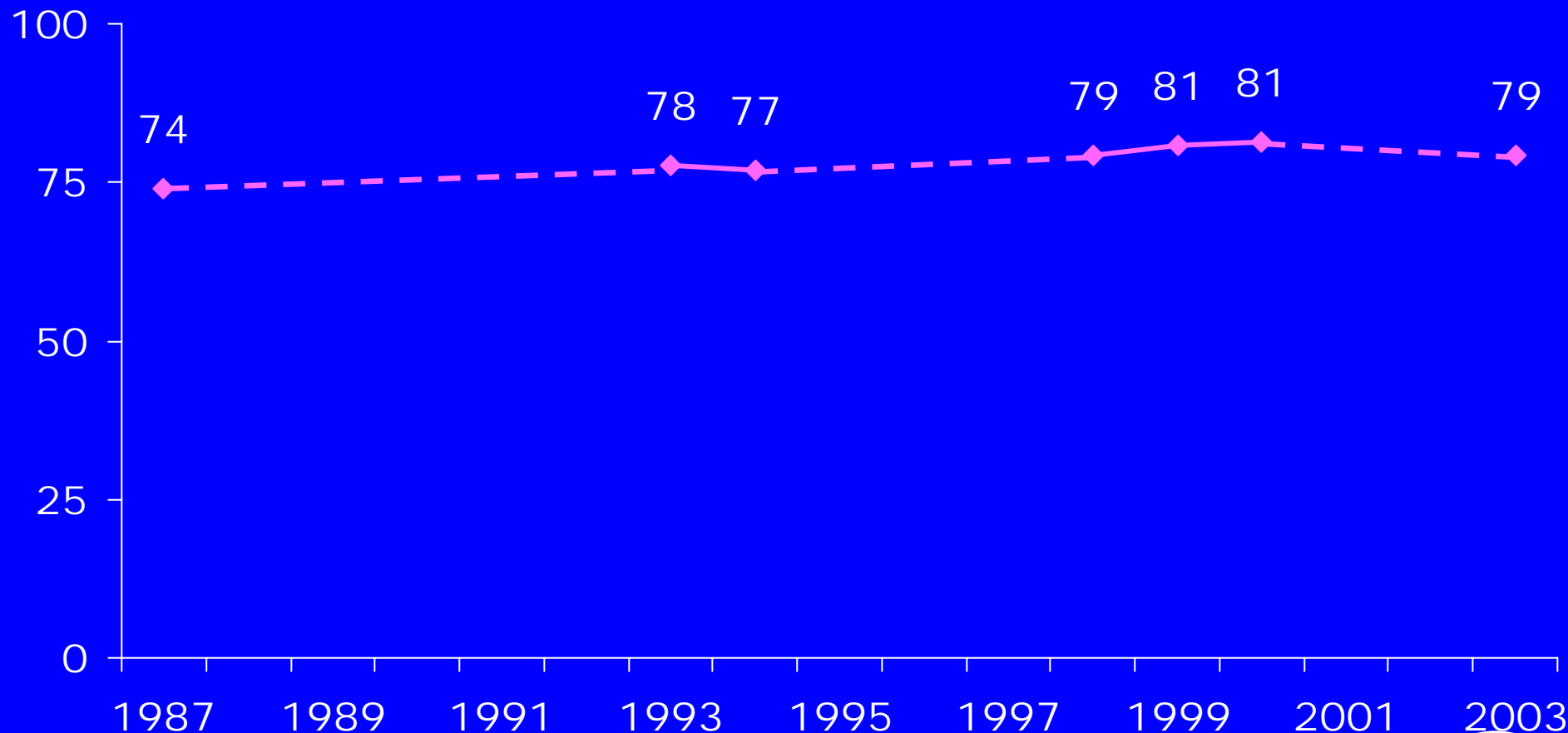
Note: Dashed lines indicate missing data points.

Source: National Center for Health Statistics, *Health, United States, 2006* (Hyattsville, MD: U.S. Government Printing Office, 2006).



Access to Pap Test Has Remained Relatively Constant, 1987-2003¹⁵

Percent of women over age 18 with a pap test in past two years (age-adjusted)

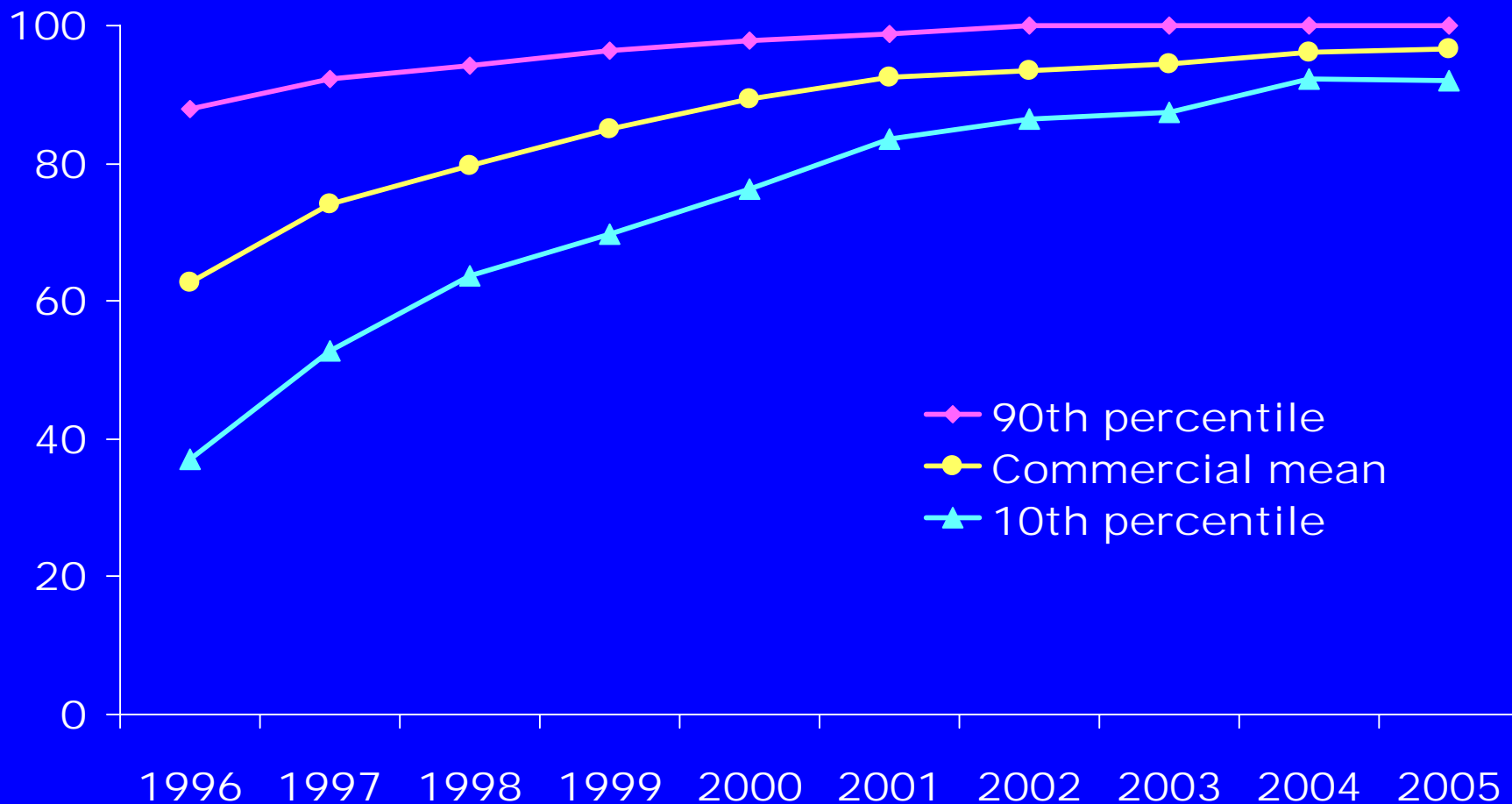


Note: Dashed lines indicate missing data points.

Source: National Center for Health Statistics, *Health, United States, 2006* (Hyattsville, MD: U.S. Government Printing Office, 2006).



Improvements in Use of Beta Blockers After a Heart Attack

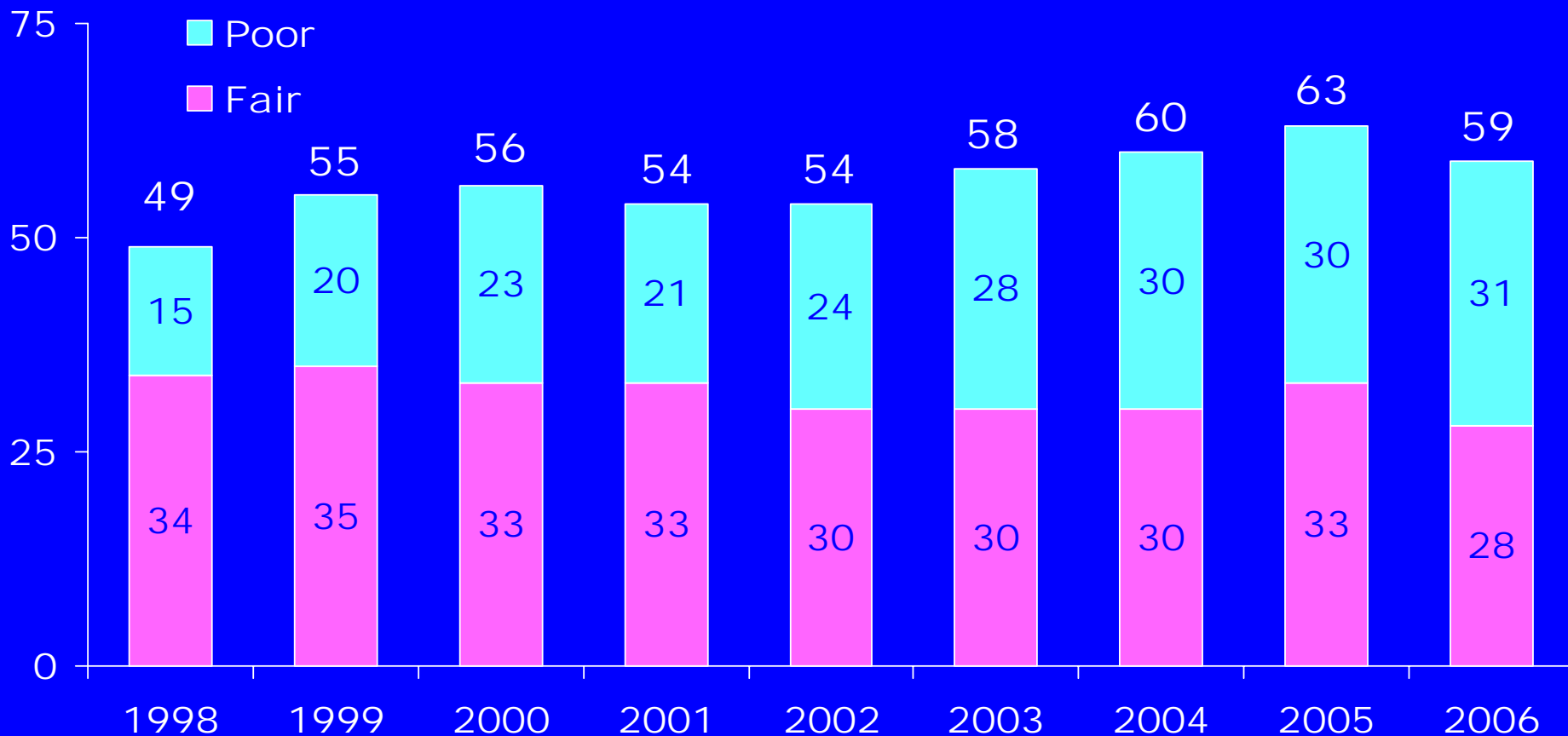


◆ 90th percentile
● Commercial mean
▲ 10th percentile



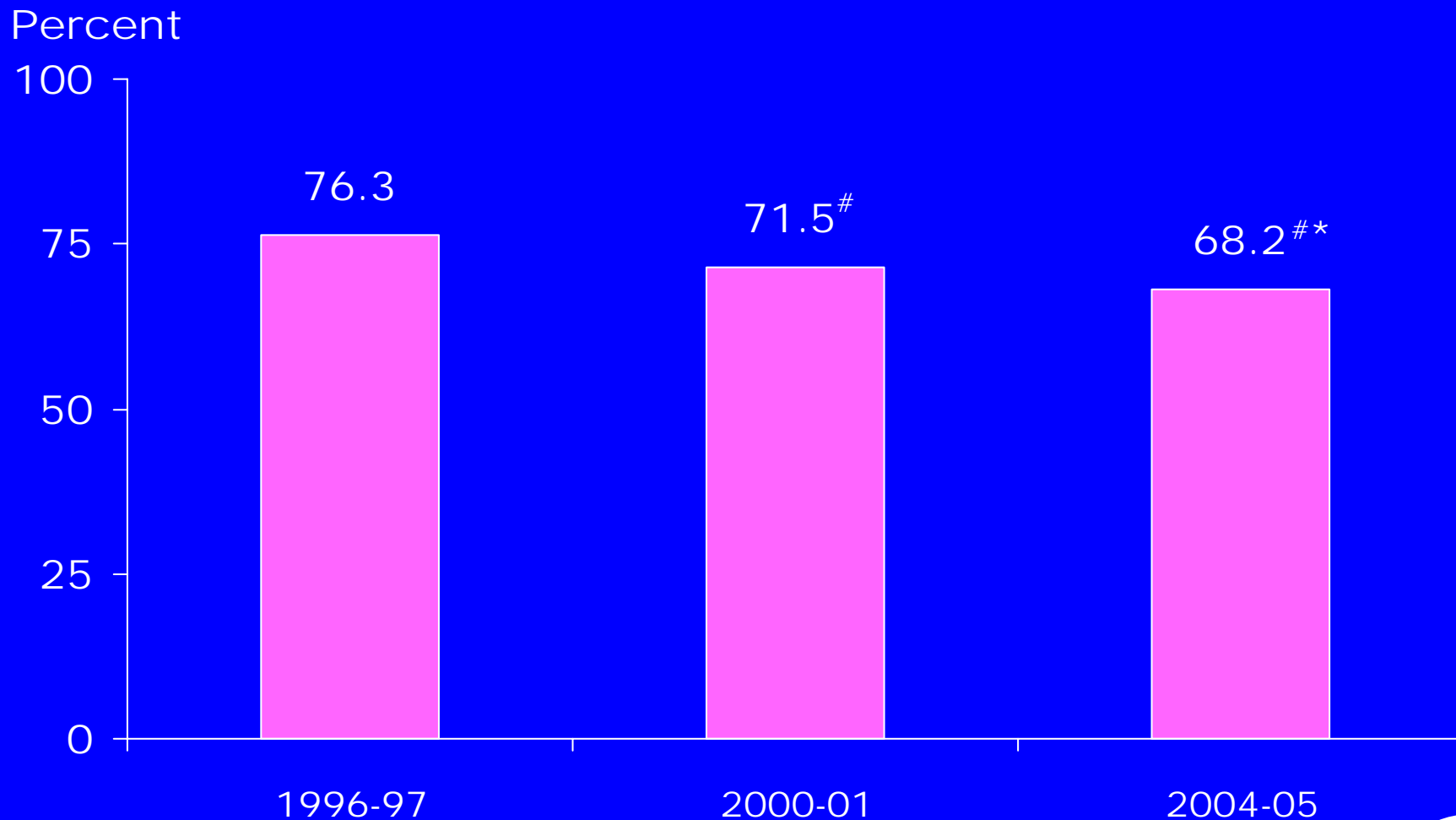
Sixty Percent of Population Rate the Health Care System as Fair or Poor

Percent



Source: R. Helman and P. Fronstin, *2006 Health Confidence Survey: Dissatisfaction with Health Care System Doubles Since 1998* (Washington, DC: EBRI, Nov. 2006).

Proportion of U.S. Physicians Providing Charity Care Is Declining



* Change from 2000–01 is statistically significant at $p < .05$.

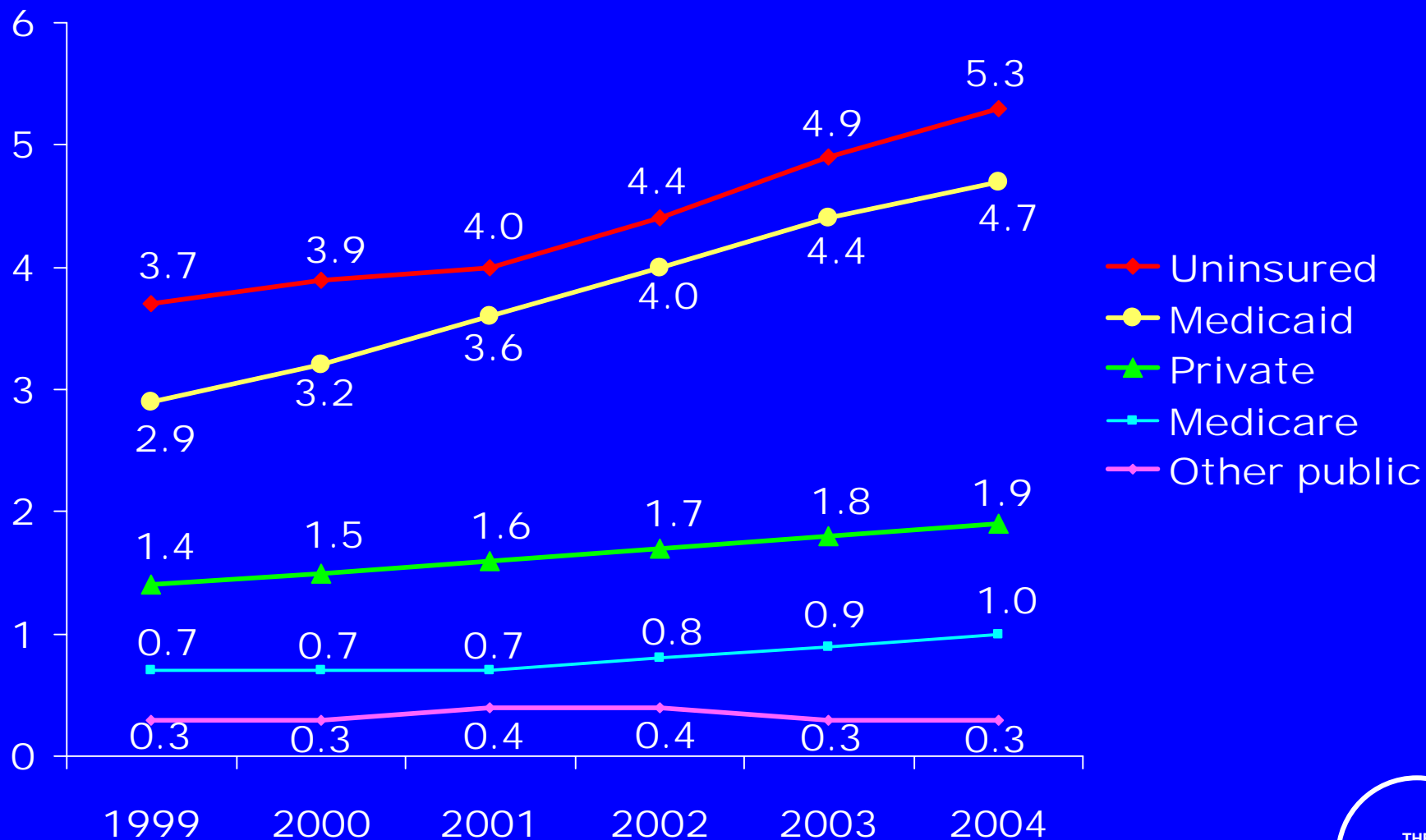
Change from 1996–97 is statistically significant at $p < .05$.

Source: P.J. Cunningham and J.H. May, "A Growing Hole in the Safety Net: Physician Charity Care Declines Again," *Center for Studying Health System Change, Tracking Report No. 13, March 2006.*



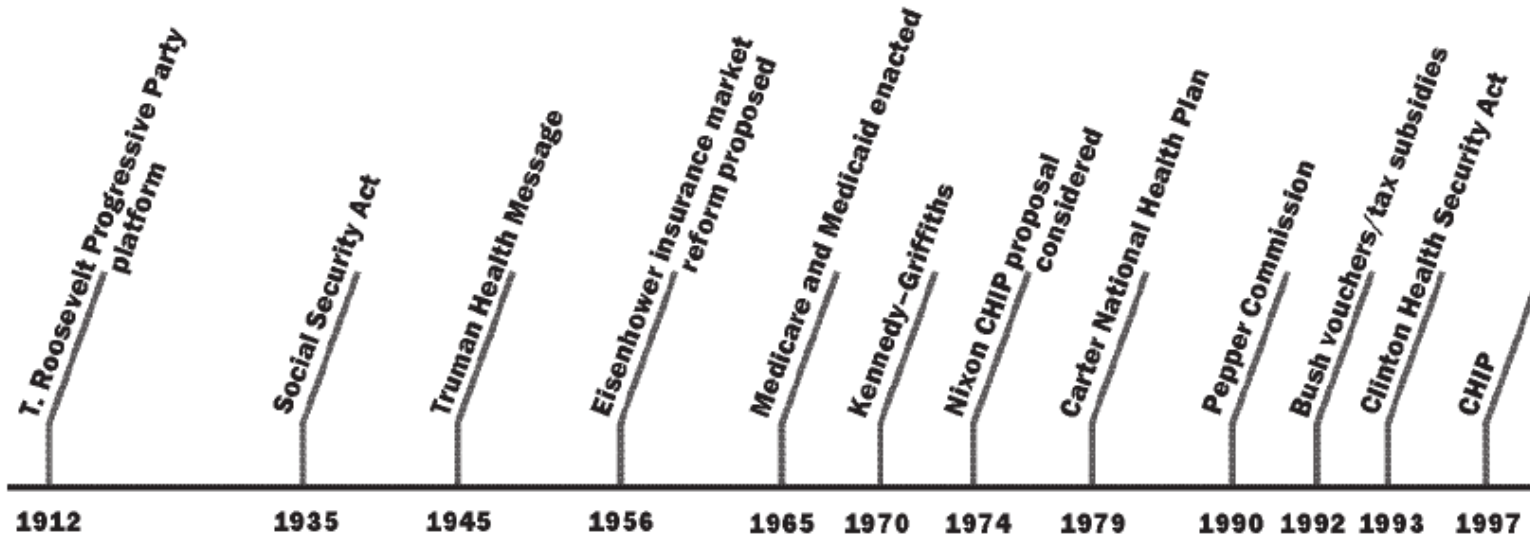
Growth in Community Health Center Patients by Insurance Status, 1999–2004

In millions



Milestones in National Health Insurance Proposals, 1912–Present

Figure 1. Milestones in National Health Insurance Proposals, 1912–1997



President Jimmy Carter's National Health Plan

- An incremental approach to phased-in health insurance coverage
- Included an employer-mandate with tax credits for small business
- Also included a new federal Health Care program to replace Medicaid and Medicare and cover all low-income individuals in addition to the elderly and disabled
- Comprehensive benefits for young children



Pepper Commission

- Chaired by Senator Jay Rockefeller; narrowly approved a “pay or play” approach to employer coverage
- Translated into the HealthAmerica legislative proposal introduced by Senator George Mitchell with bipartisan support
- Employers were required to pay 80 percent of premiums for full-time workers and 50 percent of premiums for part-time workers
- The state-administered public AmeriCare plan provided comprehensive coverage for everyone below the poverty level with no cost-sharing



President George H. W. Bush's Health Insurance Proposal

- Included vouchers for the poor to purchase private health insurance and tax credits or deductions for families with incomes up to \$80,000, as well as the creation of small business pools and health insurance networks
 - Proposed in February 1992



Clinton Health Security Act

- The Clinton Health Security Act included an employer mandate requiring employers to pay 80 percent of the premium (up to a maximum of 7.9 percent of payroll), with the family share of premiums not to exceed 3.9 percent of income
- The plan was to be financed by substantial Medicare and Medicaid savings, an increase in the tobacco tax, and cross-subsidies among employers within risk pools



Incremental Approaches

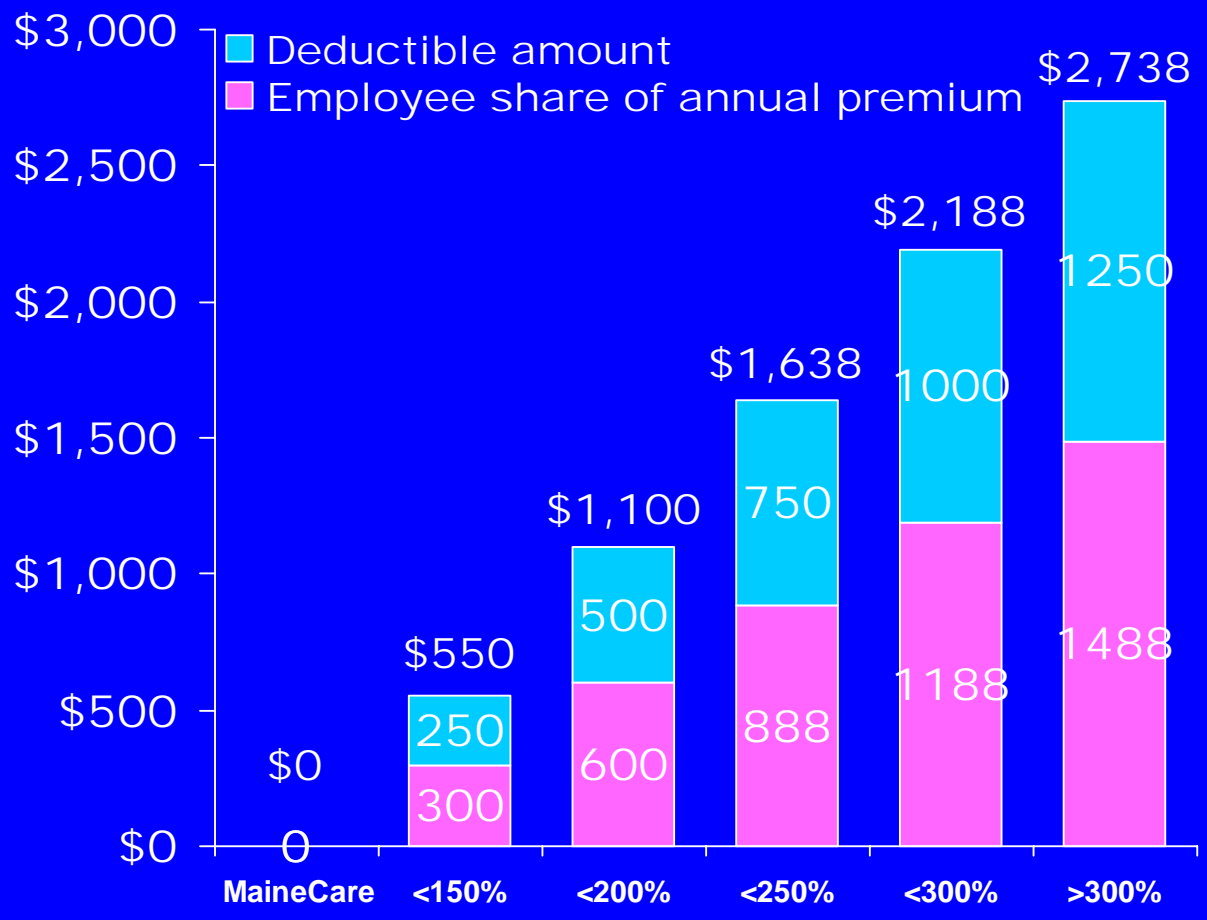
- Kassebaum – Kennedy Health Insurance Portability and Accountability Act of 1996
 - prohibited pre-existing condition clauses for employees changing their employer coverage
 - also included a small-scale demonstration of medical savings accounts
- SCHIP – 1997
 - State Children’s Health Insurance Program (SCHIP) provided federal matching funds to expand coverage to children in families with incomes up to 200 percent of the federal poverty level
 - Financed by an increase in the tobacco tax





Retaining and Expanding Employer Participation: Maine's Dirigo Health

Annual expenditures on deductible and premium



- New insurance product; \$1250 deductible; sliding scale deductibles and premiums below 300% poverty
- Employers pay fee covering 60% of worker premium
- Began Jan 2005; Enrollment 13,290 as of 12/1/06



*After discount and employer payment (for illustrative purposes only).

Massachusetts Health Plan

- MassHealth expansion for children up to 300% FPL; adults up to 100% poverty
- Individual mandate, with affordability provision; subsidies between 100% and 300% of poverty
- Employer mandatory offer, employee mandatory take-up
- Employer assessment (\$295 if employer doesn't provide health insurance)
- Connector to organize affordable insurance offerings through a group pool



California Governor's Proposal

- Individual mandate
- Premium subsidies for adults with income <250% federal poverty level
- All children in families with incomes up to 300% poverty, regardless of immigration status, eligible for coverage, also adults with incomes <100% poverty
- Employer offer health insurance or pay 4% of wages into pool
- Provider fee assessment (2% of physician revenues to 4% of hospital revenues)
- Insurance market regulation
 - Guaranteed issue
 - Community rating with age bands
 - 85 percent minimum medical loss ratio

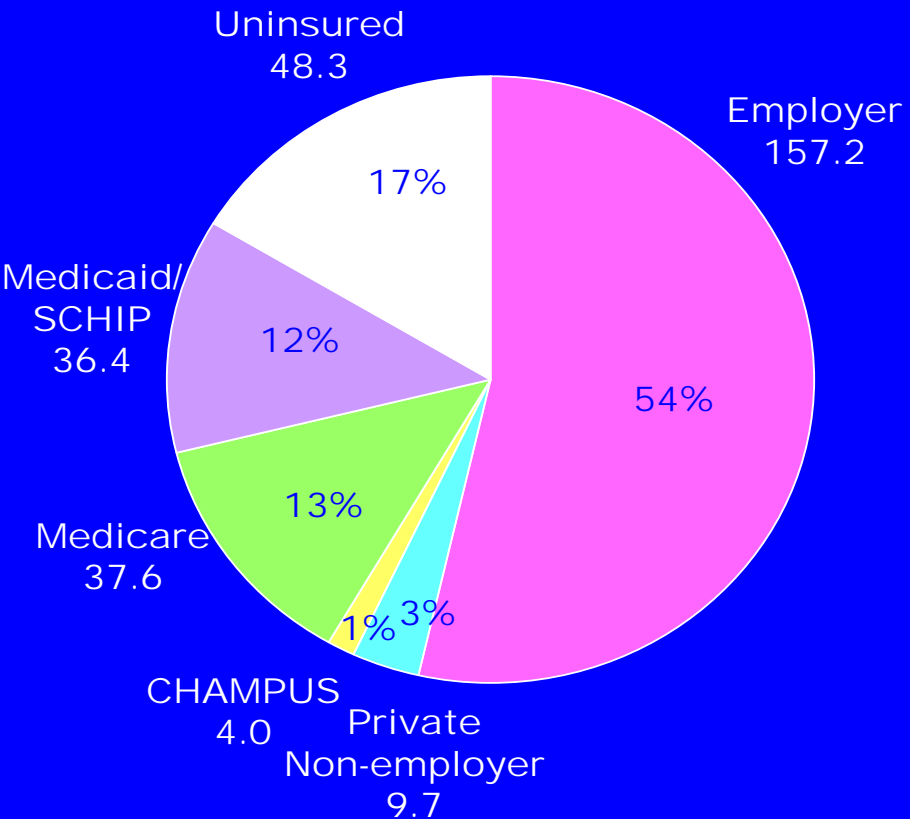


President Bush's Health Plan

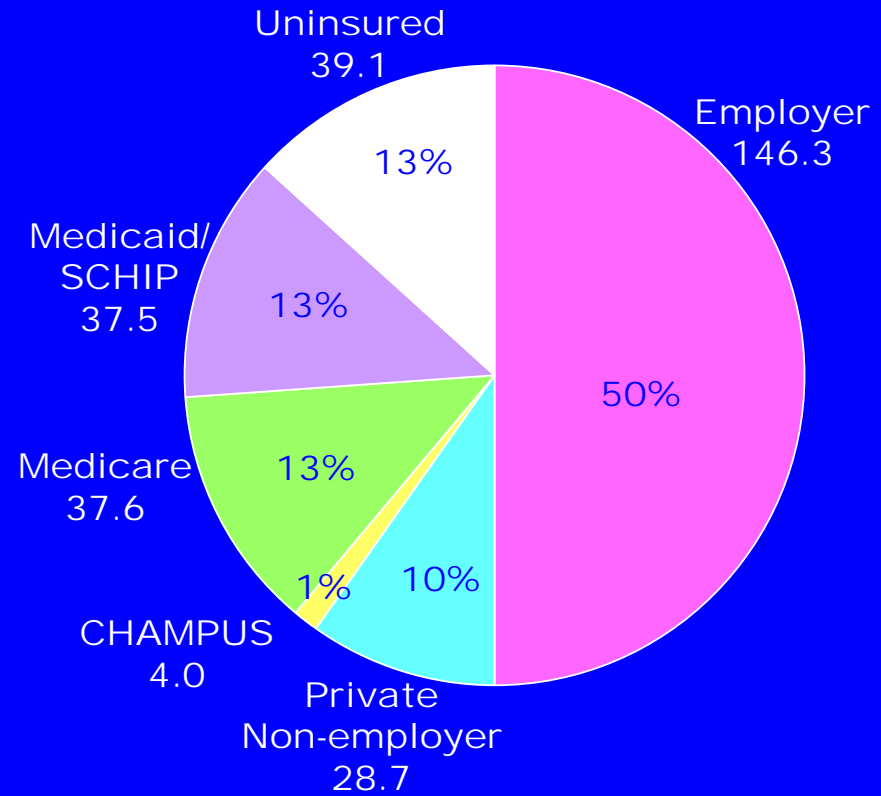
- Employer contribution to health insurance counted as income
- Tax deduction of \$7,500 for individuals, \$15,000 for families for everyone with insurance
- Estimated impact in 2009 (Lewin Group):
 - 9.2 million fewer uninsured
 - Increased federal budget deficit of \$61 billion in 2009 and \$154 billion 2009–2018
 - Cost of covering newly insured is \$6,720 per person
 - Reduces health spending by \$13 billion
 - Tax benefits largely go to people with family incomes over \$50,000 (70% of tax cuts)
 - One-fifth of tax cuts go to uninsured
 - 12.1 million lose employer coverage
 - 26% drop in coverage in firms with fewer than 10 workers

Distribution of People by Primary Source of Coverage Under Current Law and President Bush's Health Care Tax Deduction Proposal in 2009

Current Law (millions)



Proposal (millions)



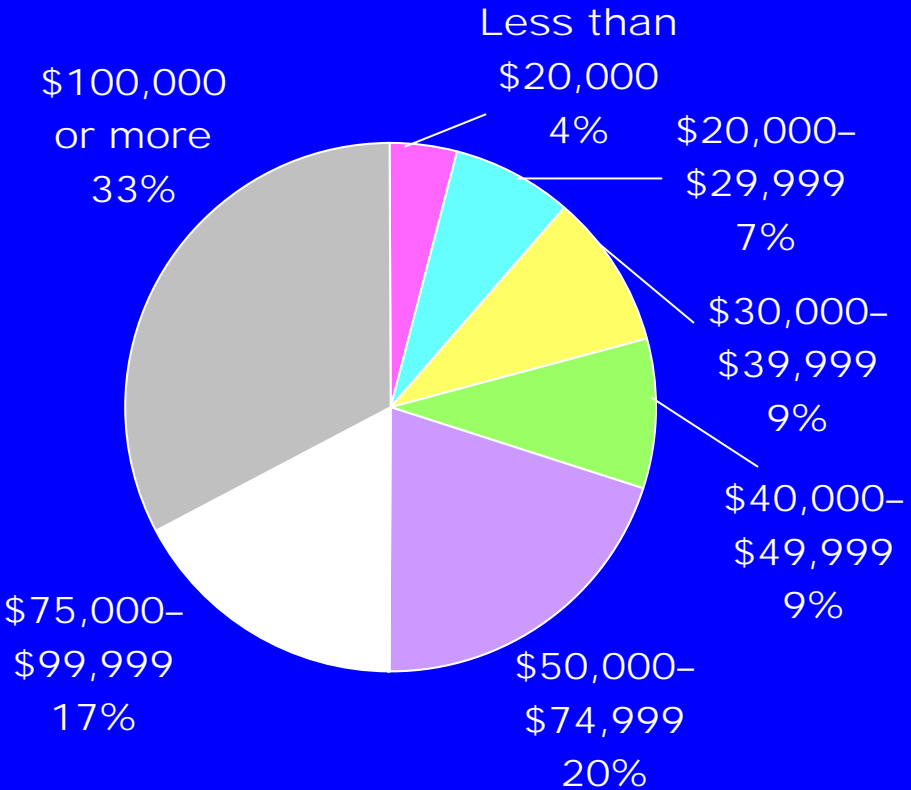
Total Population = 293.2 million



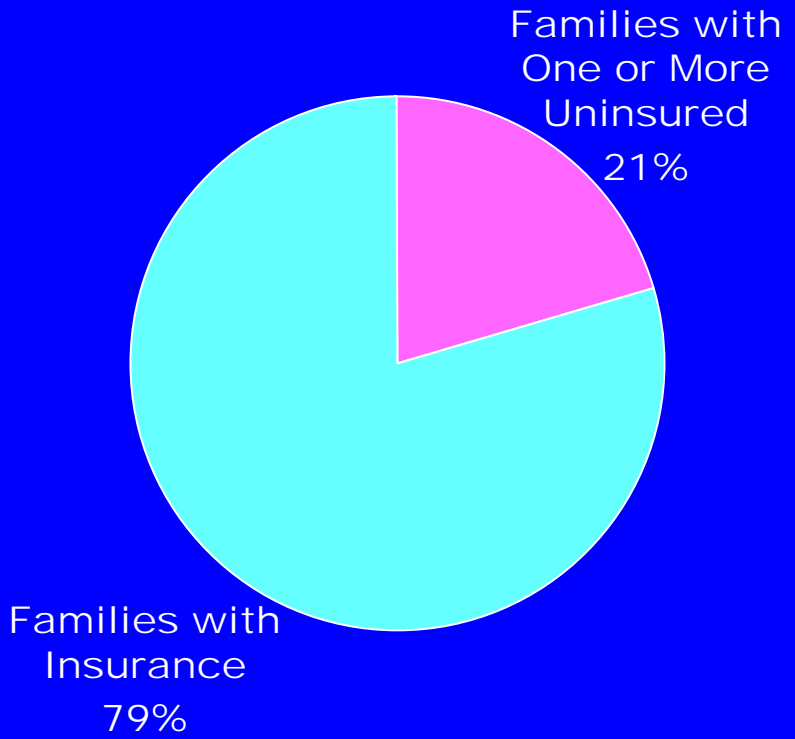
Source: J. Shiels and R. Haight, *President Bush's Health Care Tax Deduction Proposal: Coverage, Cost and Distributional Impacts* (Falls Church, VA: The Lewin Group, January 2007).

Distribution of the Net Increase in Tax Expenditures Under President Bush's Health Plan by Family Income and Coverage Status in 2009

Family Income



Coverage Status under Current Law

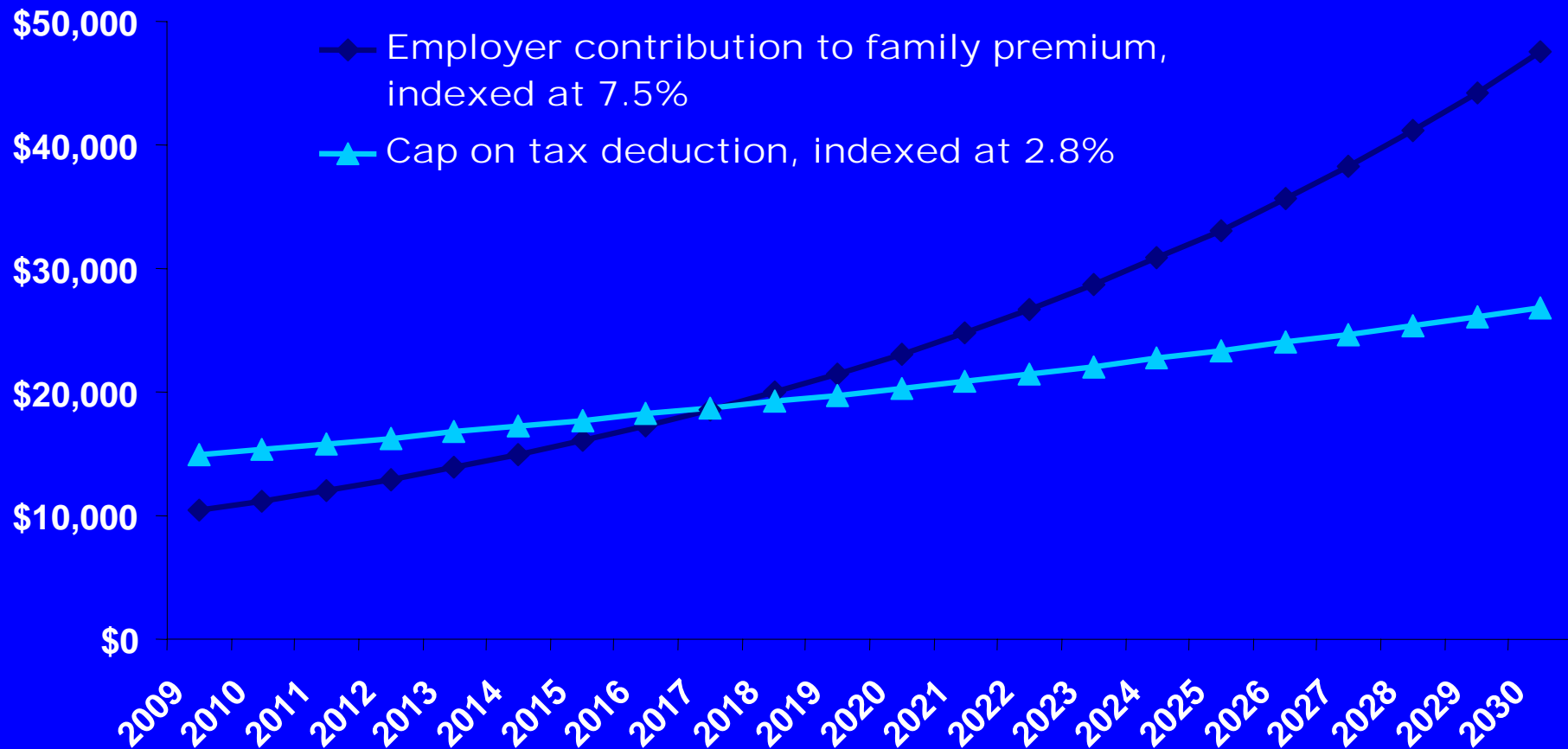


Net Change in Federal Deficit = \$61.4 billion



Source: J. Shiels and R. Haight, *President Bush's Health Care Tax Deduction Proposal: Coverage, Cost and Distributional Impacts* (Falls Church, VA: The Lewin Group, January 2007).

Projected Increases in Average Family Health Insurance Premium and Cap on Tax Deductions



Source: Commonwealth Fund calculations based on a 7.5% rate of increase in premiums and a 2.8% rate of increase in cap on tax deduction. Based on employer share of family premium.

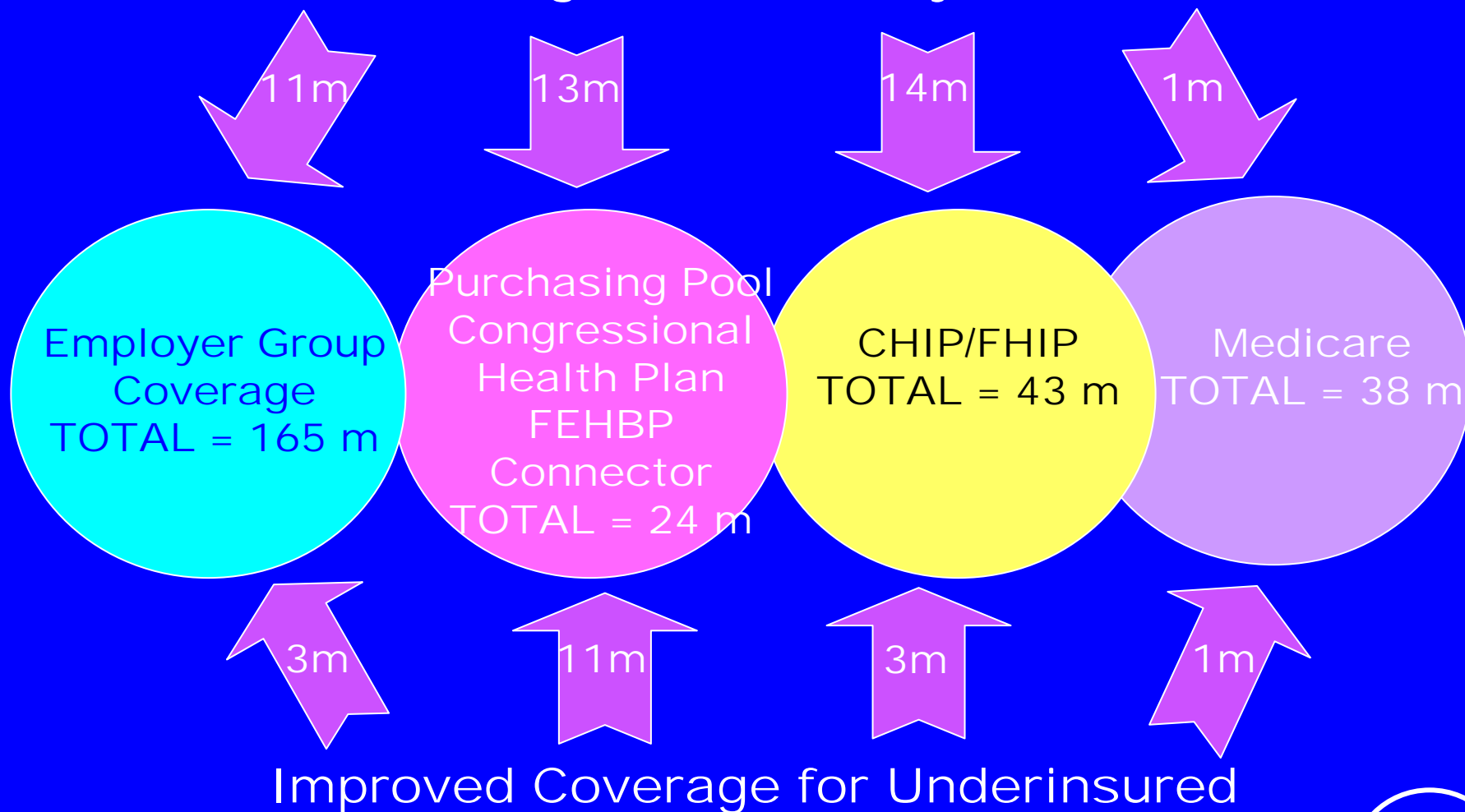


Building Blocks for Extending Health Insurance to All

- Individual mandate
- Shared responsibility
 - Employer financing coverage for workers or contributing to pool; covering young adults under parents' plans
 - State and federal financing
- Federal/state subsidies to make coverage affordable for low-income individuals and families
 - Expansion of Medicaid/SCHIP with federal matching
 - Sliding scale premium subsidies
- Pooling insurance risks
 - State Connector/Health Insurance Exchange
 - Federal Employees Health Benefit Plan (Congressional Health Plan)
 - Medicare for All
- Quality and Efficiency Provisions

Creating Consensus on Automatic and Affordable Health Insurance For All

New Coverage for Currently Uninsured



Getting Value for Money: Health System Transformation

- Transparency; public information on clinical quality, patient-centered care, and efficiency by provider; insurance premiums, medical outlays, and provider payment rates
- Payment systems that reward quality and efficiency; transition to population and care episode payment system
- Patient-centered medical home; Integrated delivery systems and accountable physician group practices
- Adoption of health information technology; creation of state-based health insurance exchange
- National Institute of Clinical Excellence; invest in comparative cost-effectiveness research; evidence-based decision-making
- Investment in high performance primary care workforce
- Health services research and technical assistance to spread best practices
- Public-private collaboration; national aims; uniform policies; simplification; purchasing power

What Are the Most Important Health Care Issues for Presidential and Congressional Action?

Percent listing issue as first or second priority:	Total	Republican	Democrat	Independent
Ensure that all Americans have adequate, reliable health insurance	52	38	64	51
Control the rising cost of medical care	37	36	36	38
Lower the cost of prescription drugs	31	29	31	31
Ensure that Medicare remains financially sound in the long term	29	28	30	30
Improve the quality of nursing homes and long-term care	14	17	14	11
Reform the medical malpractice system	14	24	6	16
Reduce the complexity of insurance	12	13	10	13

Source: C. Schoen, S.K.H. How, I. Weinbaum, J.E. Craig, Jr., and K. Davis, "Public Views on Shaping the Future of the U.S. Health System," The Commonwealth Fund, August 2006.

Features of Current Proposals to Expand Coverage

	Pres. Bush	Medicare for All	Sen. Wyden	Sen. Edwards
Individual Mandate	No	X	X	X
Employer Shared Responsibility	No	80% of premium	Cash to workers for two years	6% of payroll
Subsidies for Low-income Uninsured	No	X	X	X
Risk pooling	Risk segmentation	Medicare	Regional Pools	Health Markets or Medicare
Quality and Efficiency Measures	Cost-sharing; HSAs; Transparency	Public Administration; Medicare Provider Payment	Health home; chronic care/disease management	Prevention; insurance regulation; Rx surveillance
Uninsured Covered (millions)	9	44??	44	44??
Total Health System Cost (billions)	-\$12	-\$61	-\$5	N/A
Total Federal Budget Cost (billions)	\$70	\$155	\$165	\$90-120??

Conclusion

- Health reform will be a major issue in the 2008 presidential election
- Business/labor coalitions beginning to lead the drive for universal coverage
- State reforms are pointing the way
- Building blocks for universal coverage
 - Individual mandate
 - Shared financial responsibility
 - Expansion of existing programs:
 - Medicaid/SCHIP
 - Medicare
 - Employer coverage (e.g. young adults)
 - Creation of state or federal purchasing pool
 - Connector/Health Insurance Exchange
 - Federal Employees Health Benefits Program
 - Medicare for All
- Will need to address quality and efficiency; achieve savings as well as expand coverage

Thank You!

-  Stephen C. Schoenbaum, M.D., Executive Vice President and Executive Director, Commonwealth Fund Commission on a High Performance Health System
-  Anne Gauthier, Senior Policy Director, Commonwealth Fund Commission on a High Performance Health System
-  Sara R. Collins, Ph.D. Assistant Vice President, Future of Health Insurance, Commonwealth Fund
-  Alyssa L. Holmgren, Research Associate, Commonwealth Fund

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