



— A Proposal to Cover All Americans —



Health Coverage Passport Presentation

Thursday, February 22, 2007



A P R O P O S A L T O C O V E R A L L A M E R I C A N S

Agenda

- **Welcome**
 - Victor Campbell, Chairman, Federation of American Hospitals, Senior Vice President, HCA
- **Overview**
 - Chip Kahn, President, Federation of American Hospitals
- **American Attitudes About Health Coverage**
 - Linda DiVall, President, American Viewpoint
- **America's Uninsured**
 - Chip Kahn, President, Federation of American Hospitals
- **Health Coverage Passport**
 - Chip Kahn, President, Federation of American Hospitals
- **Impact of Health Coverage Passport**
 - John Sheils, Vice President, The Lewin Group
- **American Attitudes Toward Health Coverage Passport**
 - Linda DiVall, President, American Viewpoint
- **Q&A**



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American Attitudes About Health Coverage

Linda DiVall, President, American Viewpoint



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Overview of Health Coverage Passport Survey



A National Survey of Coverage for the Uninsured

February 5-7, 2007

N = 1200 Registered Voters Margin of Error = $\pm 2.8\%$

Linda A. DiVall, President
Randall Gutermuth, Director of Political Affairs
Natalie Nelson, Research Assistant



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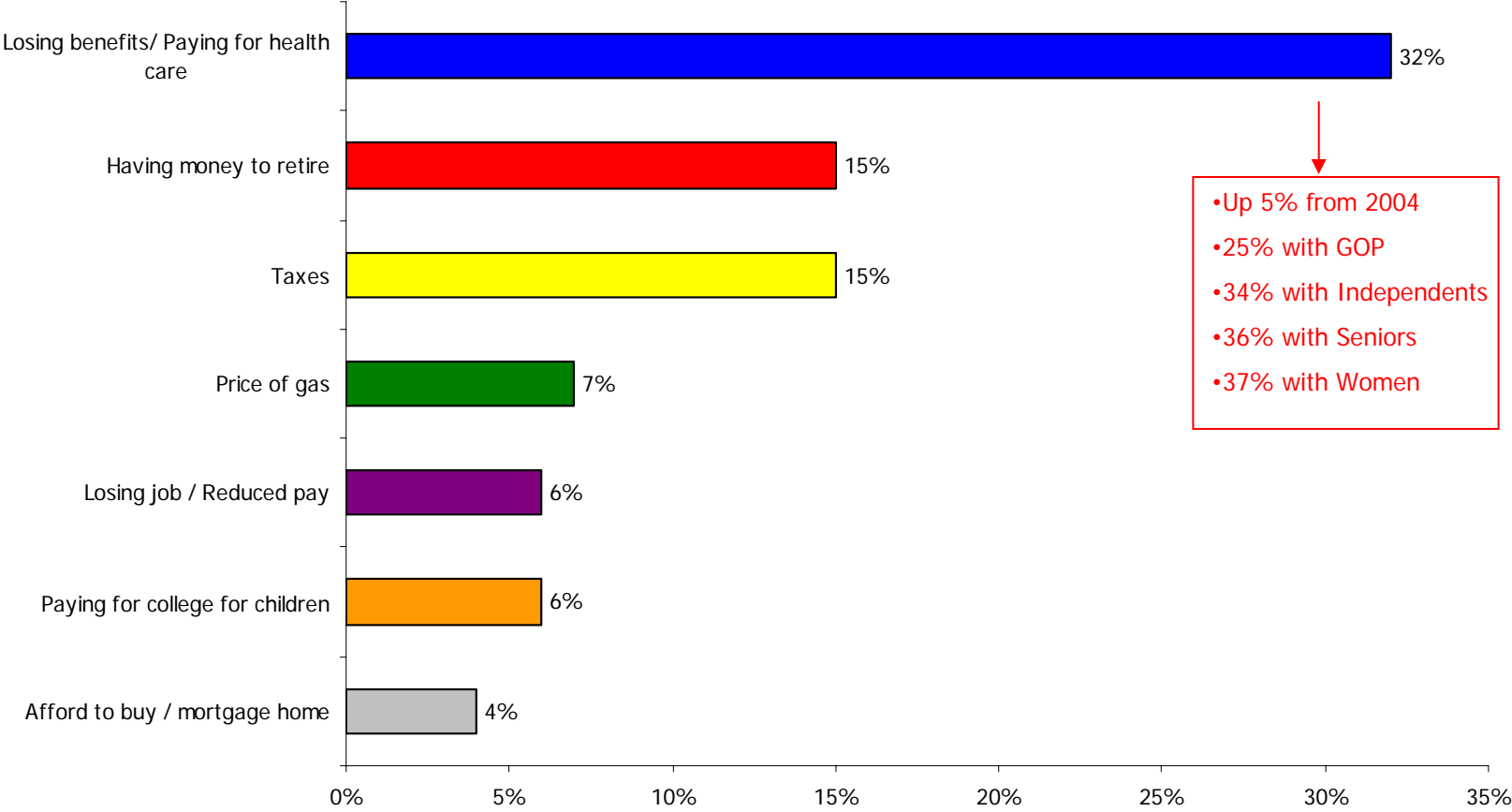


***THE CASE FOR
REFORM IS CLEARLY
STATED BY VOTERS.***



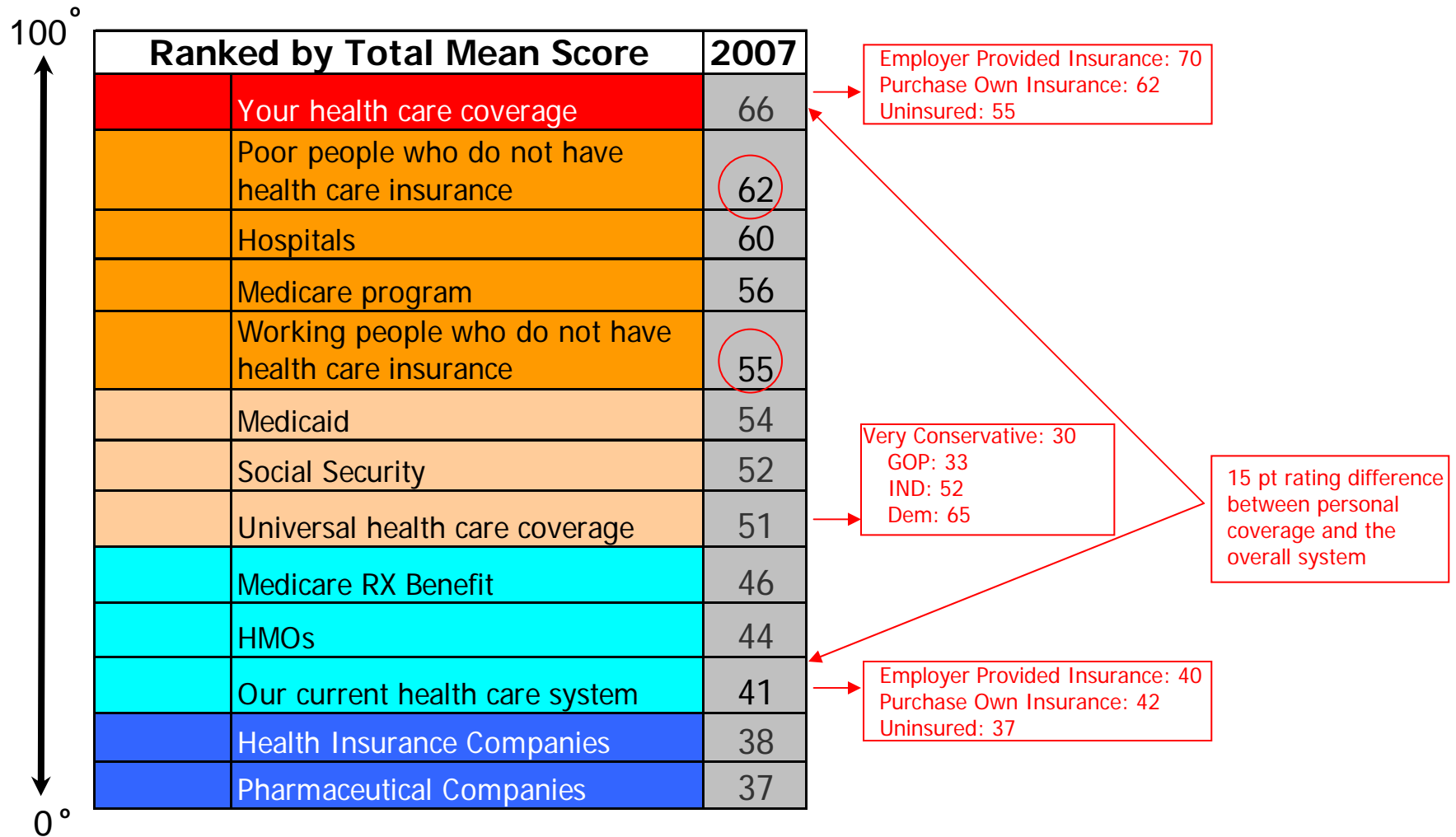
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Losing health benefits/paying for health care is the overwhelming financial concern of the electorate.



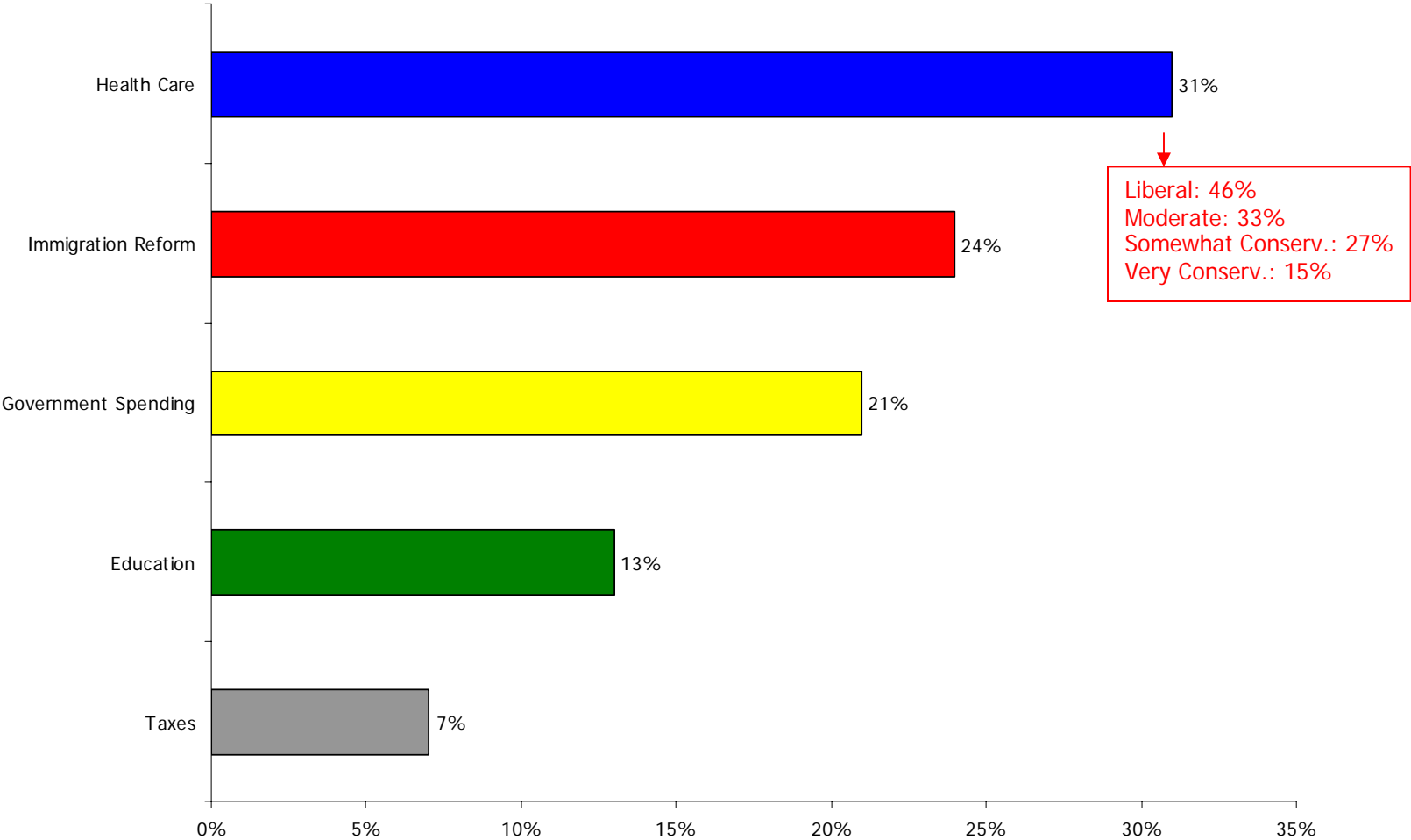
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Feeling Thermometer: Health Care



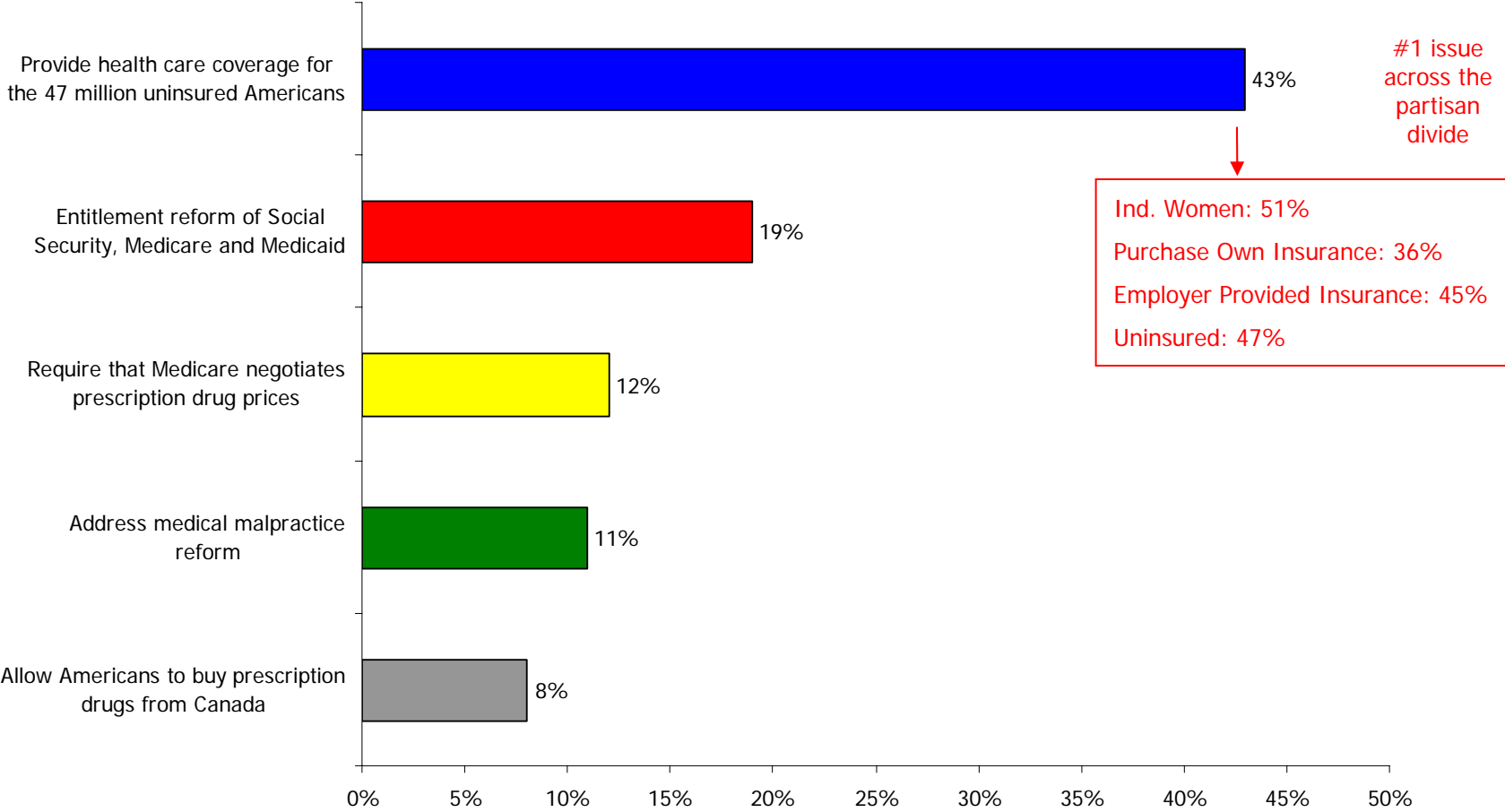
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Most Important Domestic Issues for the President and Congress to Address



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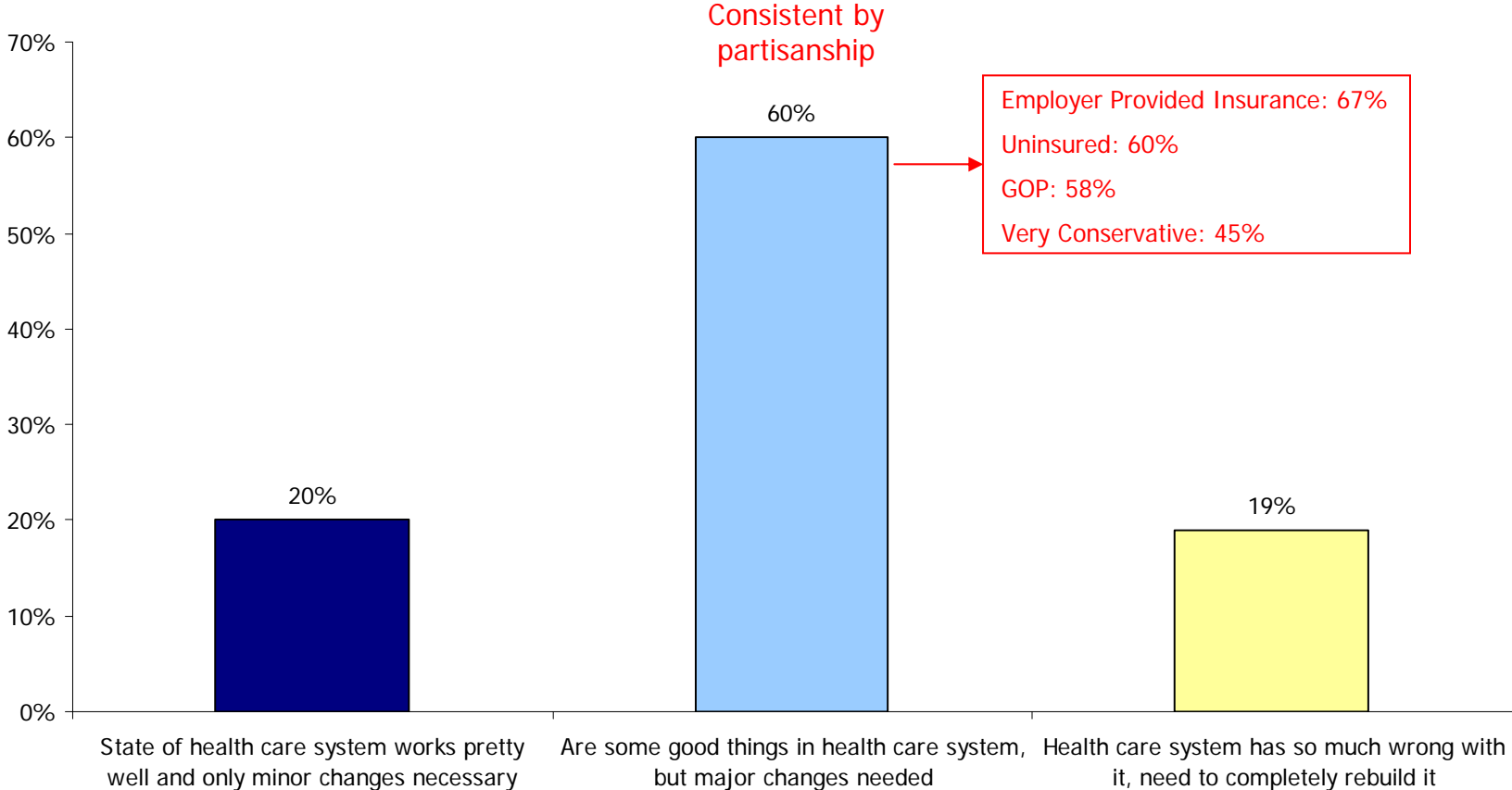
Most Important Health Care Issues for the President and Congress to Address



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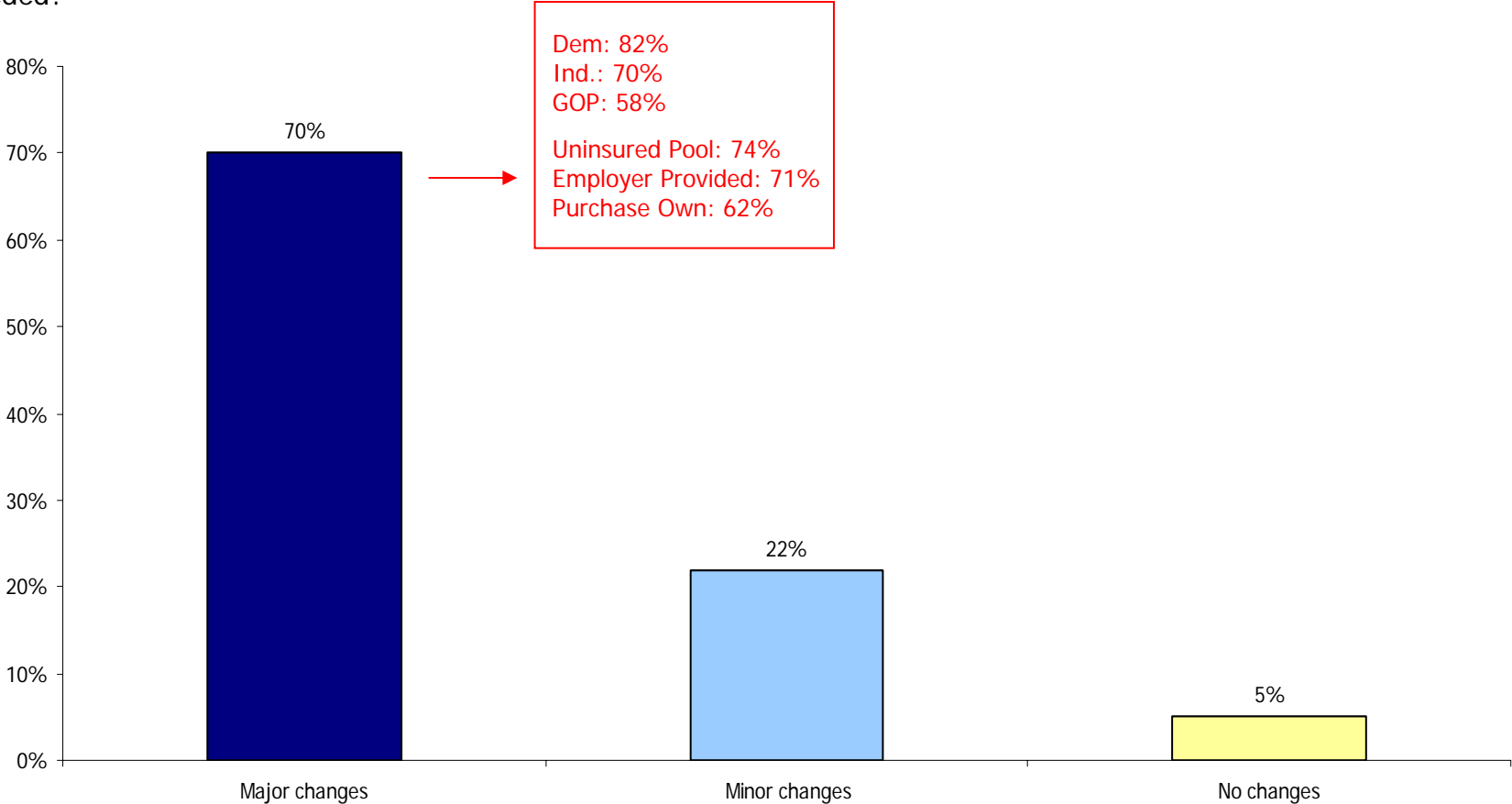
View of the Health Care System Overall

Which of the following three statements comes closest to expressing your view of the health care system in the United States?



View of Coverage for the uninsured

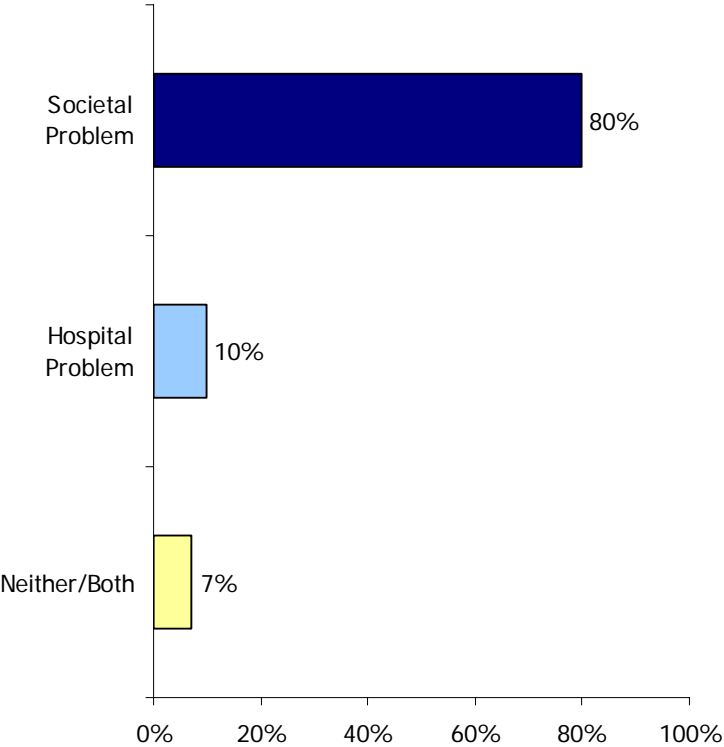
Do you think that health care coverage for the uninsured needs major changes, minor changes, or are no changes needed?



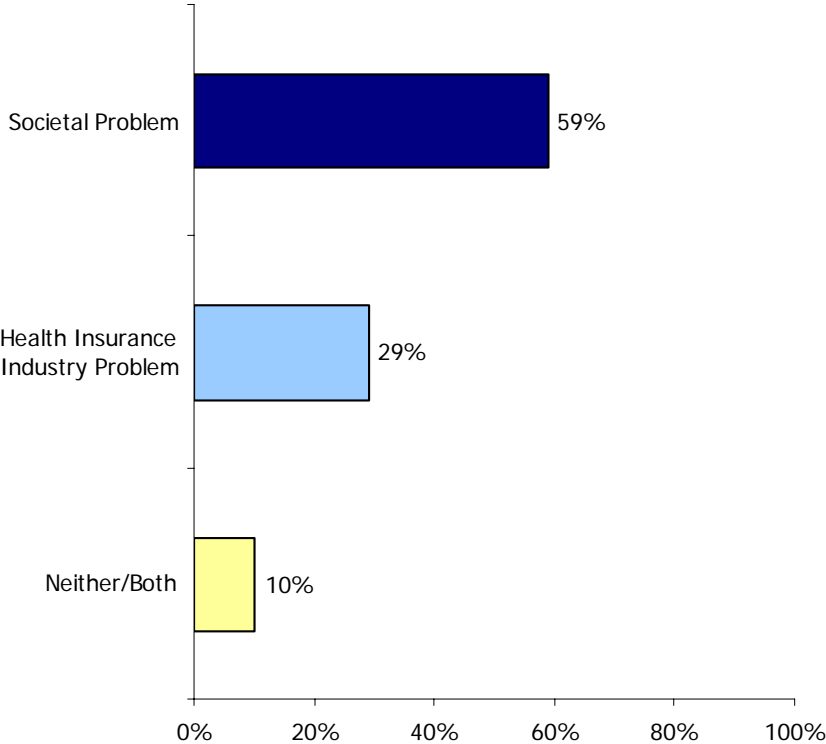
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The uninsured issue is viewed as a societal problem rather than a health industry problem.

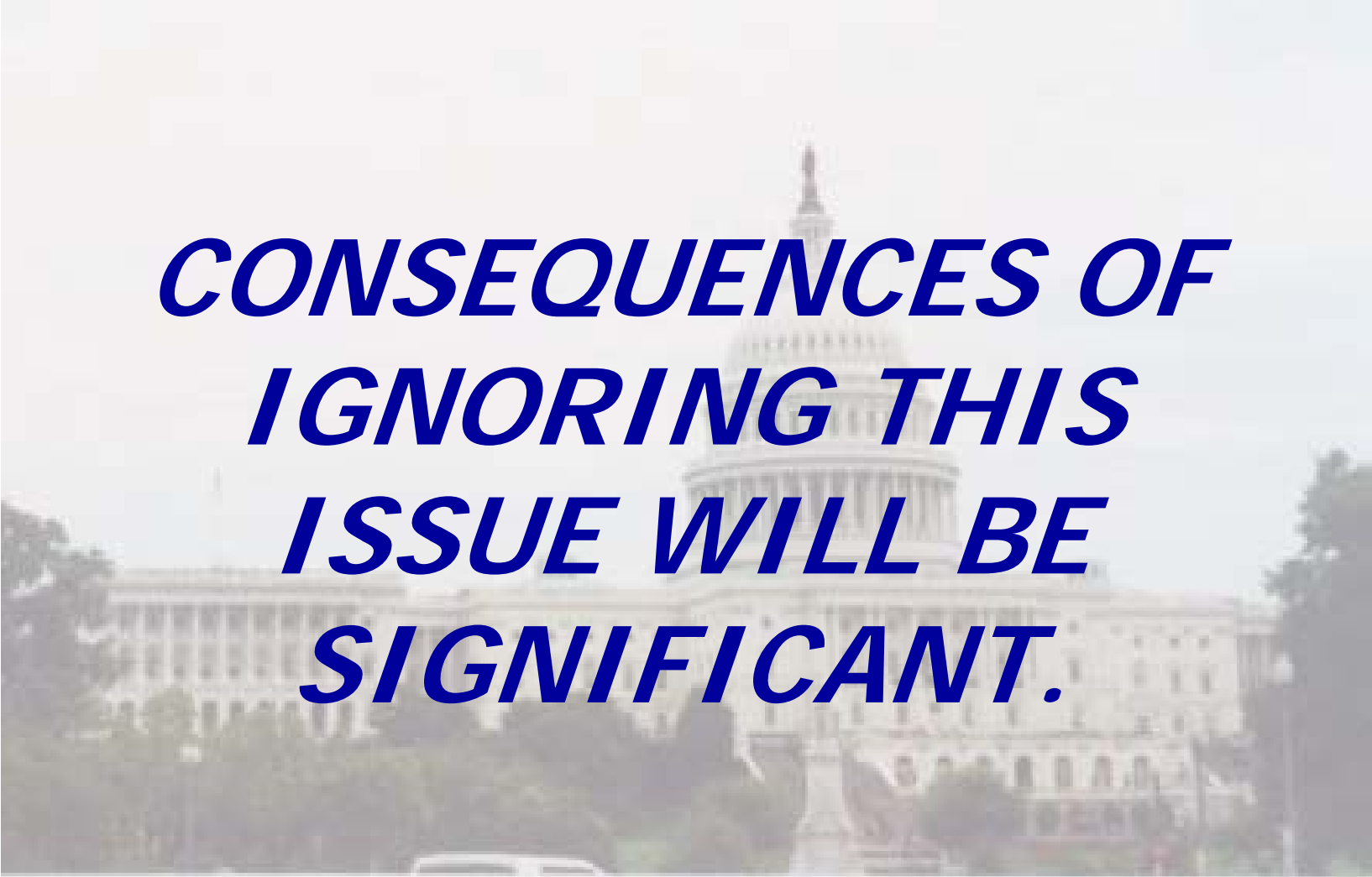
Do you believe the problem of 47 million people in the U.S. having no health insurance is a societal problem or a hospital problem? [HALF SAMPLE]



Do you believe the problem of 47 million people in the U.S. having no health insurance is a societal problem or a health insurance industry problem? [HALF SAMPLE]



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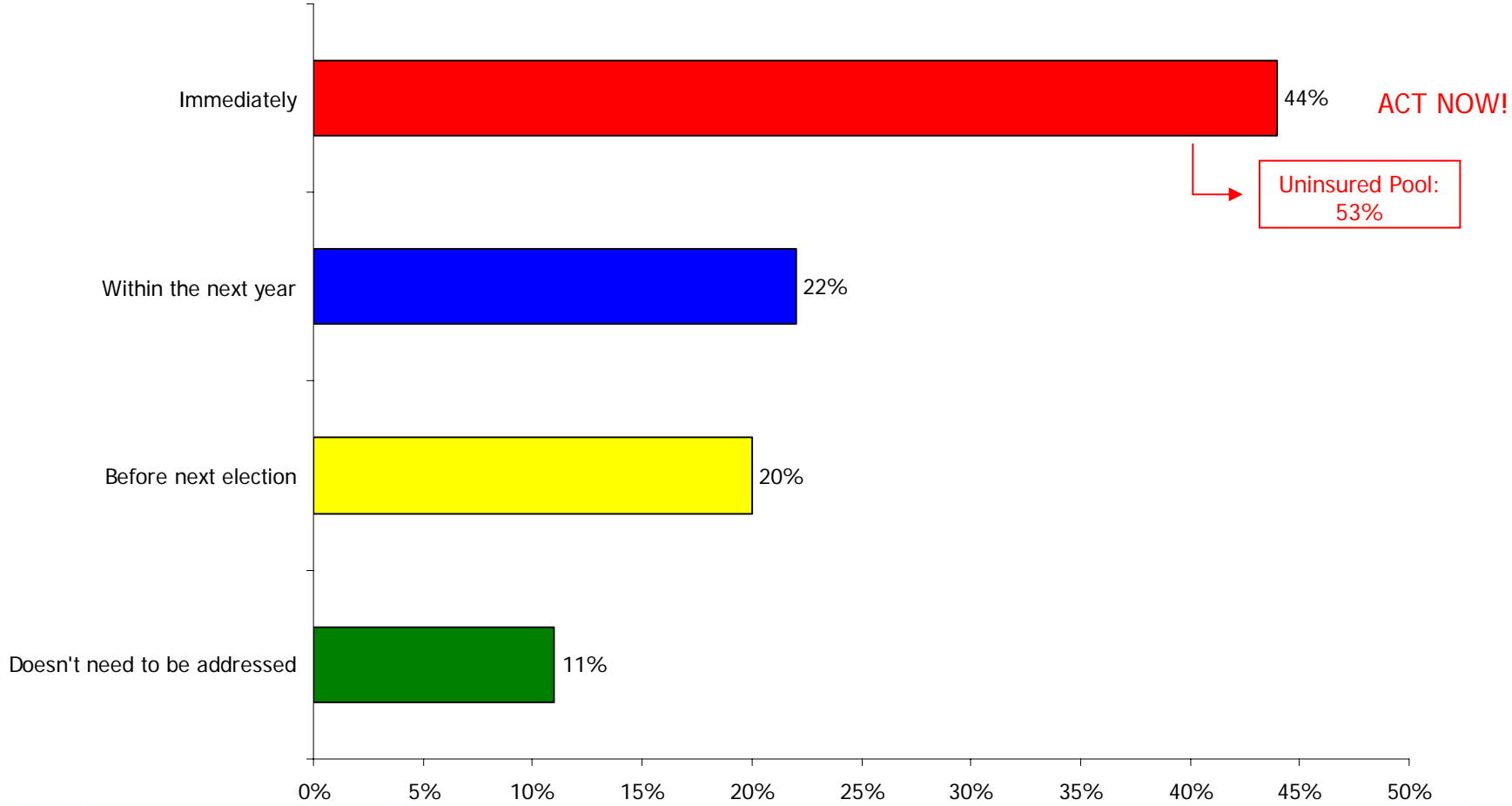


***CONSEQUENCES OF
IGNORING THIS
ISSUE WILL BE
SIGNIFICANT.***



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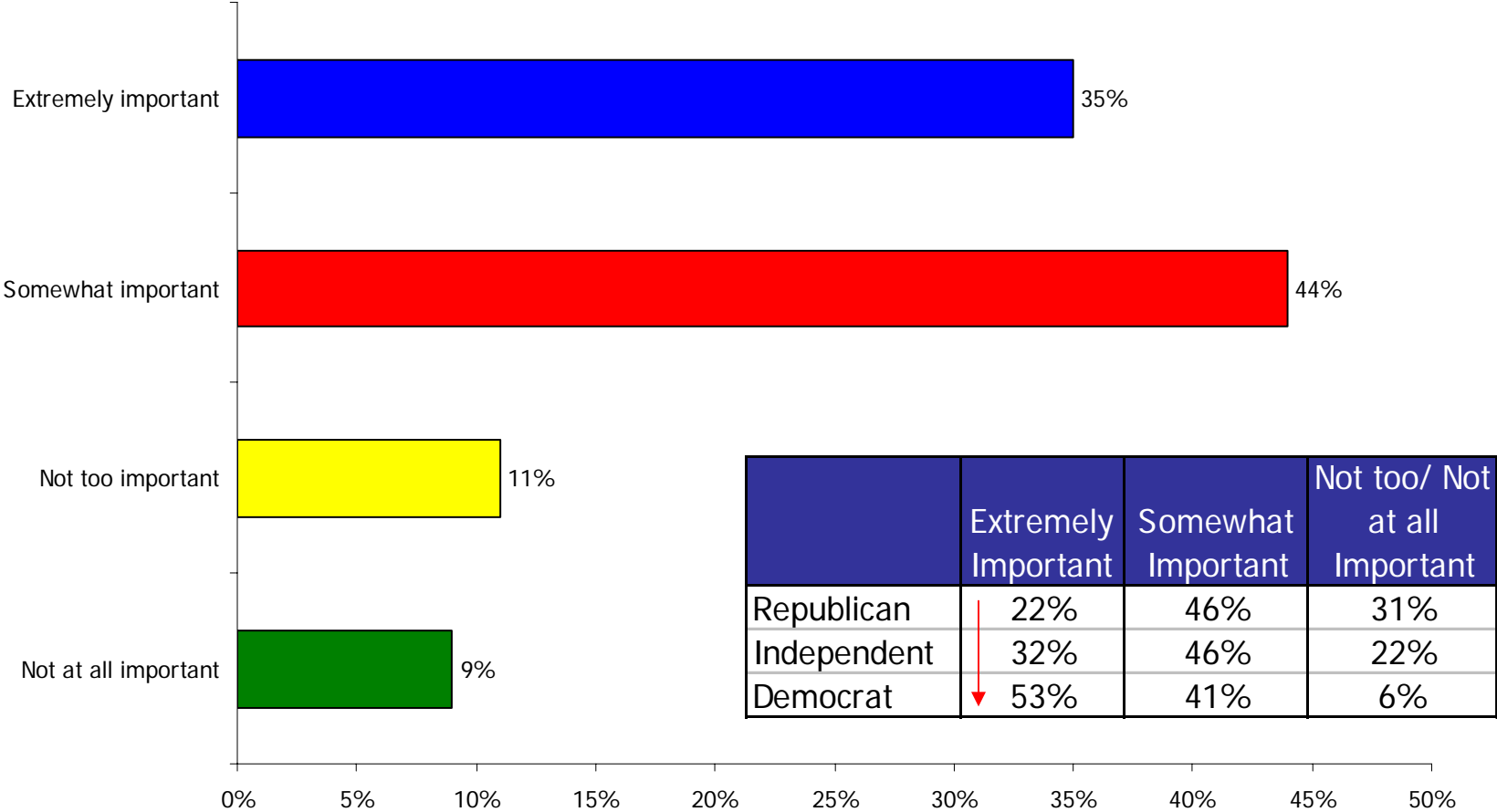
Immediate action demanded of the President and Congress to address coverage for the uninsured.



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Health care coverage for the uninsured will be a key vote determinant in 2008 Presidential decision making.

How important will a Presidential candidate's position on addressing the issue of health care coverage for the uninsured be in deciding your vote in 2008?



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America's Uninsured

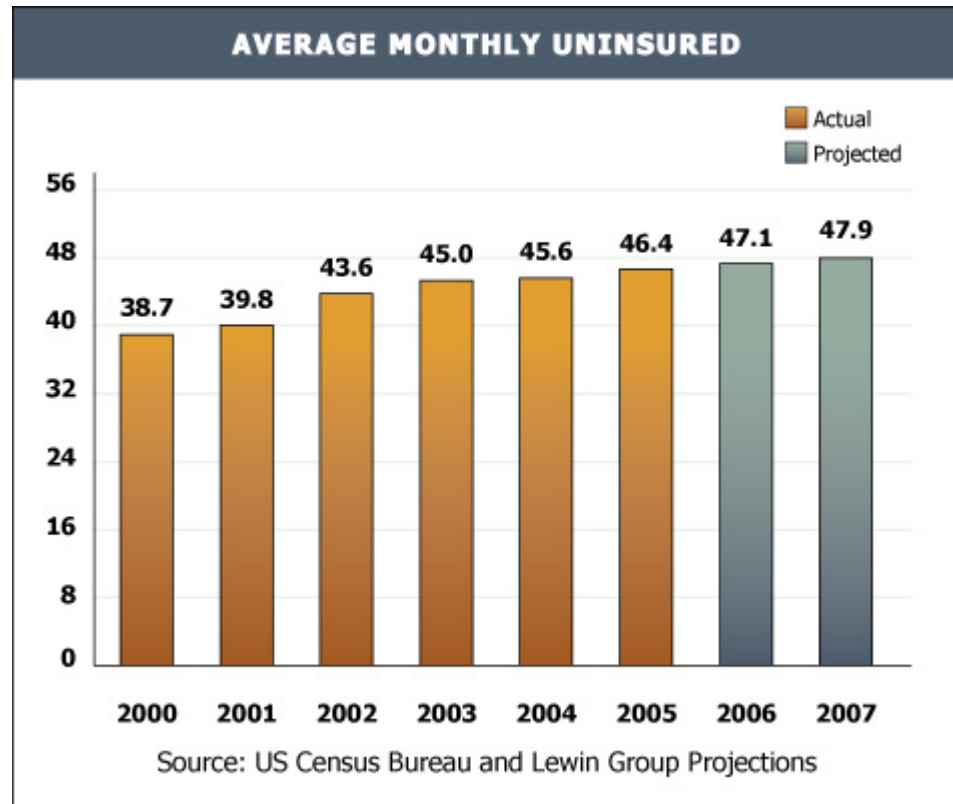
Chip Kahn, President, Federation of American Hospitals



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47 Million Uninsured Americans ...and Counting

- Today, 47 million Americans are uninsured; nearly 20% (9.2 million) are children
- The number of uninsured has grown by an average of one million each year since 1990
- The uninsured are found in all age and income groups
 - 48% (22.2 million) of the uninsured are living below 200% of the Federal Poverty Level (FPL) ^{a/}



a/ The Federal Poverty Level is: \$9,800 for single individuals; \$20,300 for family of four
Source: Estimates based on The Lewin Group Health Benefits Simulation Model (HBSM)












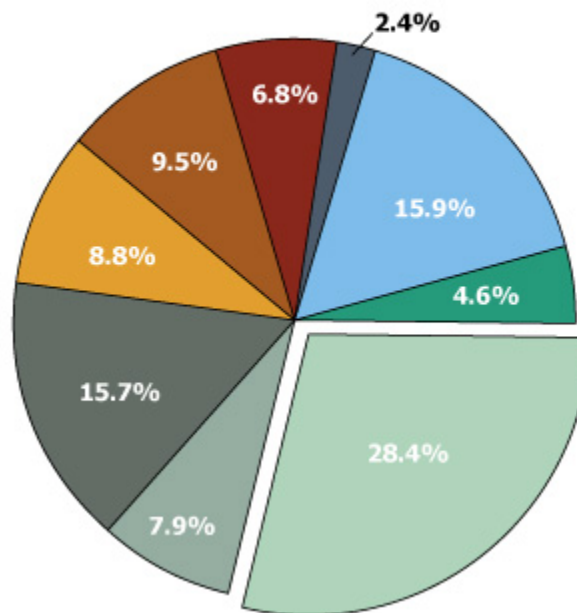
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Most Uninsured Americans Are in Working Families

- 71% of the uninsured (33 million) have one or more workers in the family
- Uninsured workers can be found in firms of all sizes

AVERAGE MONTHLY UNINSURED IN 2005 = 46.4 MILLION

-  (3.8M) Sole Proprietor
-  (7.2M) Works at Firm with 1-9 employees
-  (4.1M) Works at Firm with 10-24 employees
-  (4.4M) Works at Firm with 25-99 employees
-  (3.2M) Works at Firm with 100-499 employees
-  (1.1M) Works at Firm with 500-999 employees
-  (7.3M) Works at Firm with 1,000+ employees
-  (2.1M) Works for Government
-  (13.2M) No Worker in Family



Source: Estimates based on The Lewin Group Health Benefits Simulation Model (HBSM)



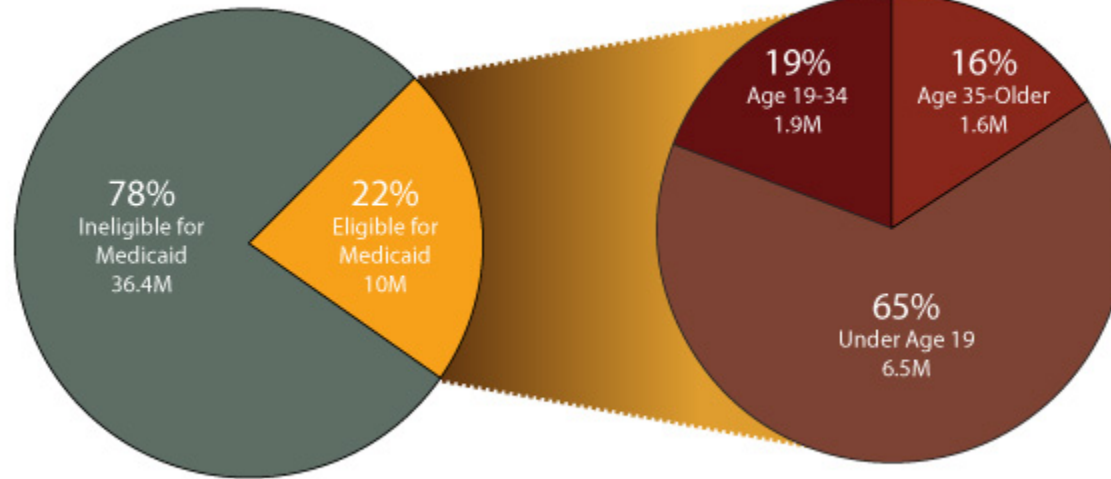
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Public Programs Have not Reached Many Eligible Uninsured

1 in 5 uninsured qualify for SCHIP or Medicaid but aren't enrolled

UNINSURED BY MEDICAID
ELIGIBILITY (MILLIONS)*

AGE DISTRIBUTION OF UNINSURED WHO ARE
MEDICAID-ELIGIBLE (MILLIONS)**



Average Monthly Uninsured = 46.4 million

Average Monthly Medicaid Eligible
Not Enrolled = 10 million

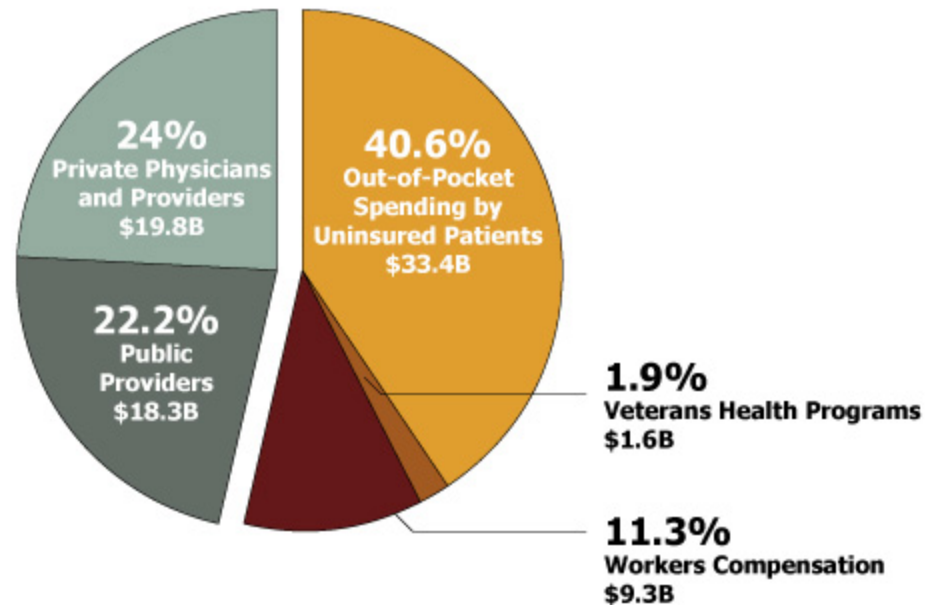
* Medicaid includes the State Children's Health Insurance Program (SCHIP)

** Source: Estimates based on The Lewin Group Health Benefits Simulation Model (HBSM)

Many Shoulder the Health Care Costs of the Uninsured

The uninsured will account for \$82.4 billion in health expenditures in 2007; \$38.1 billion of this care is uncompensated

HEALTH SPENDING FOR THE UNINSURED (BILLIONS)



Source: Estimates based on The Lewin Group Health Benefits Simulation Model (HBSM)

Health Coverage Passport

Chip Kahn, President, Federation of American Hospitals



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Health Coverage Passport

Makes it possible for all Americans to get the coverage they need by:

- **Helping Those Who Need it Most** - providing assistance to all Americans, particularly to the neediest
- **Preserving Existing Coverage** - sustaining coverage for those currently insured through employers and public programs
- **Reforming the Market** - ensuring that quality coverage, similar to what is offered to federal employees, is available at a fair price
- **Holding Everyone Responsible** - requiring every American to have health insurance



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How It Works

Everyone Gets Assistance to Fit Their Needs

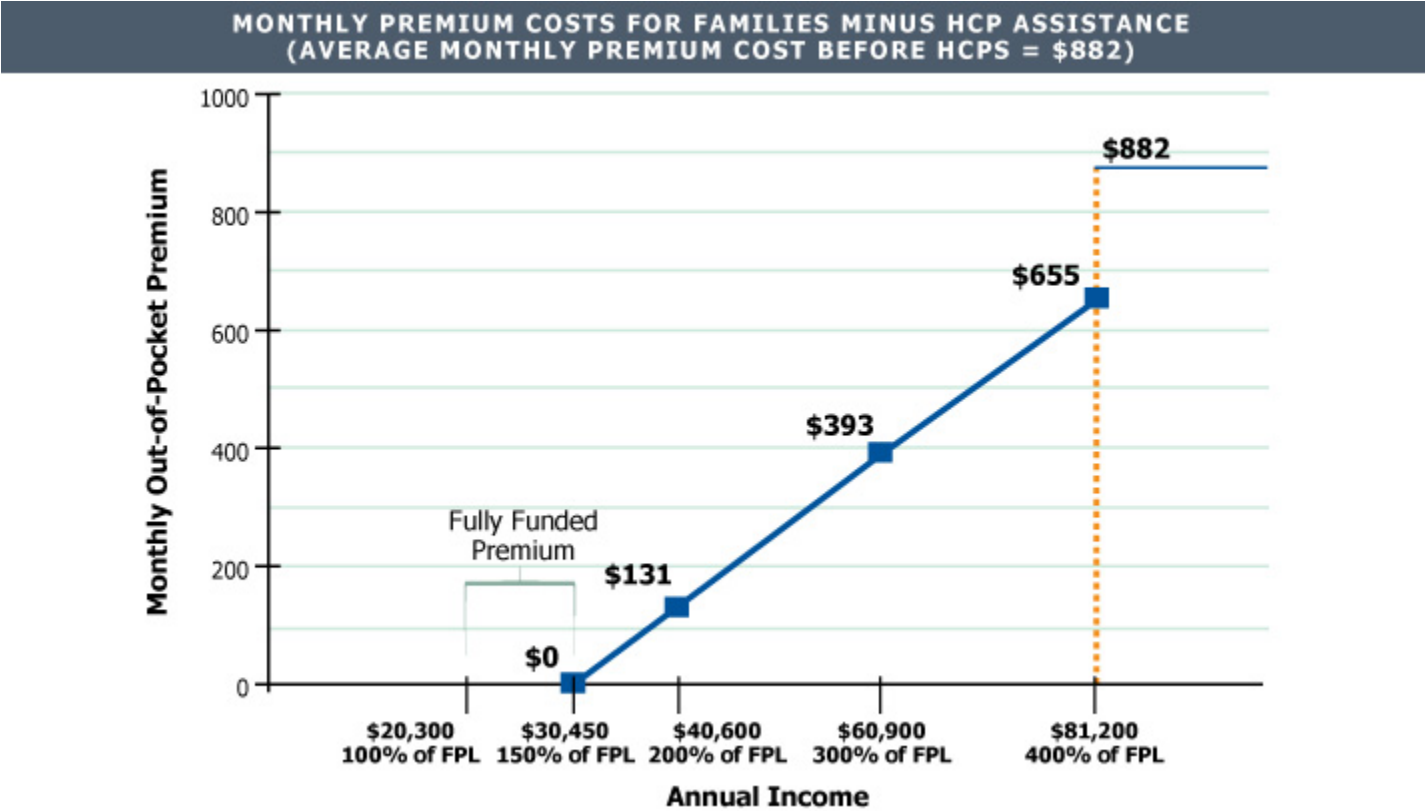
Income ^{a/}	New Assistance for the Uninsured
0-100% FPL	Medicaid and SCHIP are expanded and eligible individuals and families are automatically enrolled, in coordination with other public programs.
101-150% FPL	HCPs cover the full cost of employer-based premiums. If employer coverage is not offered, HCPs generally cover the full cost of premiums on insurance purchased in the individual market.
151- 400% FPL	HCPs cover a portion of the cost of employer-based premiums (assistance is based on income). If employer coverage is not offered, health insurance must be purchased in the individual market but individuals can choose to (1) apply an HCP to a portion of their premium or (2) have premiums become tax deductible.
Above 400% FPL	To ensure equity, premiums for individual coverage become tax deductible.

a/ The Federal Poverty Level is: \$9,800 for single individuals; \$20,300 for family of four



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HCPs: Illustrative Sliding Scale Assistance for Families



Premium costs are based upon estimates of the average premium for a standard federal employee's plan for the population to be covered, which is comparable to the premiums expected in reformed state insurance markets.

How It Works

Holding Everyone Responsible

- Adults must have health coverage for themselves
- Parents must have health coverage for their dependent children
- Anyone who is uninsured when filing federal income taxes or seeking health care will be enrolled:
 - In Medicaid or SCHIP if eligible
 - In an HCP-qualified plan, and charged the premium less their HCP amount
- Health coverage can be obtained through:
 - A public program like Medicaid or SCHIP
 - A qualifying employer plan
 - Individual insurance that qualifies for HCPs or tax relief



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How It Works

Seamless Enrollment

- People can either apply to programs directly or, when possible, are enrolled automatically
- Automatic enrollment is based on existing government data on family income, such as Food Stamps eligibility, earnings reported to Social Security and income tax data
- People can apply in Social Security offices to request extra help when their circumstances change



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The Impact

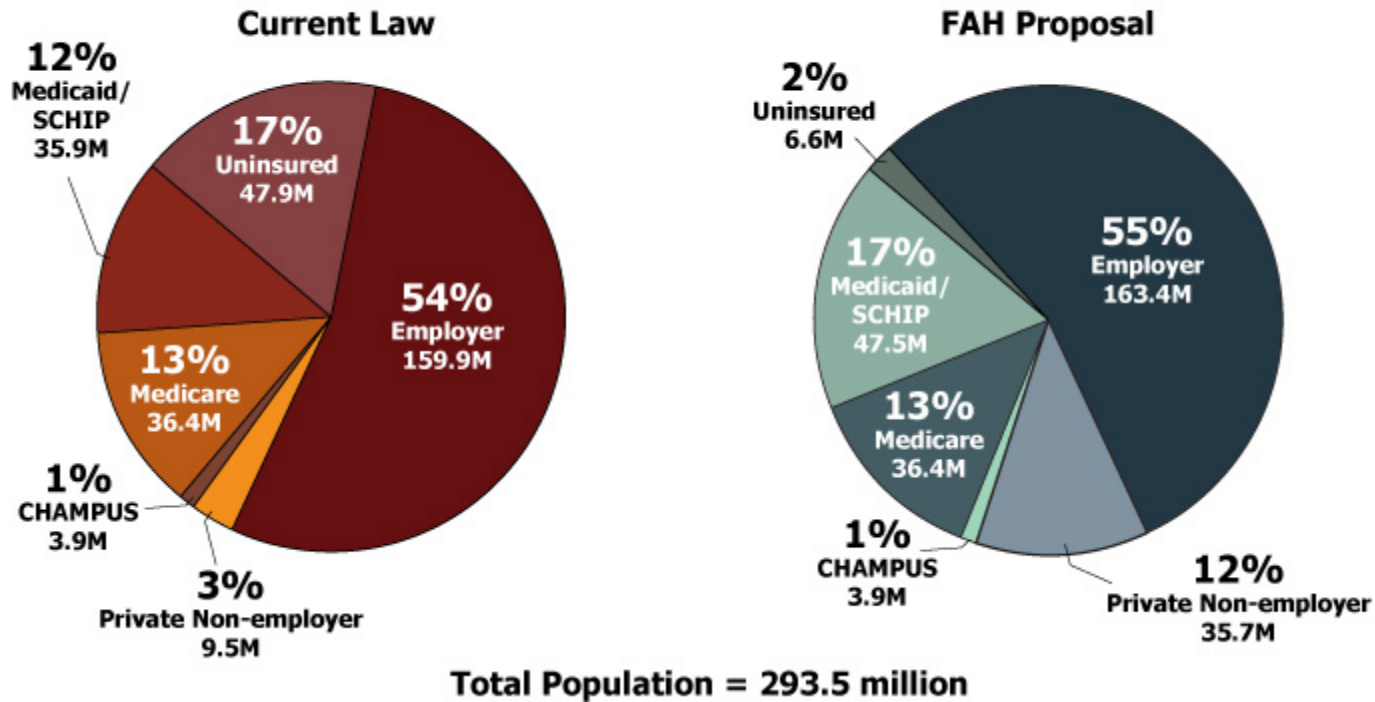
John Sheils, Vice President, The Lewin Group



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Impact: 98% of Americans Are Covered

Primary Source of Coverage in 2007: Current Law vs. Health Coverage Passport (millions)



Source: Estimates based on The Lewin Group Health Benefits Simulation Model (HBSM)



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Impact: Increased Federal Costs

\$115.2 billion if implemented in 2007

Major Categories of New Federal Costs and Beneficiaries	Federal Costs (billions)	Beneficiaries (millions)
Auto-enrollment of current uninsured eligibles into Medicaid and SCHIP	\$14.6	6.3
Medicaid for poor adults outside current categories	\$29.3	10.1
Health Coverage Passports for employer plans	\$27.1	61.0
Health Coverage Passports for private, non-employer plans	\$31.4	25.9
New tax deduction for private, non-employer plans	\$8.5	8.2
Administrative costs ^{a/}	\$4.3	n/a
Total:	\$115.2 billion ^{a/}	111.5 million ^{b/}

a/ Includes \$0.8 billion in technical adjustments.

b/The number of beneficiaries exceeds the number of uninsured primarily because HCPs and the new tax deduction would be available to provide assistance to eligible lower and middle-income earners who currently purchase insurance.

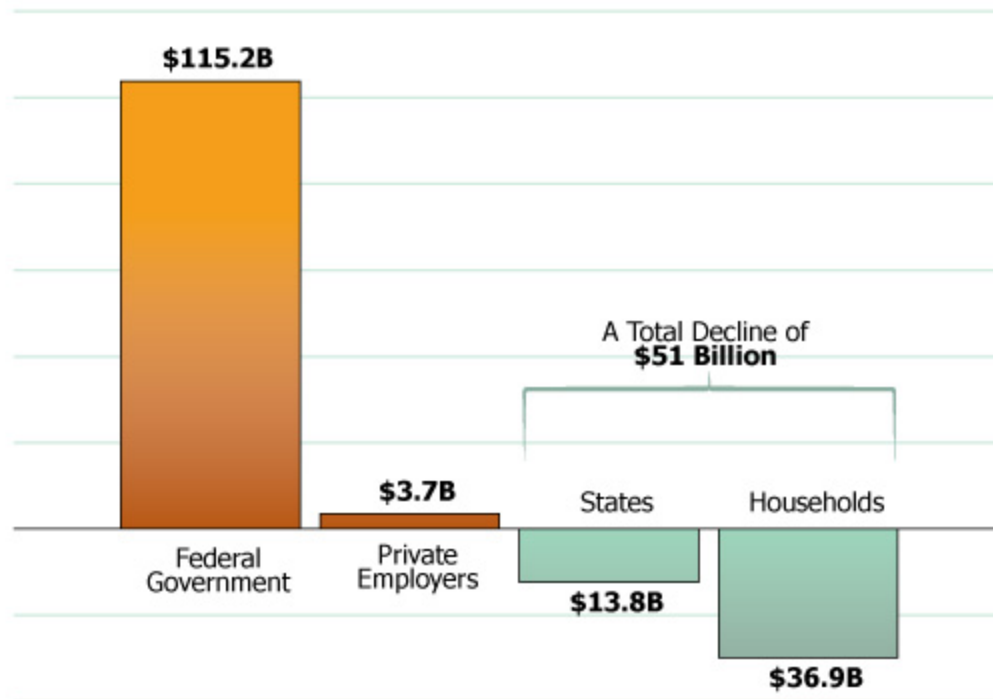
Source: Estimates based on The Lewin Group Health Benefits Simulation Model (HBSM)



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Impact: Decreased Costs to States and Households

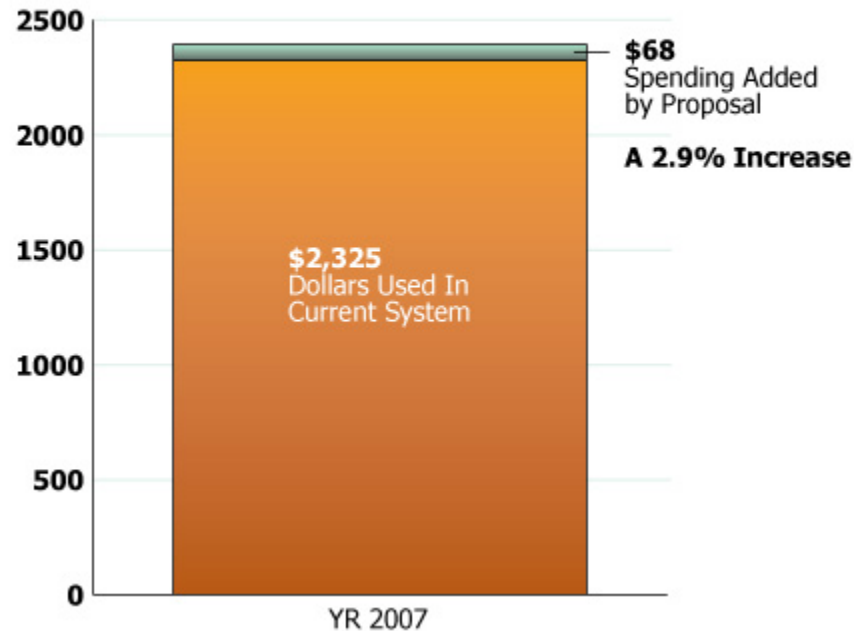
HOW 2007 HEALTH SPENDING SHIFTS UNDER HEALTH COVERAGE PASSPORT (IN BILLIONS)



a/ These estimates assume that employers reduce wage growth to compensate for firms' increase in health insurance costs, which rise by 9/10 of 1%, from \$428.8 billion to \$432.6 billion under the proposal. Wage losses are counted as increased family spending for health care. Source: Estimates based on The Lewin Group Health Benefits Simulation Model (HBSM)

Impact: National Health Spending

**PROJECTED NATIONAL HEALTH SPENDING IN 2007
UNDER THE CURRENT SYSTEM AND HEALTH COVERAGE PASSPORT (BILLIONS)**



Source: Office of the Actuary of the Centers for Medicare and Medicaid Services; and Estimates based on The Lewin Group Health Benefits Simulation Model (HBSM)



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American Attitudes Toward Health Coverage Passport

Linda DiVall, President, American Viewpoint



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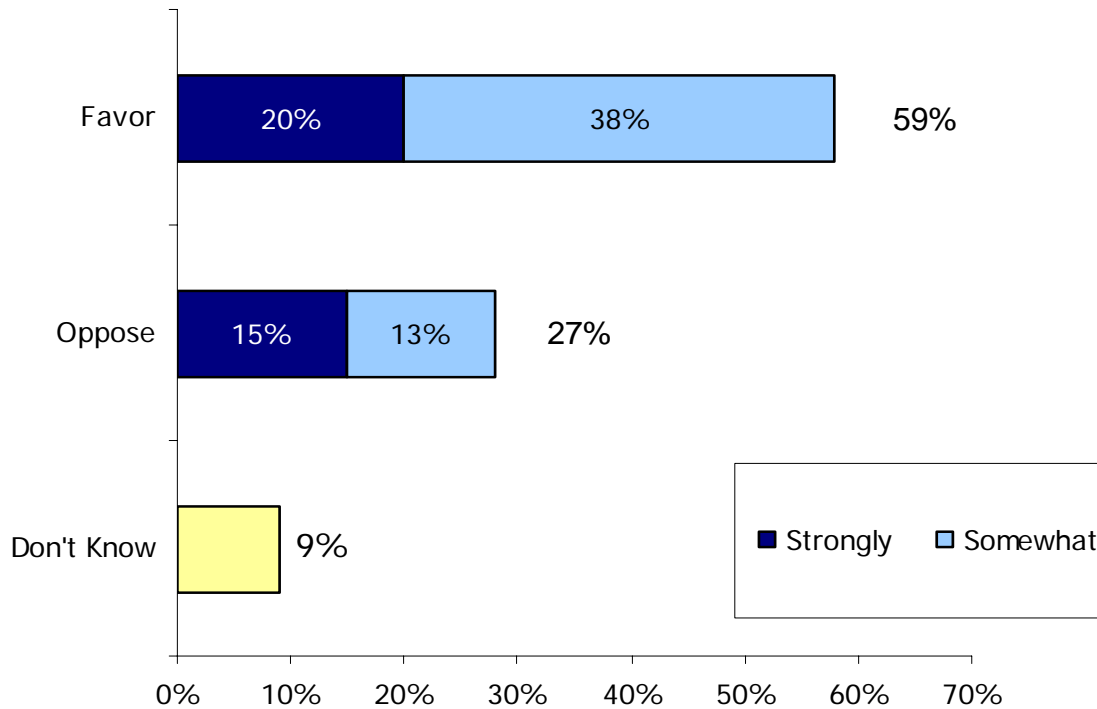
***ACCEPTANCE OF HEALTH
COVERAGE PASSPORT IS
WIDESPREAD AMONG ALL
COVERAGE
CLASSIFICATIONS.***



A P R O P O S A L T O C O V E R A L L A M E R I C A N S

Initial Support of the Health Coverage Passport is widespread.

Now I'd like to introduce to you a new health care proposal called Health Coverage Passport that would require all Americans to have health care coverage with assistance in purchasing coverage for those who need it. For those who currently have coverage, little would change. The poorest Americans would receive health care coverage through public programs such as Medicaid. For lower to middle income Americans, assistance at different levels based on income would be given to purchase insurance. Also, higher income Americans who do not already receive tax-free coverage through their employer would receive tax relief for purchasing their own insurance. Knowing what you do, do you favor or oppose the Health Coverage Passport proposal?



	Favor	Oppose
Uninsured Pool	64%	26%
Purchase Own Insurance	54%	30%
Employer Provided Insurance	60%	28%
Republican	57%	26%
Independent	55%	33%
Democrat	66%	22%



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Health Coverage Passport goals all score high.

Importance by Mean Rating on 1-10 Scale

	Total	Uninsured Pool	Purchase Own Insurance	Employer Provided Insurance
Allow Americans to continue to make health care choices that fit their needs.	8.7	8.9	8.5	8.9
Every American, regardless of income, be treated equitably and get the health care coverage they need.	8.2	8.7	7.6	8.3
Reform the insurance market so those individuals buying health insurance on their own would have coverage as good as Federal workers at a fair price.	8.2	8.6	8.0	8.4
Allow employees to maintain coverage their employer already provides for them.	8.1	8.2	7.8	8.5
Lower premium costs to those with insurance since part of their premium currently goes to pay health care costs for the uninsured.	7.1	7.5	6.7	7.2
Every American would be responsible for having health coverage for themselves and their families and the Health Coverage Passport proposal would provide a way to meet this obligation for those who need it.	7.1	7.5	6.7	7.1



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Principles of Health Coverage Passport are well received and the public favors government funding.

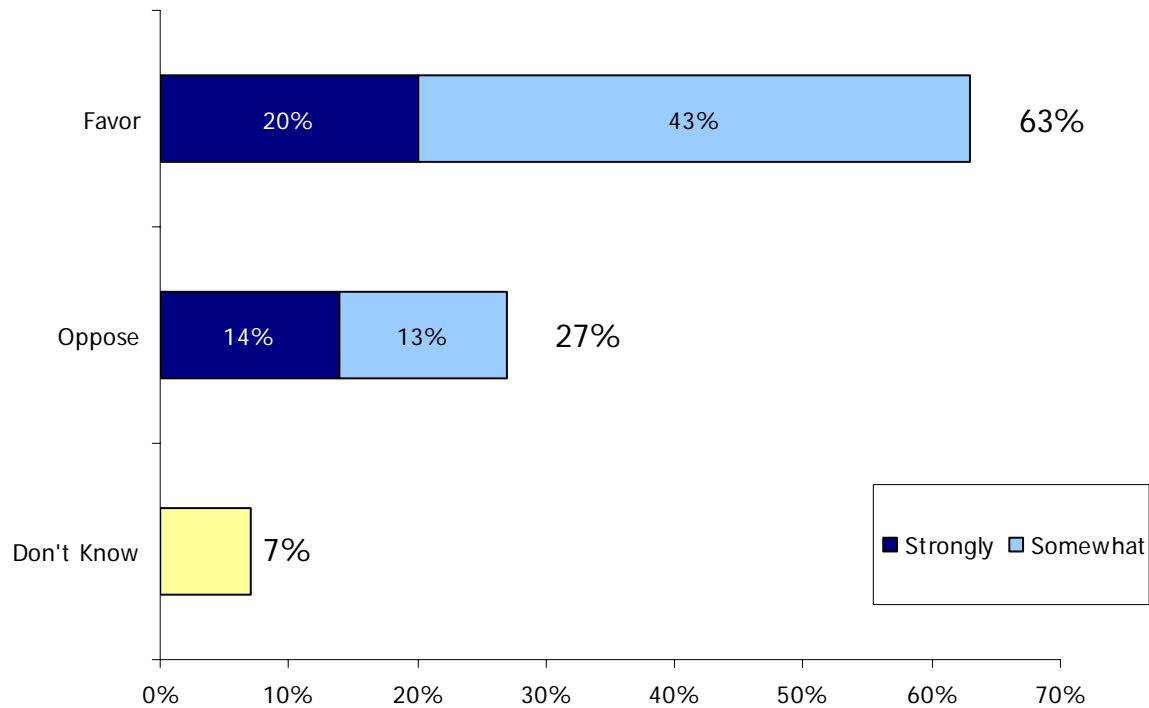
	Total Favor	Total Oppose	Net Favor	Net Favor Employer Provided Insurance	Net Favor Purchase Own Insurance	Net Favor Uninsured Pool
Allow people with sufficient income who do not already receive tax-free coverage from their employers, and who purchased their own insurance by themselves to deduct these costs from their taxes.	84%	12%	+72%	+75%	+72%	+68%
Offer Health Coverage Passport on a sliding scale based on income for those who earn too much to qualify for programs such as Medicaid, but not enough to afford health insurance.	78%	19%	+59%	+66%	+47%	+58%
Medicaid will be expanded to cover all uninsured Americans with annual incomes at or below the federal poverty level. For example, the federal poverty level for a family of 4 is \$20,650.	71%	23%	+48%	+56%	+25%	+56%
To assist uninsured Americans to meet their responsibility to have insurance, and to treat everyone else equitably, the Health Coverage Passport plan would add \$100 billion in net annual government spending, but, at the same time, it would save American families who already have insurance, on average, \$300 a year in how much they spend on health care.	66%	26%	+39%	+47%	+21%	+45%
Ensure that all Americans are meeting their obligation to have health insurance, by charging a premium to anyone who is uninsured when they file their tax returns. Those who are without coverage at that time will be enrolled in coverage and tax penalties will apply to the time that they were without health care coverage.	36%	57%	-21%	-23%	-29%	-22%



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Informed support of the Health Coverage Passport remains strong.

Now knowing what you do, do you favor or oppose the Health Coverage Passport proposal?

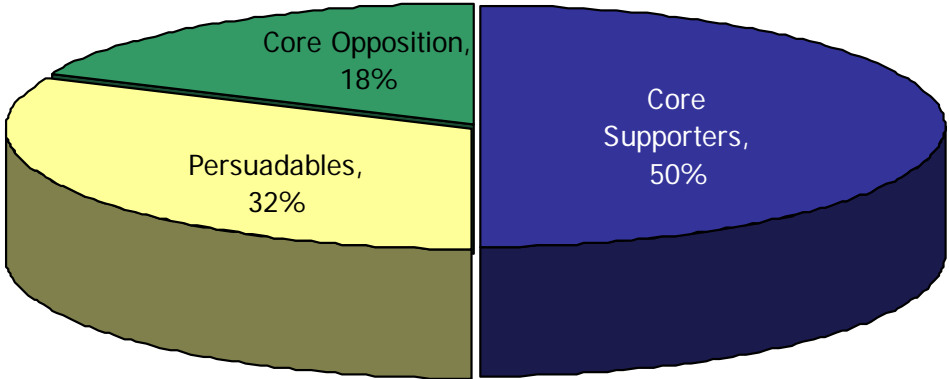


	Favor	Oppose
Uninsured Pool	67%	26%
Purchase Own Insurance	56%	35%
Employer Provided Insurance	66%	25%
Republican	58%	31%
Independent	59%	32%
Democrat	73%	18%



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Core segmentation analysis shows majority support among key swing groups.



Core Supporters	
Moderates	55%
Women 35-59	56%
Voters 55-64	52%
Suburban Women	53%
Employer Provided Ins.	53%
Uninsured Pool	53%

Core Supporters = Favor proposal on both initial and informed measurement
 Core Opposition = Oppose proposal on both initial and informed measurement
 Persuadables = all others

Health Coverage Passport

Everyone's responsible.
Everyone's covered.

Q&A



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