

HEALTH CARE FOR AMERICA WOULD SAVE BILLIONS Lewin Analysis Shows Immediate Savings, Rein on Costs

More Choices, Guaranteed Access, No Need to Resort to Health Savings Accounts, Inadequate Vouchers

EPI Plan Creates National Health Insurance Pool Modeled on Medicare; Employers, Individuals, Government All Would Participate in Shared Effort



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EMBARGOED UNTIL
12:01am
February 15, 2008

CONTACT:
Scott Treibitz
703/276-2772 x11

WASHINGTON – A health care plan that combines the best elements of the current employer-based system and the Medicare model would create big savings, offer more choices and guarantee affordable coverage to all U.S. residents, according to a new cost and coverage analysis of the plan by the Lewin Group, a nationally respected nonpartisan consulting firm.

Health Care for America, developed for the Economic Policy Institute (EPI) by Yale political scientist Jacob S. Hacker, would achieve these goals and maximize consumers' health care choices without unraveling existing health security, forcing individual to obtain coverage on their own, pressuring patients into health savings accounts or using inadequate vouchers.

Lewin estimates the proposal would cover 99.6 percent of all Americans without raising total national health spending. It would also save hundreds of billions over time – more than \$1 trillion over the next 10 years – in national health spending, according to Lewin.

“By mobilizing strength in numbers to bargain for better health care and lower costs, with responsibility shared by employers, individuals and the government, this plan is a fundamental change from current Bush administration and Republican party policies, which essentially tell Americans that they’re on their own,” said EPI President Lawrence Mishel.

“What these results show is that by building on the best elements of Medicare and employment-based health insurance, Health Care for America can provide every American good affordable, guaranteed coverage for no more than we’re spending for health care today – and with the promise of big savings and quality improvements down the road,” Hacker said.

Health Care for America, a centerpiece of EPI’s Agenda for Shared Prosperity, has become a template for the health care proposals offered by leading Democratic candidates for president, built on a foundation of a large national insurance pool and an employer mandate. The comprehensive cost-out just completed by the Lewin Group, whose work is considered the gold standard in the industry, shows in detail how the plan would reduce spending, enabling the United States to save money while still extending health care coverage to everyone.

Health Care for America calls for employers, individuals and the federal government to share responsibility for providing affordable, high-quality health insurance:

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- Employers would provide their private insurance that is at least as good as what the Health Care for America plan offers, or would be required to pay a contribution of 6 percent of payroll to a new national insurance pool to cover their workers.
- Workers who do not receive private insurance coverage would be responsible for paying small premiums to the pool, with maximum rates capped at \$70 a month for single coverage, \$130 a month for a single parent, \$140 for a couple and \$200 for families. Non-workers would be required to enroll in the program if they do not receive insurance from other sources, and pay an actuarially fair premium, with generous subsidies for lower-income enrollees. Out-of-pocket costs would be limited.
- The federal government would administer Health Care for America as it currently administers Medicare, offering people a choice between a public insurance plan and a range of private insurance plans.

Health Care for America would offer generous benefits, beyond services available under Medicare, covering mental, maternal and child health, as well as a prescription drug plan in which Health Care for America would negotiate lower price – all this with lower cost sharing and limits on patient out-of-pocket expenses.

“This plan would provide affordable and quality health care to all Americans while saving money for businesses and individuals who now are struggling with the rising costs of health care,” said Mishel. “It would also include generous premium subsidies for low-income workers and give small businesses a less expensive option to provide coverage.”

Workers in households earning below 200 percent of the poverty level (roughly \$32,000 for a three-person household) who do not receive coverage from their employers would not be charged a premium. Partial subsidies would continue up to 300 percent of the poverty level.

No one would be forced to pay more for pre-existing conditions and no one could be excluded from coverage. For non-workers, subsidies would make premiums totally free up to 100 percent of the poverty level, and would continue up to 400 percent of the poverty level.

New federal spending of \$49 billion would be needed to implement the plan, but total national health spending would decline immediately, as households, employers and state and local governments all would see large health cost savings. Lewin estimates annual savings for employers at \$5 billion, \$23 billion for households, and \$21 billion for states.

“Unlike the stale ideas of tax credits and health savings accounts that the ‘You’re On Your Own’ advocates always push, Health Care for America builds on the strengths we already have in place through Medicare and our employer-provided system to expand coverage,” Mishel said. “The plan leverages the power of numbers in a broad national pool that allows us to reduce costs and expand coverage to virtually everyone in America.”

The 38 million Medicaid and State Children’s Health Insurance Program enrollees would be folded into the new insurance pool, with current levels of coverage guaranteed. Lewin estimates that, of the 260 million Americans not enrolled in Medicare, half would be in the new Health Care for America program and the other half would continue to be covered by private employer-based coverage