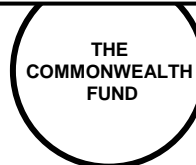


# Exhibit ES-1. Congressional Health Reform Bills as of December 2009

	House of Representatives 11/7/09	Senate 12/24/09
<b>Insurance market regulations</b>	GI, adjusted CR 2:1; in 2010: meet 85% medical loss ratio; uninsured eligible for high-risk pools, no annual or lifetime limits or rescissions, dependent coverage to 27	GI, adjusted CR 3:1; in 2011: health plans required to refund enrollees for non-claims costs >15% in large group market and >20% in small group & individual markets; uninsured eligible for high risk pools; no annual or lifetime limits or rescissions, dependent coverage to 26
<b>Individual mandate</b>	Penalty: 2.5% of the difference between MAGI and the tax filing threshold up to the average national premium of the "basic" benefit package	Penalty: Greater of \$750/year per adult in household or 2% of income in 2016 phased in at \$95 in 2014, \$495 in 2015, \$750 in 2016, up to a cap of national average bronze plan premium; family penalty capped at \$2,250; exempts premiums >8% of income
<b>Exchange</b>	National or state	Regional, state, or substate
<b>Plans offered</b>	Private, public, and co-op	Private and co-op; multistate plans with at least one nonprofit plan, supervised by OPM
<b>Eligibility for exchange</b>	Individuals and small businesses <25 in 2013; <50 by 2014; <100 by 2015; 100+ after 2015	Individuals and small businesses 50–100, 100 by 2015, 100+ at state option
<b>Essential benefit standard</b>	Essential health benefits 70%–95% actuarial value, four tiers	Essential health benefits 60%–90% actuarial value, Four tiers; catastrophic policy for young adults <30 and those exempt from individual mandate
<b>Premium/cost-sharing assistance</b>	Sliding scale 1.5%–12% of income up to 400% FPL; cost-sharing credits 133%–350% FPL	Sliding scale 2%–9.8% of income up to 300% FPL/ flat cap at 9.8% 300%–400% FPL; cost-sharing subsidies for 100%–200% FPL
<b>Medicaid/CHIP expansion</b>	Up to 150% FPL	Up to 133% FPL
<b>Shared responsibility/ Employer pay-or-play</b>	Play or pay; firms >\$500,000 payroll 72.5% + prem. contribution for indiv./65% + for families; sliding scale phased-in from 2% to 8% of payroll at \$750,000; small employer tax credit; young adults can stay on parent's health plan to age 27	Firms >50 FTEs pay uncovered worker fee of \$750; small employer tax credit; young adults can stay on parent's health plan to age 26

Note: GI = guaranteed issue; CR = community rating. Actuarial value is the average percent of medical costs covered by a health plan.

Source: Commonwealth Fund analysis of proposals.



# Exhibit ES-2. Major Sources of Savings and Revenues Compared with Projected Spending, Net Cumulative Effect on Federal Deficit, 2010–2019

Dollars in billions

	CBO estimate of House bill (H.R. 3962)	CBO estimate of Senate bill (H.R. 3590)
<b>Total Net Impact on Federal Deficit, 2010–2019</b>	<b>–\$138</b>	<b>–\$132</b>
<b><u>Total Federal Cost of Coverage Expansion and Improvement</u></b>	<b><u>\$891</u></b>	<b><u>\$763</u></b>
<b><i>Gross Cost of Coverage Provisions</i></b>	<b><i>\$1,052</i></b>	<b><i>\$871</i></b>
• Medicaid/CHIP outlays	425	395
• Exchange subsidies	602	436
• Small employer subsidies	25	40
<b><i>Offsetting Revenues and Wage Effects</i></b>	<b><i>–\$162</i></b>	<b><i>–\$108</i></b>
• Payments by uninsured individuals	–33	–15
• Play-or-pay payments by employers	–135	–28
• Associated effects on taxes and outlays	6	–65
<b><u>Total Savings from Payment and System Reforms</u></b>	<b><u>–\$456</u></b>	<b><u>–\$483</u></b>
• Productivity updates/provider payment changes	–177	–151
• Medicare Advantage reform	–170	–136
• Other improvements and savings	–109	–196
<b><u>Total Revenues</u></b>	<b><u>–\$574</u></b>	<b><u>–\$413</u></b>
• Excise tax on high premium insurance plans	—	–149
• Surtax on wealthy individuals and families	–461	—
• Other revenues	–113	–264

Note: Totals do not reflect net impact on deficit because of rounding.

Source: The Congressional Budget Office Cost Estimate of the Patient Protection and Affordable Care Act, Dec. 19, 2009,

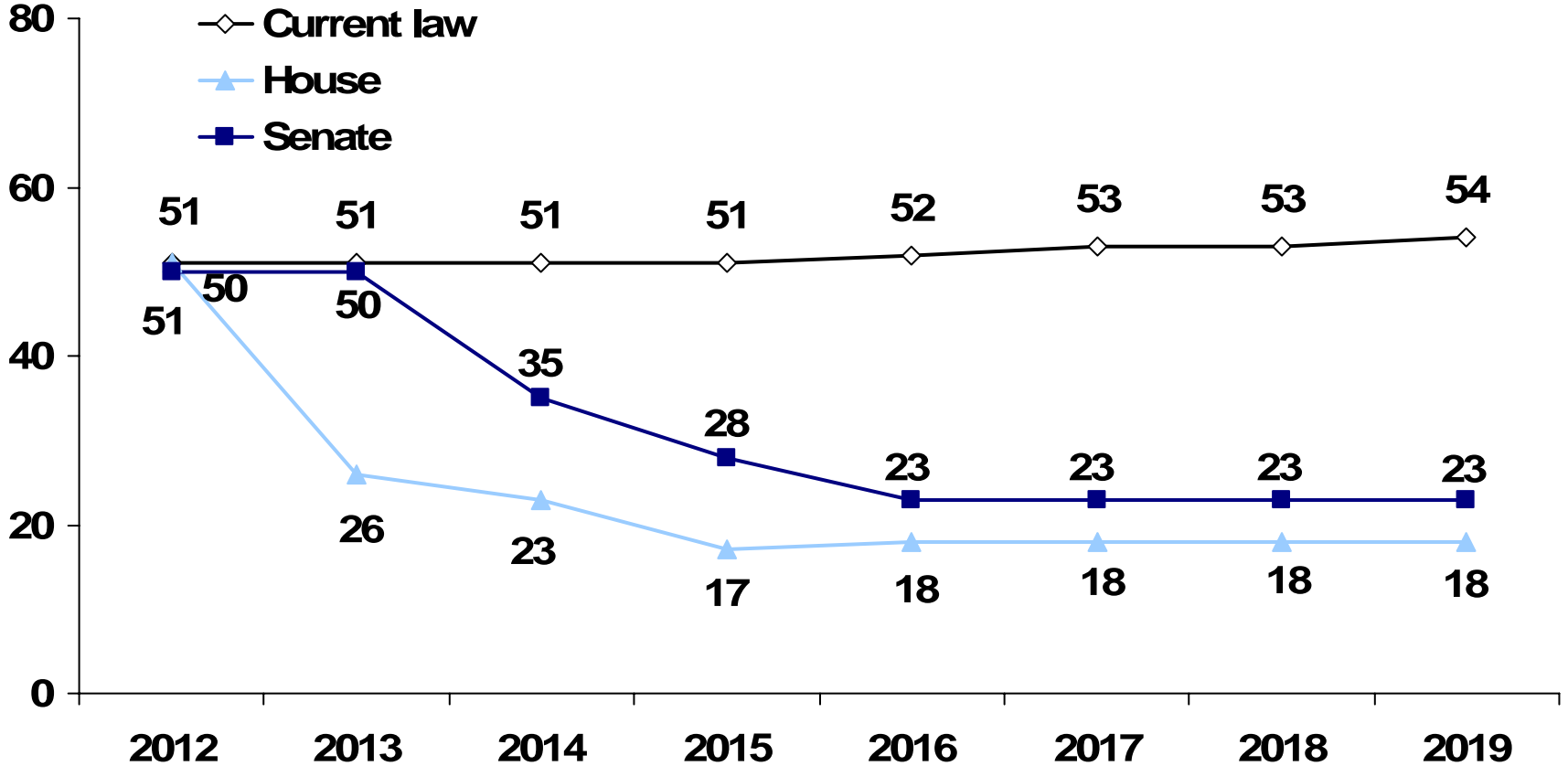
<http://www.cbo.gov/doc.cfm?index=10868>. The Congressional Budget Office Analysis of H.R. 3962, The Affordable Health Care for America Act, Nov. 20, 2009,

<http://www.cbo.gov/doc.cfm?index=10741>.

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# Exhibit ES-3. Trend in the Number of Uninsured Nonelderly, 2012–2019 Under Current Law and House and Senate Bills

Millions



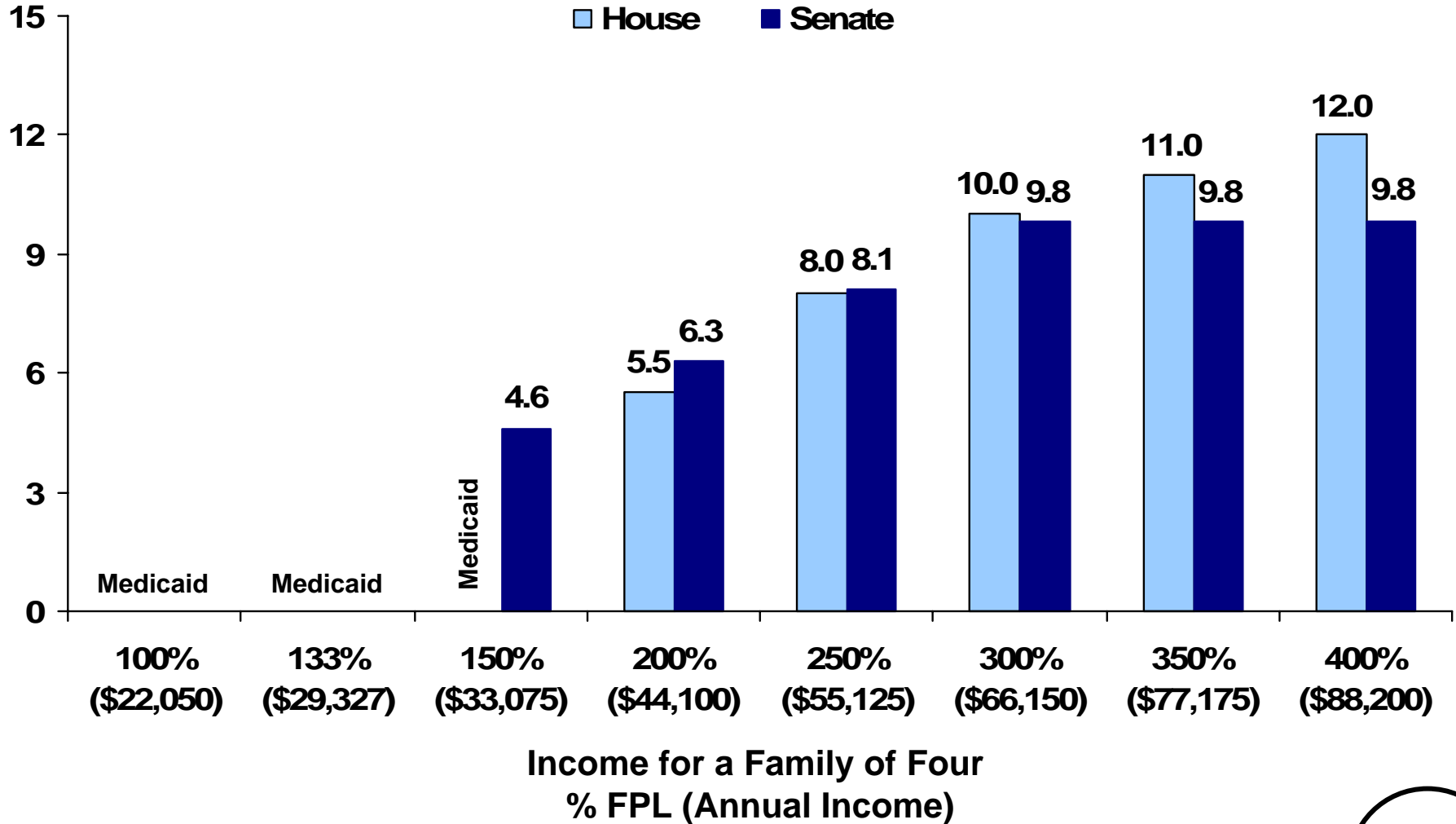
Note: The uninsured includes unauthorized immigrants. With unauthorized immigrants excluded from the calculation, nearly 94% and 96% of legal nonelderly residents are projected to have insurance under the Senate and House proposals, respectively.

Data: Estimates by The Congressional Budget Office.



# Exhibit ES-4. Premium Caps as a Share of Income Under House and Senate Bills

Percent

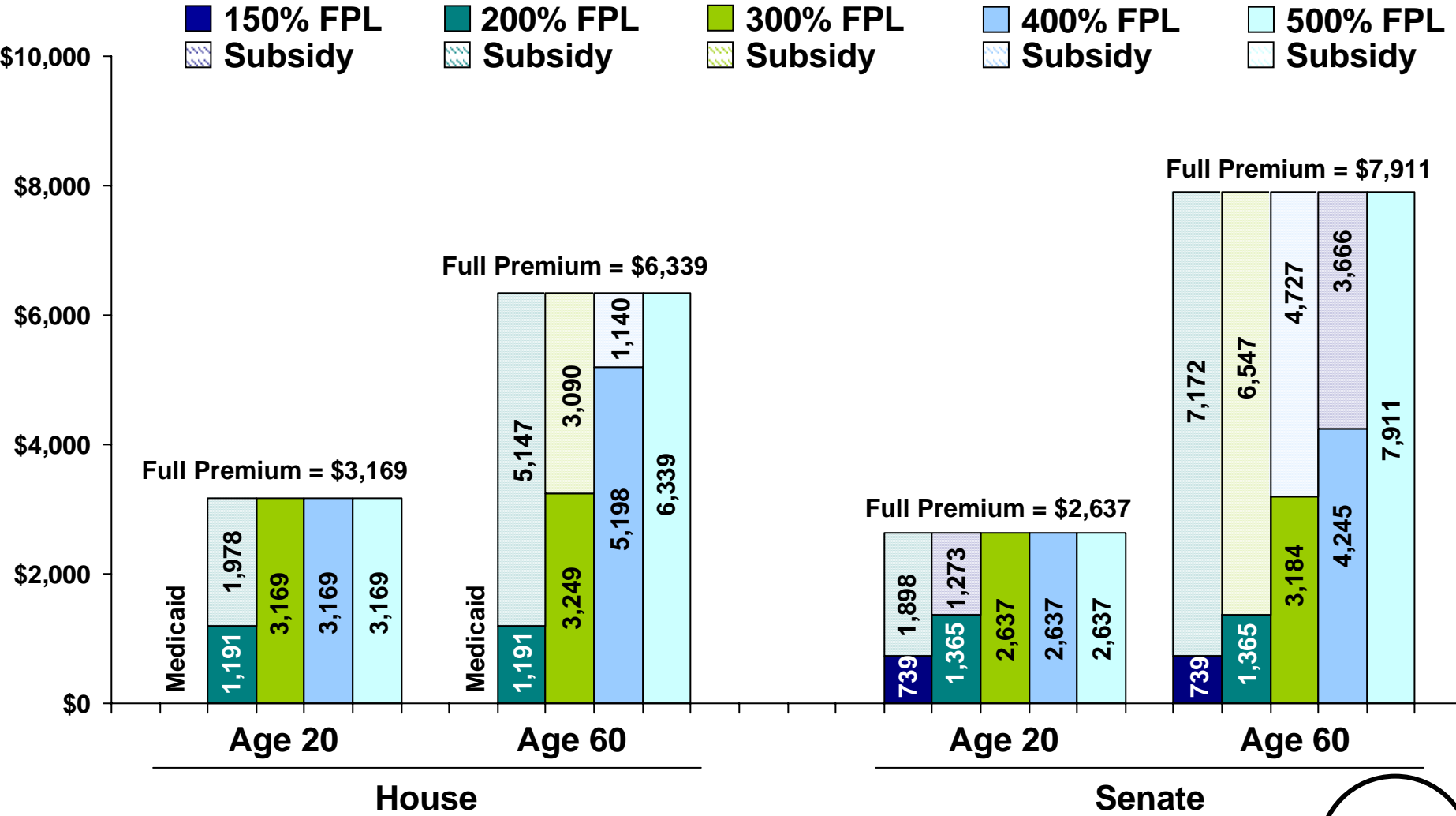


Note: FPL refers to Federal Poverty Level (2009). Under the House bill, people are eligible for Medicaid up to 150% FPL; under the Senate bill, people are eligible for Medicaid up to 133% FPL.  
Source: Commonwealth Fund analysis of proposals.



# Exhibit ES-5. Annual Premium Amount Paid Out-of-Pocket by Individuals and Subsidies Under House and Senate Bills\*

Annual premium amount paid out-of-pocket by individual plus premium subsidy

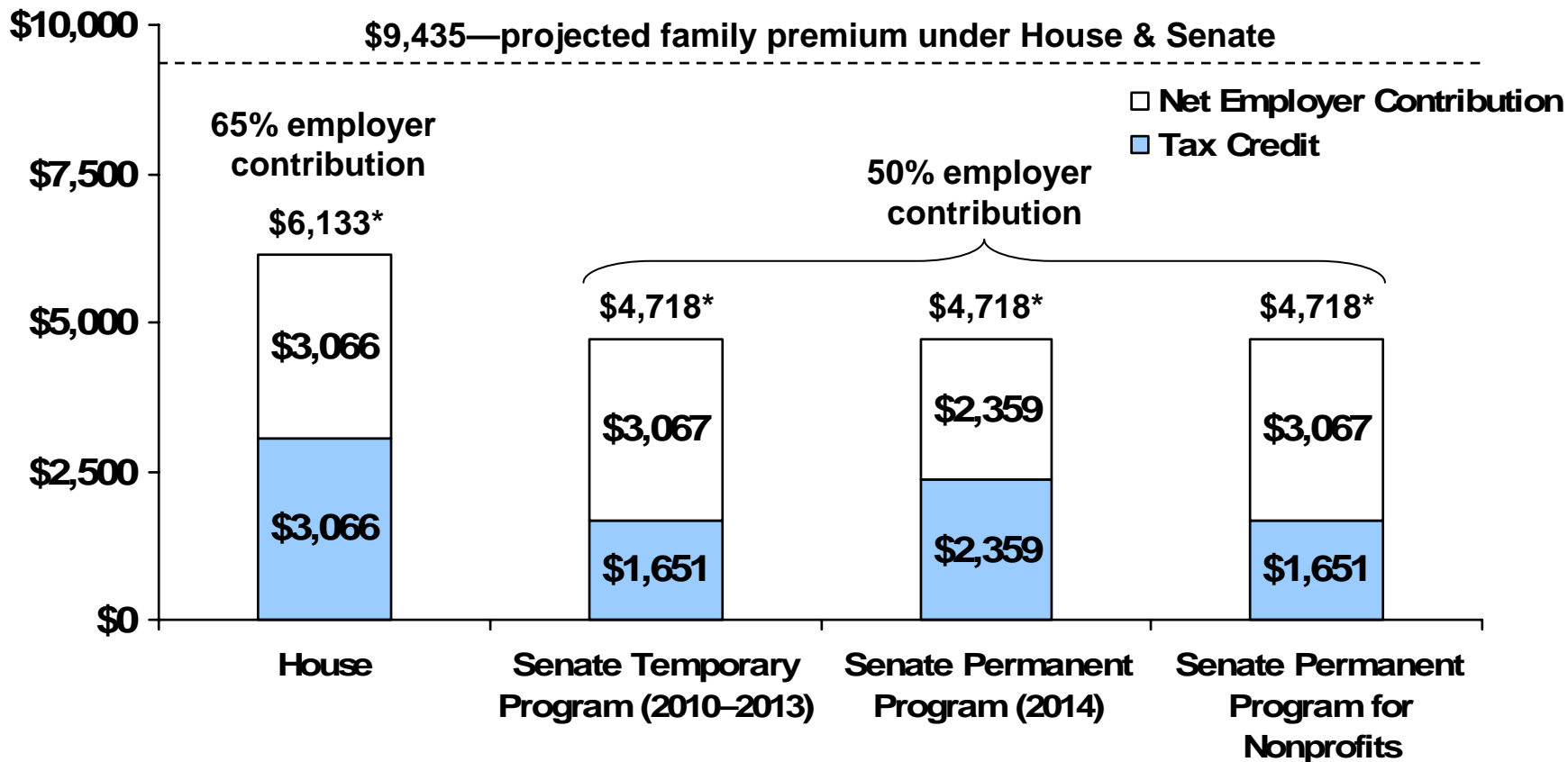


\* For an individual in a medium-cost area in 2009. FPL refers to Federal Poverty Level. Premium estimates are based on: House Basic Plan, actuarial value = 0.70; Senate Silver Plan, actuarial value = 0.70. Actuarial value is the average percent of medical costs covered by a health plan. Source: Premium estimates are from Kaiser Family Foundation Health Reform Subsidy Calculator – Premium Assistance for Coverage in Exchanges/Gateways, <http://healthreform.kff.org/Subsidycalculator.aspx>.



# Exhibit ES-6. Small Business Tax Credits Under House and Senate Bills for Family Premiums

Credit per employee



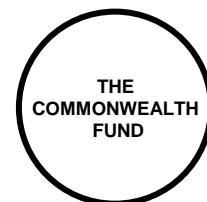
\* To be eligible for tax credits, firms must contribute 65% of premiums per family under the House plan, and 50% under the Senate plan. Firms receive 50% of their contribution in tax credits under House, and 35% and later 50% of contribution under Senate.

Note: Projected premium for a family of four in a medium-cost area in 2009 (age 40). Premium estimates are based on: House Basic Plan, actuarial value = 0.70; Senate Silver Plan, actuarial value = 0.70. Actuarial value is the average percent of medical costs covered by a health plan.

Under the House bill, small firms are defined as those with fewer than 25 employees with average wages below \$40,000. The full credit is available to firms with fewer than 10 employees and average wages less than \$20,000; credits phase out up to 25 employees average wages of \$40,000. Under the Senate bill, small firms are defined as those with fewer than 25 employees with average wages below \$50,000. The full credit is available to firms with 10 or fewer employees and average wages less than \$25,000; credits phase out up to 25 employees average wages of \$50,000.

Source: Commonwealth Fund analysis of proposals. Premium estimates are from Kaiser Family Foundation Health Reform Subsidy Calculator,

<http://healthreform.kff.org/Subsidycalculator.aspx>.

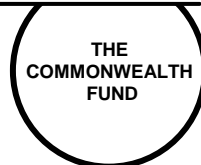


# Exhibit 1. Congressional Health Reform Bills as of December 2009

	House of Representatives 11/7/09	Senate 12/24/09
<b>Insurance market regulations</b>	GI, adjusted CR 2:1; in 2010: meet 85% medical loss ratio; uninsured eligible for high-risk pools, no annual or lifetime limits or rescissions, dependent coverage to 27	GI, adjusted CR 3:1; in 2011: health plans required to refund enrollees for non-claims costs >15% in large group market and >20% in small group & individual markets; uninsured eligible for high risk pools; no annual or lifetime limits or rescissions, dependent coverage to 26
<b>Individual mandate</b>	Penalty: 2.5% of the difference between MAGI and the tax filing threshold up to the average national premium of the “basic” benefit package	Penalty: Greater of \$750/year per adult in household or 2% of income in 2016 phased in at \$95 in 2014, \$495 in 2015, \$750 in 2016, up to a cap of national average bronze plan premium; family penalty capped at \$2,250; exempts premiums >8% of income
<b>Exchange</b>	National or state	Regional, state, or substate
<b>Plans offered</b>	Private, public, and co-op	Private and co-op; multistate plans with at least one nonprofit plan, supervised by OPM
<b>Eligibility for exchange</b>	Individuals and small businesses <25 in 2013; <50 by 2014; <100 by 2015; 100+ after 2015	Individuals and small businesses 50–100, 100 by 2015, 100+ at state option
<b>Minimum benefit standard, tiers</b>	Essential health benefits 70%–95% actuarial value, four tiers	Essential health benefits 60%–90% actuarial value, Four tiers; catastrophic policy for young adults <30 and those exempt from individual mandate
<b>Premium/cost-sharing assistance</b>	Sliding scale 1.5%–12% of income up to 400% FPL; cost-sharing credits 133%–350% FPL	Sliding scale 2%–9.8% of income up to 300% FPL/ flat cap at 9.8% 300%–400% FPL; cost-sharing subsidies for 100%–200% FPL
<b>Medicaid/CHIP expansion</b>	Up to 150% FPL	Up to 133% FPL
<b>Shared responsibility/ Employer pay-or-play</b>	Play or pay; firms >\$500,000 payroll 72.5% + prem. contribution for indiv./65% + for families; sliding scale phased-in from 2% to 8% of payroll at \$750,000; small employer tax credit; young adults can stay on parent’s health plan to age 27	Firms >50 FTEs pay uncovered worker fee of \$750; small employer tax credit; young adults can stay on parent’s health plan to age 26

Note: GI = guaranteed issue; CR = community rating. Actuarial value is the average percent of medical costs covered by a health plan.

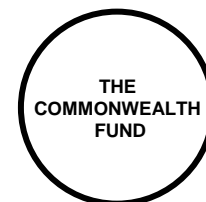
Source: Commonwealth Fund analysis of proposals.



## Exhibit 2. Federal Poverty Level, by Annual Income and Family Size, 2009

% FPL	Family Size			
	One Person	Two People	Three People	Four People
100	\$10,830	\$14,570	\$18,310	\$22,050
133	14,404	19,378	24,352	29,327
150	16,245	21,885	27,465	33,075
200	21,660	29,140	36,620	44,100
250	27,075	36,425	45,775	55,125
300	32,490	43,710	54,930	66,150
350	37,905	50,995	64,085	77,175
400	43,320	58,280	73,240	88,200

Note: FPL refers to Federal Poverty Level.  
Source: U.S. Census Bureau, 2009.





# Exhibit 3. Major Sources of Savings and Revenues Compared with Projected Spending, Net Cumulative Effect on Federal Deficit, 2010–2019

Dollars in billions

	CBO estimate of House bill (H.R. 3962)	CBO estimate of Senate bill (H.R. 3590)
<b>Total Net Impact on Federal Deficit, 2010–2019</b>	<b>–\$138</b>	<b>–\$132</b>
<b><u>Total Federal Cost of Coverage Expansion and Improvement</u></b>	<b><u>\$891</u></b>	<b><u>\$763</u></b>
<b><i>Gross Cost of Coverage Provisions</i></b>	<b><i>\$1,052</i></b>	<b><i>\$871</i></b>
• Medicaid/CHIP outlays	425	395
• Exchange subsidies	602	436
• Small employer subsidies	25	40
<b><i>Offsetting Revenues and Wage Effects</i></b>	<b><i>–\$162</i></b>	<b><i>–\$108</i></b>
• Payments by uninsured individuals	–33	–15
• Play-or-pay payments by employers	–135	–28
• Associated effects on taxes and outlays	6	–65
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• Productivity updates/provider payment changes	–177	–151
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<b><u>Total Revenues</u></b>	<b><u>–\$574</u></b>	<b><u>–\$413</u></b>
• Excise tax on high premium insurance plans	—	–149
• Surtax on wealthy individuals and families	–461	—
• Other revenues	–113	–264

Note: Totals do not reflect net impact on deficit because of rounding.

Source: The Congressional Budget Office Cost Estimate of the Patient Protection and Affordable Care Act, Dec. 19, 2009,

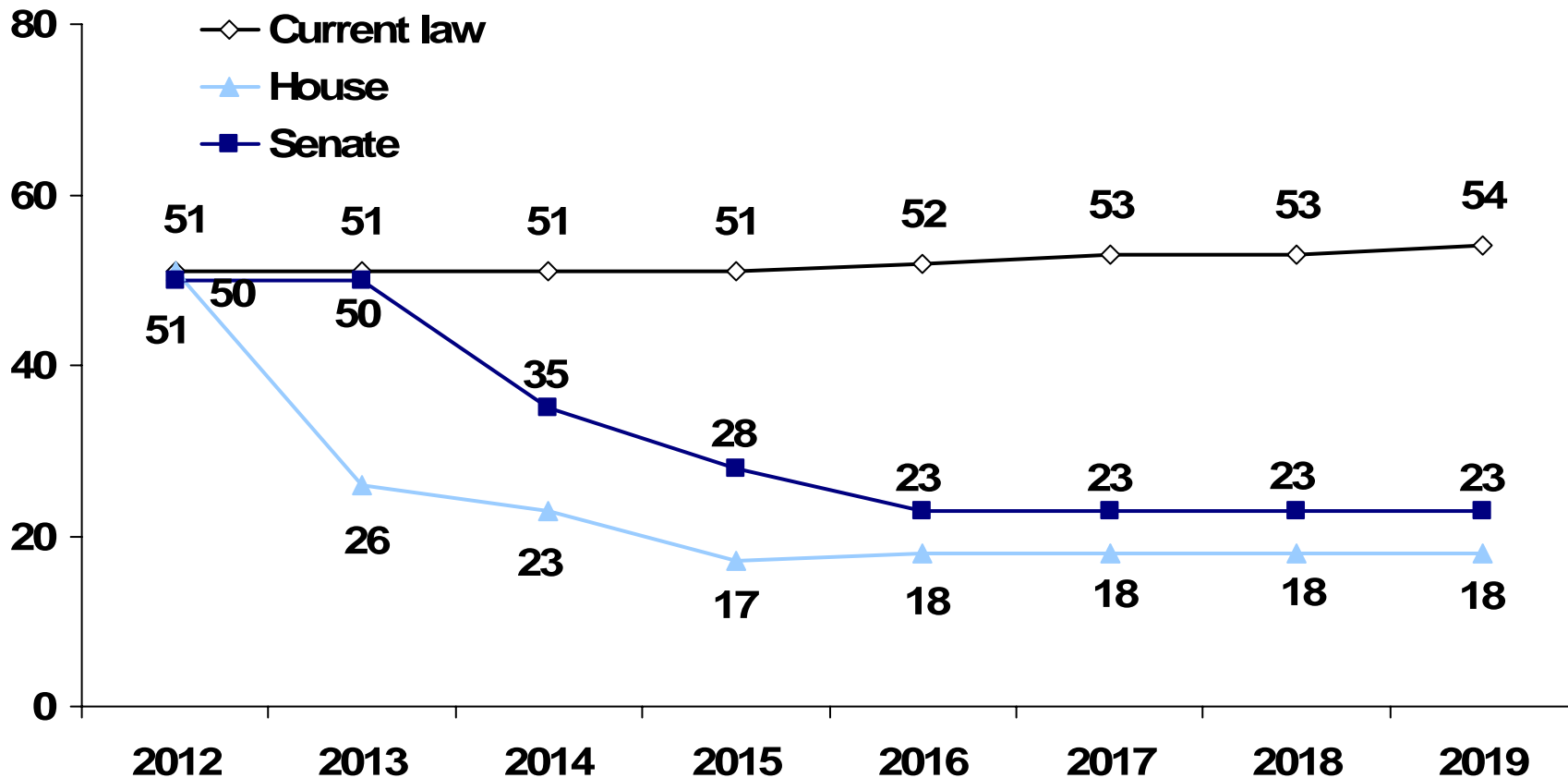
<http://www.cbo.gov/doc.cfm?index=10868>. The Congressional Budget Office Analysis of H.R. 3962, The Affordable Health Care for America Act, Nov. 20, 2009,

<http://www.cbo.gov/doc.cfm?index=10741>.

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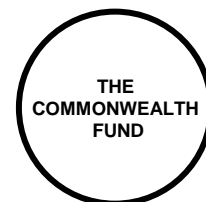
# Exhibit 4. Trend in the Number of Uninsured Nonelderly, 2012–2019 Under Current Law and House and Senate Bills

Millions

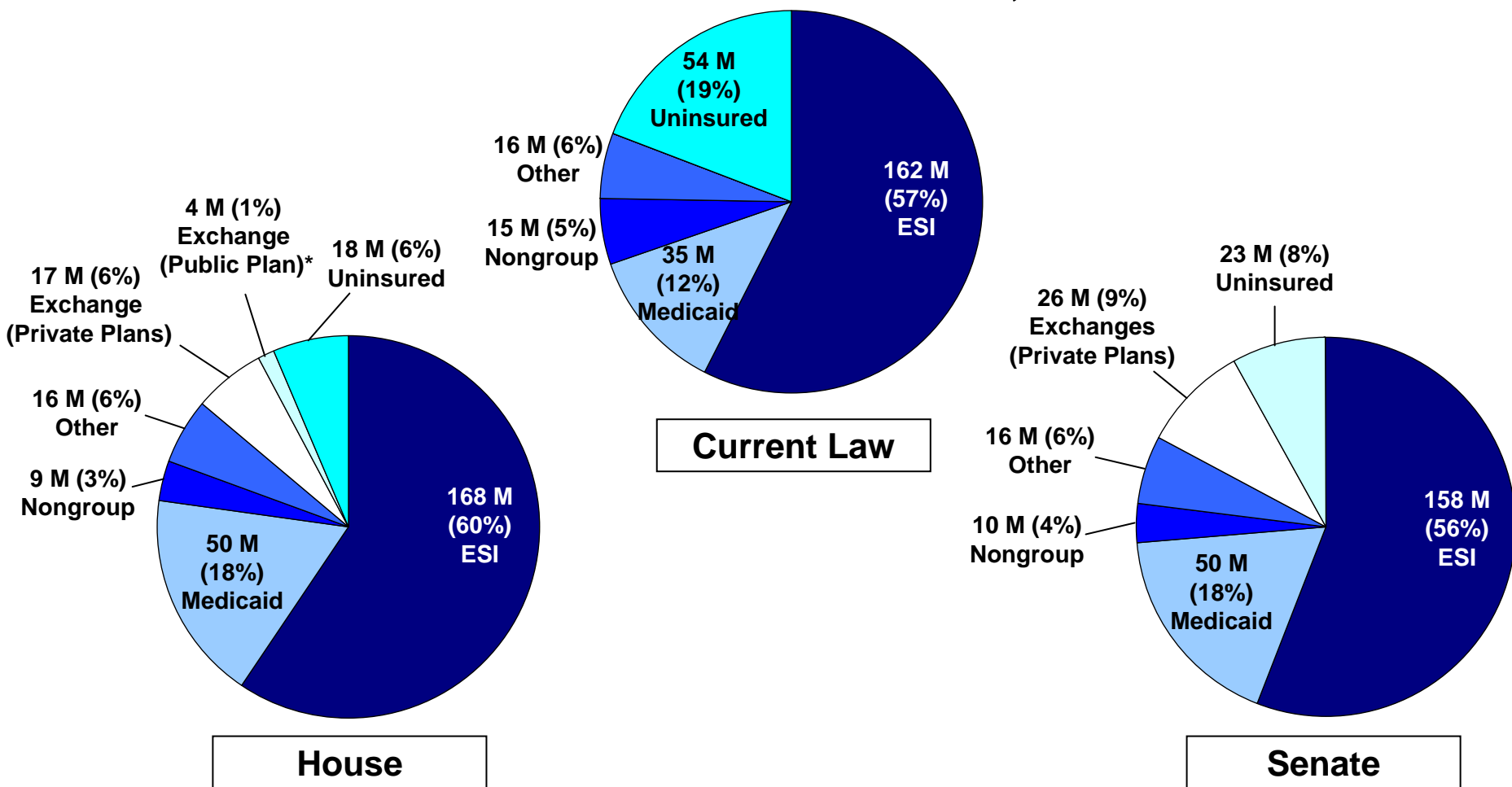


Note: The uninsured includes unauthorized immigrants. With unauthorized immigrants excluded from the calculation, nearly 94% and 96% of legal nonelderly residents are projected to have insurance under the Senate and House proposals, respectively.

Data: Estimates by The Congressional Budget Office.

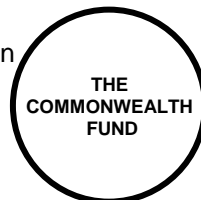


# Exhibit 5. Source of Insurance Coverage Under Current Law and House and Senate Bills, 2019



Among 282 million people under age 65

\* CBO estimates 20% of people enrolled in exchange will choose public plan under House bill. Employees whose employers provide coverage through the exchange are shown as covered by their employers (9 million in the House bill and 5 million in the Senate bill), thus about 30 million people would be enrolled through plans in the exchange under both bills. Note: ESI is Employer-Sponsored Insurance. Source: Revised Estimate of the Affordable Health Care for America Act, Congressional Budget Office Letter to the Honorable John Dingell, November 20, 2009, <http://www.cbo.gov/doc.cfm?index=10741>. The Congressional Budget Office Analysis of the Patient Protection and Affordable Care Act, Incorporating the Manager's Amendment, Dec. 19, 2009, <http://cbo.gov/doc.cfm?index=10868>.



# Exhibit 7. Essential Benefit Package Requirements Under House and Senate Bills

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## House

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### Four levels of cost-sharing

1<sup>st</sup> tier (Basic) actuarial value: 70%  
2<sup>nd</sup> tier (Enhanced) actuarial value: 85%  
3<sup>rd</sup> tier (Premium) actuarial value: 95%  
4<sup>th</sup> tier (Premium-Plus) actuarial value: 95% plus  
oral health and vision care

Annual out-of-pocket maximum  
\$5,000 for individuals, \$10,000 for families

## Senate

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### Four levels of cost-sharing

1<sup>st</sup> tier (Bronze) actuarial value: 60%  
2<sup>nd</sup> tier (Silver) actuarial value: 70%  
3<sup>rd</sup> tier (Gold) actuarial value: 80%  
4<sup>th</sup> tier (Platinum) actuarial value: 90%

Out-of-pocket maximum  
capped at HSA level of  
\$5,950 for individuals and  
\$11,900 for families

Young adult catastrophic policy,  
covering preventive services, would be available

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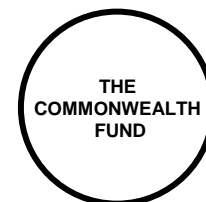
Note: Actuarial values is the average percent of medical costs covered by a health plan.  
Source: Commonwealth Fund analysis of health reform proposals.

# Exhibit 8. Premium Subsidies Under House and Senate Bills

House	Senate
<p>Premium subsidy for purchase through exchange so contribution is limited, as share of income, to:</p> <ul style="list-style-type: none"><li>133%–150% FPL: 1.5%–3.0%</li><li>150%–200% FPL: 3.0%–5.5%</li><li>200%–250% FPL: 5.5%–8.0%</li><li>250%–300% FPL: 8.0%–10.0%</li><li>300%–350% FPL: 10.0%–11.0%</li><li>350%–400% FPL: 11.0%–12.0%</li></ul> <p>(based on average premium of 3 lowest cost plans) If employer coverage contribution is &lt;12% of income, not eligible for subsidies</p>	<p>Sliding-scale credits based on second-lowest-cost silver plan such that premium contributions are no greater than 2% of income for 100% FPL or less to 9.8% of income for 300%–400% FPL; if employer coverage contribution is &lt;9.8% of income, not eligible for subsidies</p>

Note: FPL refers to Federal Poverty Level.

Source: Commonwealth Fund analysis of health reform proposals.



# Exhibit 9. Cost-Sharing Credits and Limits Under House and Senate Bills

---

## House

## Senate

---

Cost-sharing credits limit cost-sharing thus increasing actuarial value of essential benefits to:

133%–150% FPL: 97%  
150%–200% FPL: 93%  
200%–250% FPL: 85%  
250%–300% FPL: 78%  
300%–350% FPL: 72%  
350%–400% FPL: 70%

Annual OOP limits (individual/family)

133%–150% FPL: \$500/\$1,000  
150%–200% FPL: \$1,000/\$2,000  
200%–250% FPL: \$2,000/\$4,000  
250%–300% FPL: \$4,000/\$8,000  
300%–350% FPL: \$4,500/\$9,000  
350%–400% FPL: \$5,000/\$10,000

Cost-sharing is eliminated for preventive services

Cost-sharing subsidies limit cost-sharing thus increasing actuarial value of essential benefits to:

100%–150% FPL: 90%  
150%–200% FPL: 80%

Annual OOP limits (individual/family)

100%–200% FPL: 1/3 HSA limit, \$1,983/\$3,967  
200%–300% FPL: 1/2 HSA limit, \$2,975/\$5,950  
300%–400% FPL: 2/3 HSA limit, \$3,967/\$7,933

Cost-sharing is eliminated for preventive services

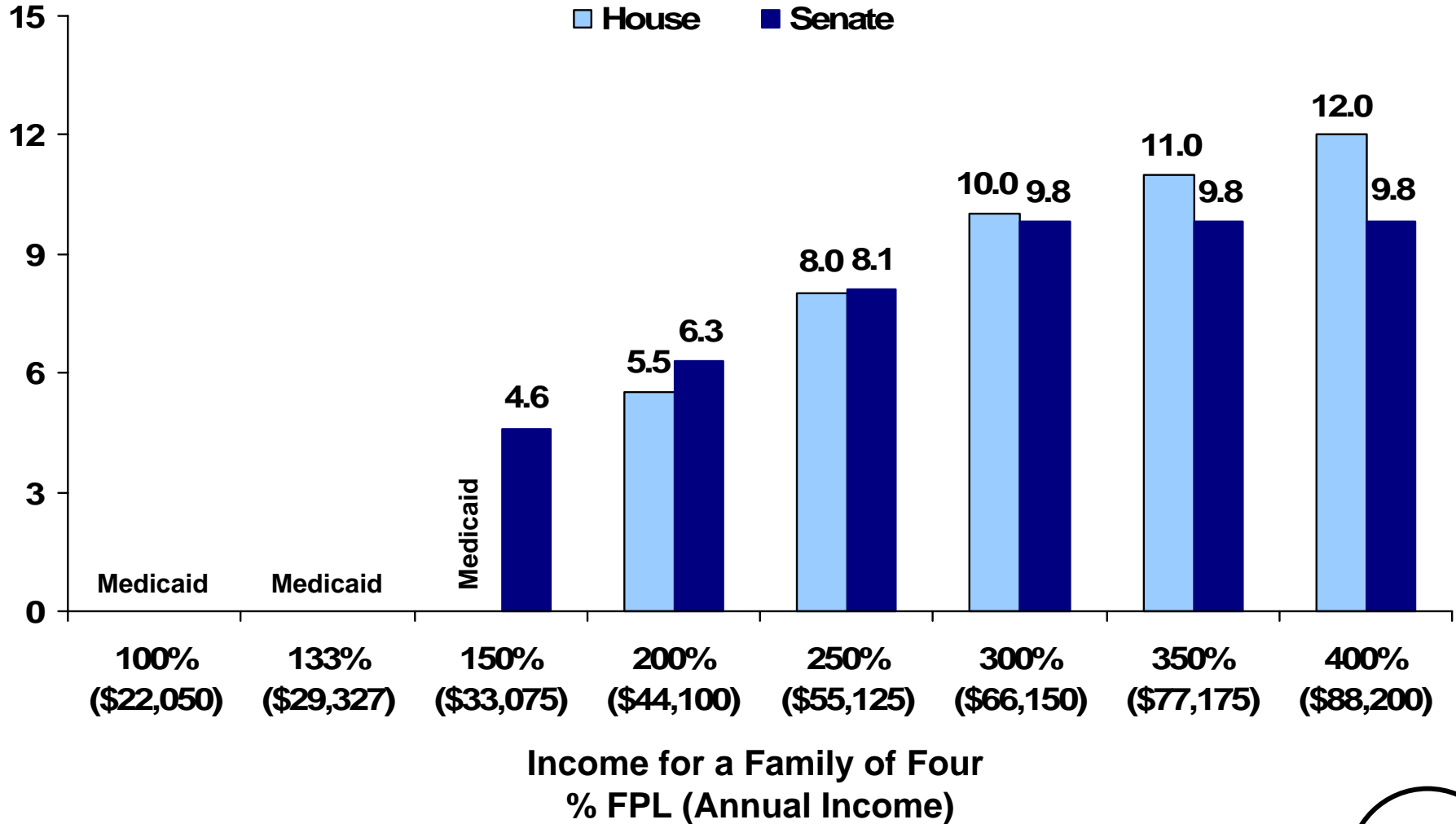
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Note: FPL refers to Federal Poverty Level. OOP is defined as “out-of-pocket” costs. Actuarial value is the average percent of medical costs covered by a health plan. Source: Commonwealth Fund analysis of health reform proposals.



# Exhibit 10. Premium Caps as a Share of Income Under House and Senate Bills

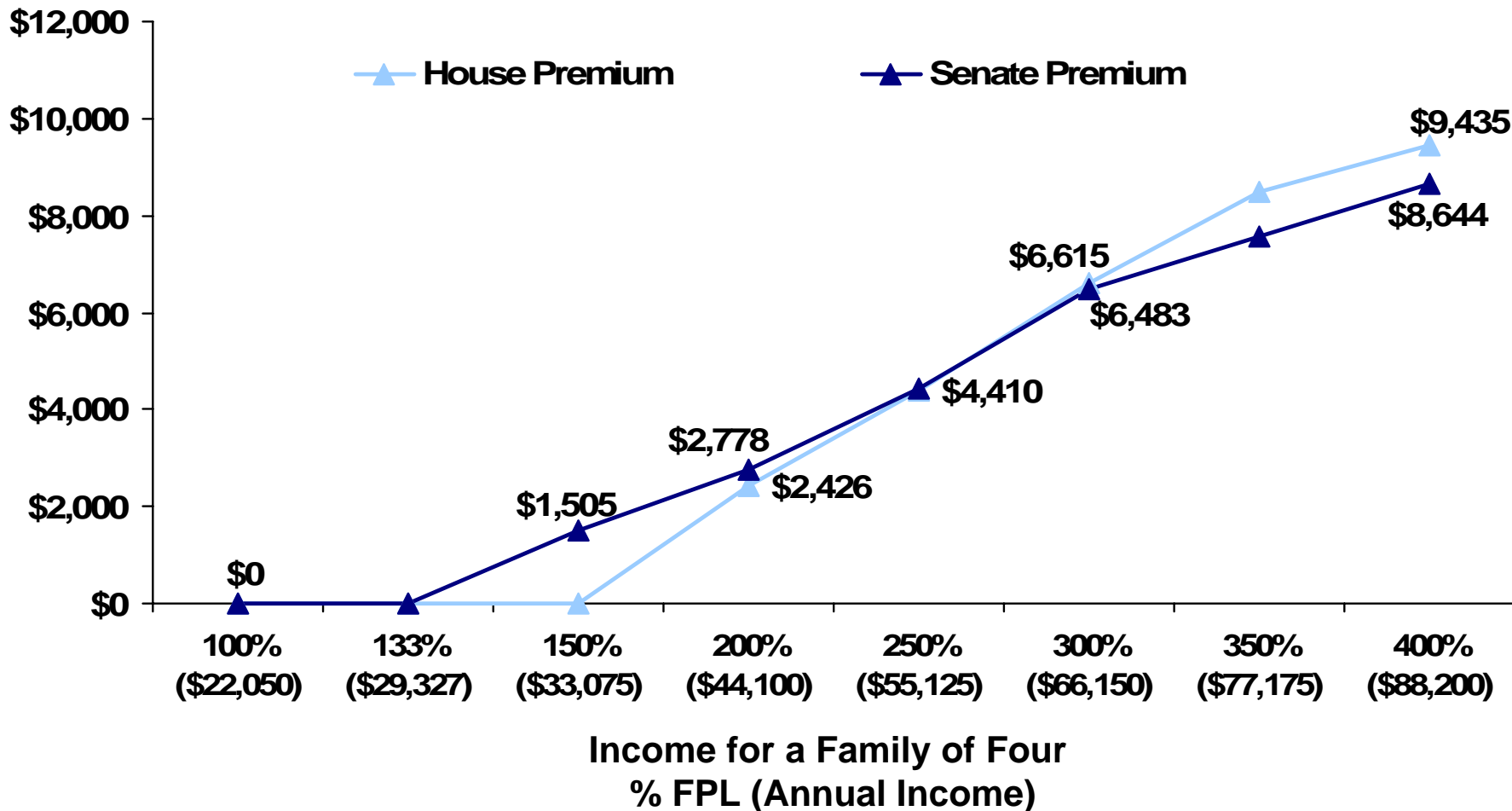
Percent



Note: FPL refers to Federal Poverty Level (2009). Under the House bill, people are eligible for Medicaid up to 150% FPL; under the Senate bill, people are eligible for Medicaid up to 133% FPL.  
Source: Commonwealth Fund analysis of proposals.



# Exhibit 11. Family Premiums Under House and Senate Bills\* After Premium Subsidies

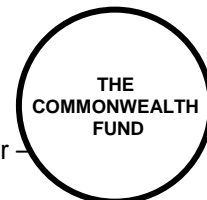


\* For a family of four in a medium-cost area in 2009 (age 40). Premium estimates are based on: Senate Silver Plan, actuarial value = 0.70; House Basic Plan, actuarial value = 0.70. Actuarial value is the average percent of medical costs covered by a health plan.

\*\* Senate bill exempts individuals with premium contributions in excess of 8 percent of income from requirement to buy insurance.

Note: FPL refers to Federal Poverty Level. Under the Senate bill, people are eligible for Medicaid up to 133% FPL; under the House bill, people are eligible for Medicaid up to 150% FPL. CBO estimated an average family premium of \$14,400 in 2016 for the Senate Finance bill, approximately \$10,000 in 2009.

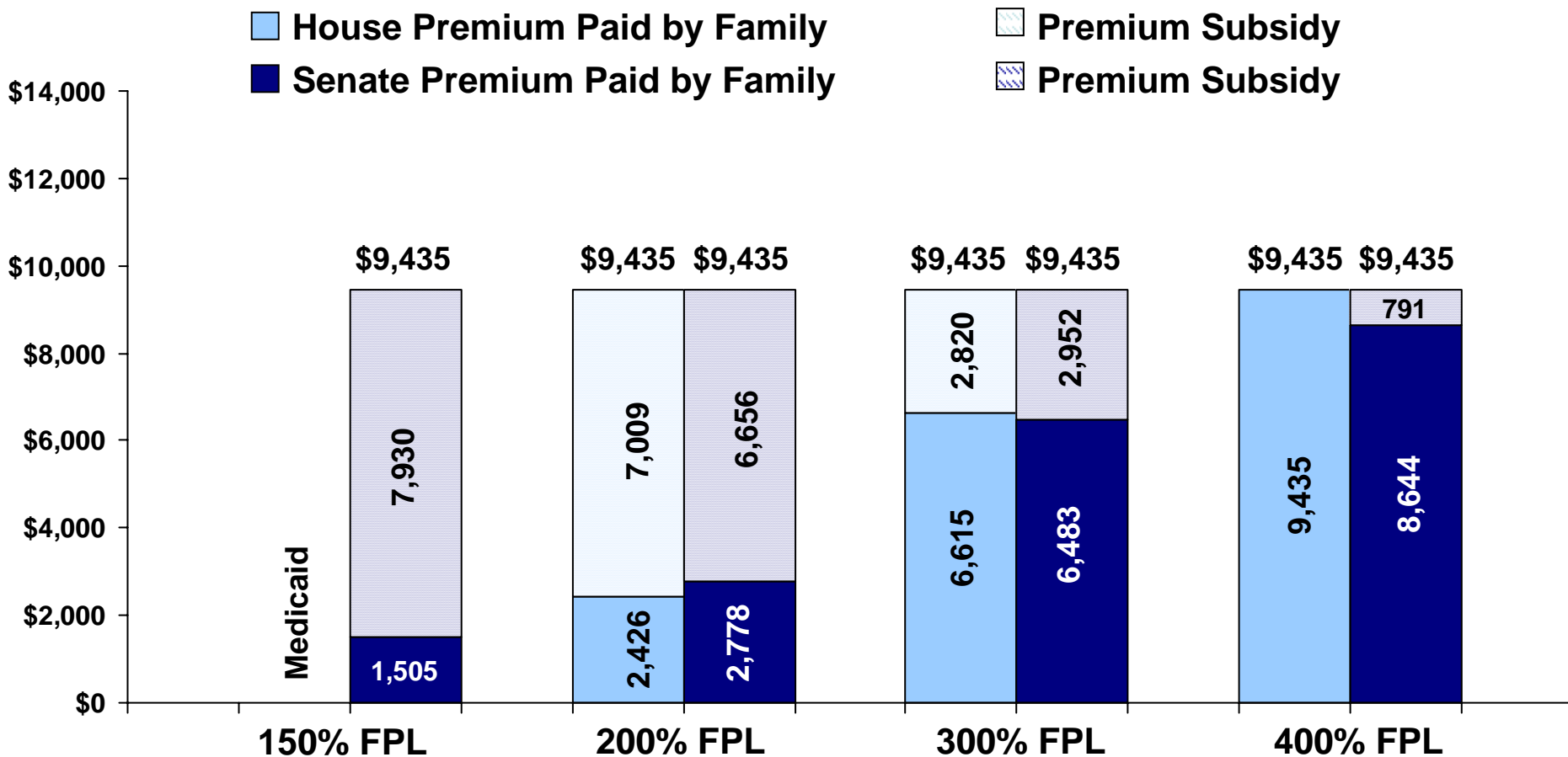
Source: Commonwealth Fund analysis of proposals. Premium estimates are from Kaiser Family Foundation Health Reform Subsidy Calculator – Premium Assistance for Coverage in Exchanges/Gateways, <http://healthreform.kff.org/Subsidycalculator.aspx>.





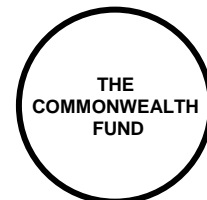
# Exhibit 12. Annual Premium Amount Paid Out-of-Pocket by Families and Subsidies Under House and Senate Bills\*

Annual premium amount paid out-of-pocket by family plus premium subsidy



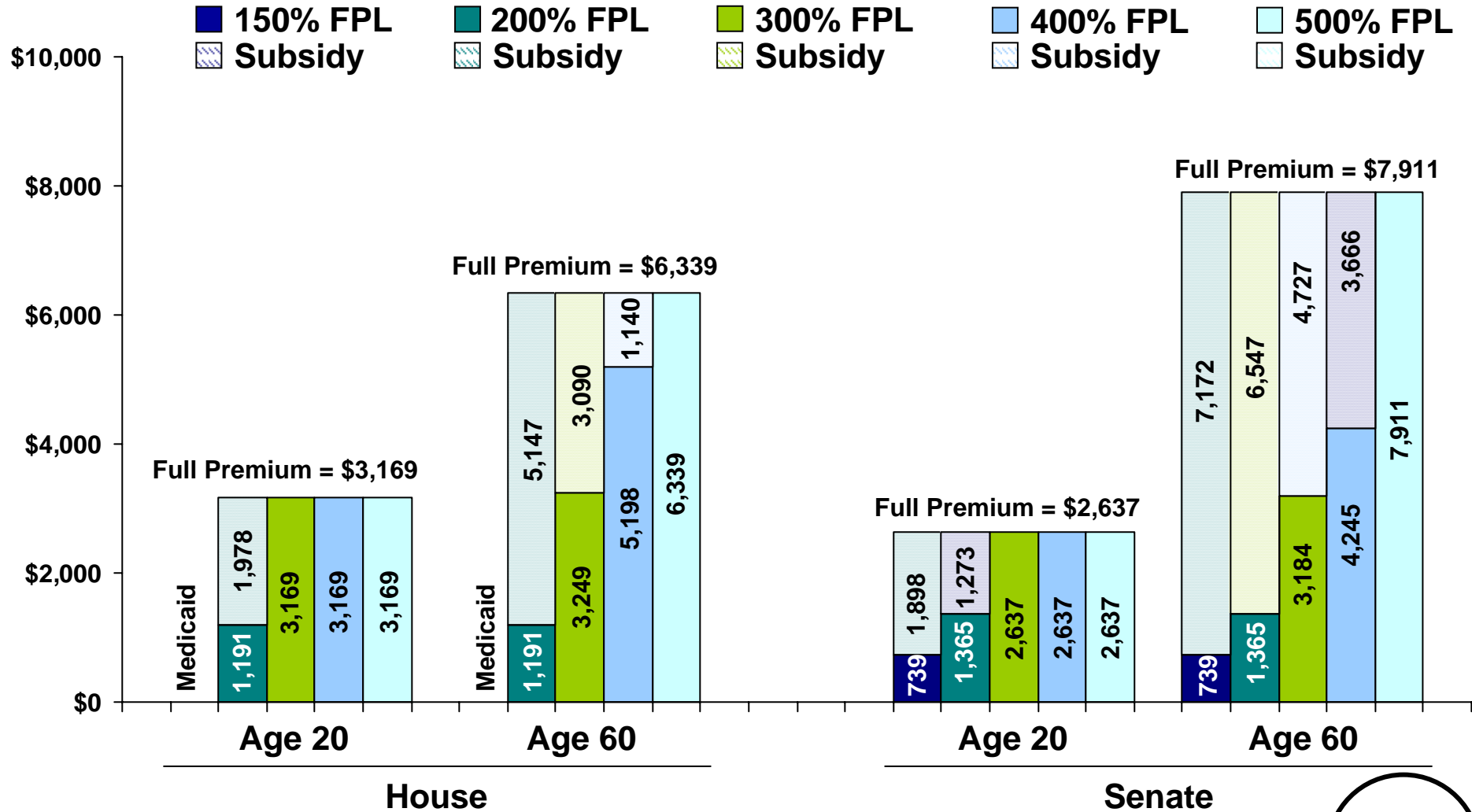
\* For a family of four in a medium-cost area in 2009 (age 40). Premium estimates are based on: House Basic Plan, actuarial value = 0.70; Senate Silver Plan, actuarial value = 0.70. FPL refers to Federal Poverty Level. Actuarial value is the average percent of medical costs covered by a health plan.

Source: Premium estimates are from Kaiser Family Foundation Health Reform Subsidy Calculator – Premium Assistance for Coverage in Exchanges/Gateways, <http://healthreform.kff.org/Subsidycalculator.aspx>.



# Exhibit 13. Annual Premium Amount Paid Out-of-Pocket by Individuals and Subsidies Under House and Senate Bills\*

Annual premium amount paid out-of-pocket by individual plus premium subsidy



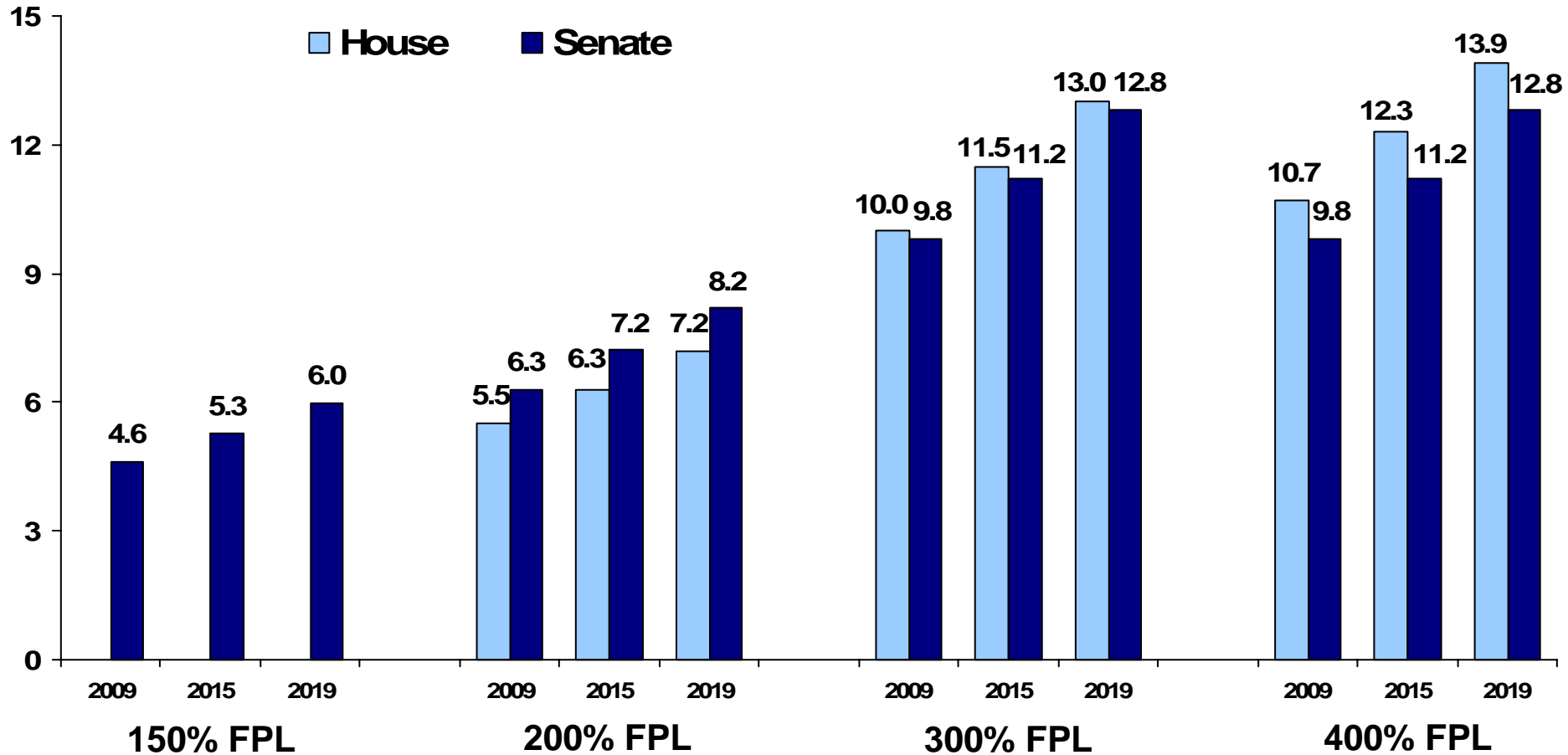
\* For an individual in a medium-cost area in 2009. FPL refers to Federal Poverty Level. Premium estimates are based on: House Basic Plan, actuarial value = 0.70; Senate Silver Plan, actuarial value = 0.70. Actuarial value is the average percent of medical costs covered by a health plan. Source: Premium estimates are from Kaiser Family Foundation Health Reform Subsidy Calculator – Premium Assistance for Coverage in Exchanges/Gateways, <http://healthreform.kff.org/Subsidycalculator.aspx>.



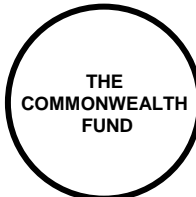
# Exhibit 14. Percent of Income Spent on Premiums 2009–2019

## If the Percent of Total Premiums Paid by Families Remains Constant, House and Senate Bills\*

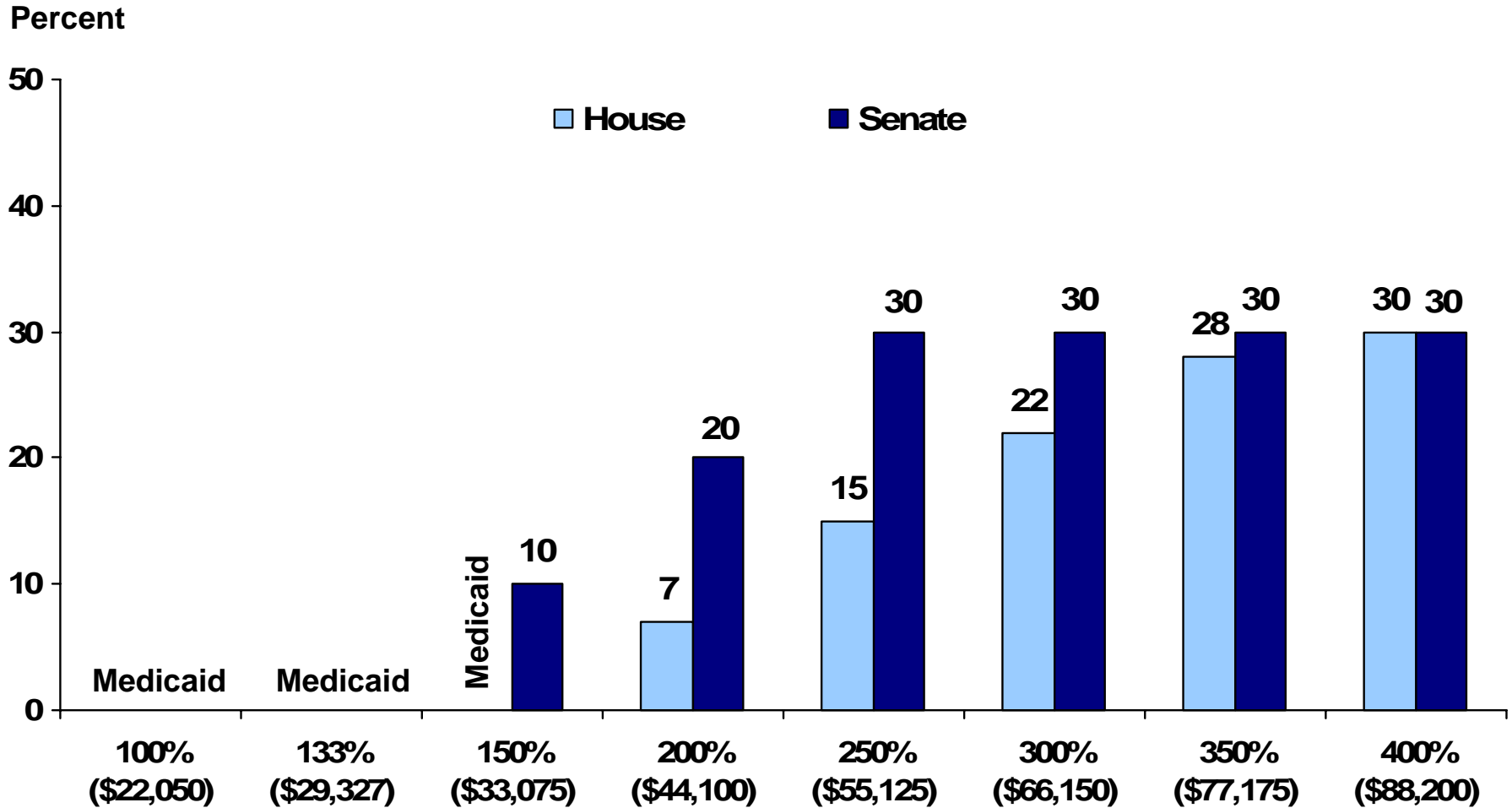
Percent of income spent on premiums



\* For a family of four in a medium-cost area in 2009 (age 40). FPL refers to Federal Poverty Level. Premium estimates are based on House Basic Plan, actuarial value = 0.70, Senate Silver Plan, actuarial value = 0.70; Actuarial value is the average percent of medical costs covered by a health plan. 2009 premium estimates are from Kaiser Family Foundation Health Reform Subsidy Calculator – Premium Assistance for Coverage in Exchanges/Gateways, <http://healthreform.kff.org/Subsidycalculator.aspx>.  
Source: Commonwealth Fund analysis of the proposals.



# Exhibit 15. Percent of Total Annual Medical Costs, Excluding Premiums, Paid by Enrollee Net of Subsidies Under House and Senate Bills\*

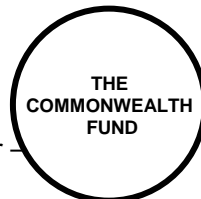


\* For a family of four in a medium-cost area in 2009 (age 40). FPL refers to Federal Poverty Level. Cost-sharing estimates are based on: House Basic Plan, actuarial value = 0.70; Senate Silver Plan, actuarial value = 0.70. Actuarial value is the average percent of medical costs covered by a health plan.

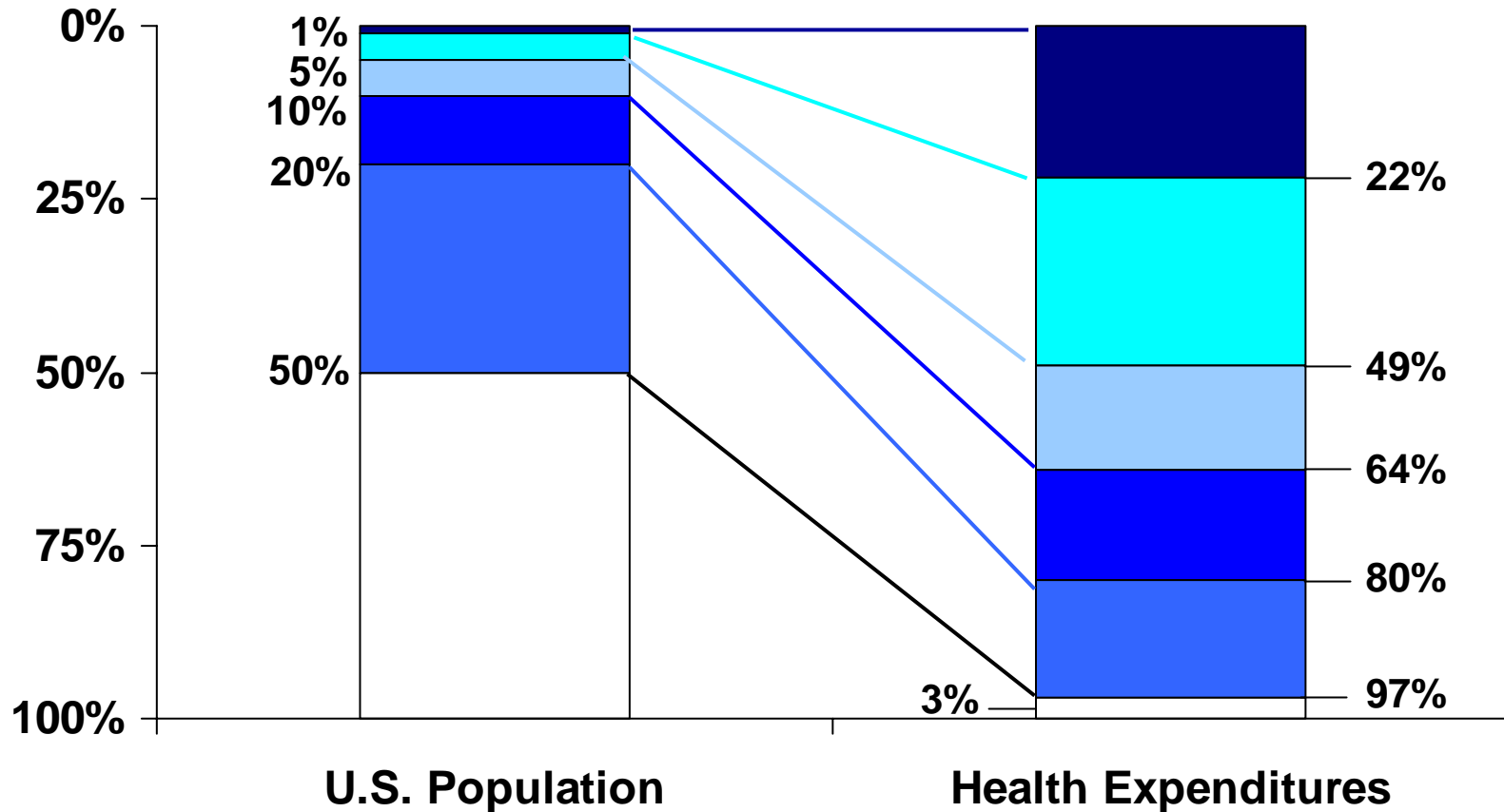
Under the Senate bill, people are eligible for Medicaid up to 133% FPL; under the House bill, people are eligible for Medicaid up to 150% FPL.

Note: CBO estimated an average family premium of \$14,400 in 2016 for the Senate Finance bill, approximately \$10,000 in 2009.

Source: Commonwealth Fund analysis of proposals. Premium estimates are from Kaiser Family Foundation Health Reform Subsidy Calculator – Premium Assistance for Coverage in Exchanges/Gateways, <http://healthreform.kff.org/Subsidycalculator.aspx>.



# Exhibit 16. Distribution of Health Expenditures for the U.S. Population, by Magnitude of Expenditure, 2002



Source: L. J. Conwell and J. W. Cohen, *Characteristics of People with High Medical Expenses in the U.S. Civilian Noninstitutionalized Population, 2002*, Statistical Brief #73 (Washington, D.C.: Agency for Healthcare Research and Quality, March 2005).

# Exhibit 17. Estimated Out-of-Pocket Exposure Under Senate Bill, Single Policy, by U.S. Spending Distribution and Income

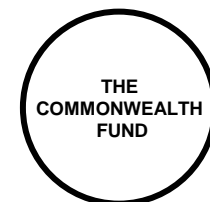
			Silver Plan: Estimated Out-of-Pocket Expense				
	Expenditure Percentile	Average Expenditures Per Person	Silver Plan	100%–150% FPL	150%–200% FPL	200%–300% FPL	300%–400% FPL
<b>Top</b>	99%–100%	\$90,200	\$5,950	\$1,983	\$1,983	\$2,975	\$3,967
	96%–98%	\$27,675	\$5,950	\$1,983	\$1,983	\$2,975	\$3,967
	91%–95%	\$12,300	\$3,360	\$1,330	\$1,983	\$2,975	\$3,360
	81%–90%	\$6,560	\$2,212	\$756	\$1,912	\$2,212	\$2,212
	51%–80%	\$2,323	\$1,365	\$332	\$1,065	\$1,365	\$1,365
<b>Bottom</b>	<50%	\$246	\$246	\$125	\$246	\$246	\$246

<b>Actuarial Value</b>	<b>70%</b>	<b>90%</b>	<b>80%</b>	<b>74%</b>	<b>73%</b>
<b>Out-of-Pocket Maximum</b>	<b>\$5,950</b>	<b>\$1,983</b>	<b>\$1,983</b>	<b>\$2,975</b>	<b>\$3,967</b>
<b>Deductible</b>	<b>\$900</b>	<b>\$100</b>	<b>\$600</b>	<b>\$900</b>	<b>\$900</b>
<b>Coinsurance</b>	<b>20%</b>	<b>10%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>

Note: Since the Senate bill caps out-of-pocket spending for people at 200–400% of poverty at \$2,975 and \$3,967, this analysis assumes a Silver plan of .70 actuarial value with the out-of-pocket maximums, which increase the actuarial value of the plan. FPL refers to Federal Poverty Level. Actuarial value is the average percent of medical costs covered by a health plan.

The out-of-pocket maximums are provisions in the bill, deductibles and coinsurance rates are assumed.

Source: Commonwealth Fund analysis of health reform proposals.



# Exhibit 18. Estimated Out-of-Pocket Exposure Under House Bill, Single Policy, by U.S. Spending Distribution and Income

			Basic Plan: Estimated Out-of-Pocket Expense					
	Expenditure Percentile	Average Expenditures Per Person	Basic Plan	133%–150% FPL	150%–200% FPL	200%–250% FPL	250%–300% FPL	300%–350% FPL
Top	99%–100%	\$90,200	\$5,000	\$500	\$1,000	\$2,000	\$4,000	\$5,000
	96%–98%	\$27,675	\$5,000	\$500	\$1,000	\$2,000	\$4,000	\$5,000
	91%–95%	\$12,300	\$3,460	\$492	\$1,000	\$2,000	\$2,910	\$3,310
	81%–90%	\$6,560	\$2,312	\$262	\$706	\$1,234	\$1,762	\$2,162
	51%–80%	\$2,323	\$1,465	\$93	\$282	\$599	\$915	\$1,315
Bottom	<50%	\$246	\$246	\$10	\$75	\$246	\$246	\$246

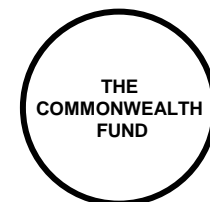
Actuarial Value	70%	97%	93%	85%	78%	72%
Out-of-Pocket Maximum	\$5,000	\$500	\$1,000	\$2,000	\$4,000	\$5,000
Deductible	\$1,000	—	\$50	\$250	\$450	\$850
Coinsurance	20%	4%	10%	15%	20%	20%

Note: FPL refers to Federal Poverty Level.

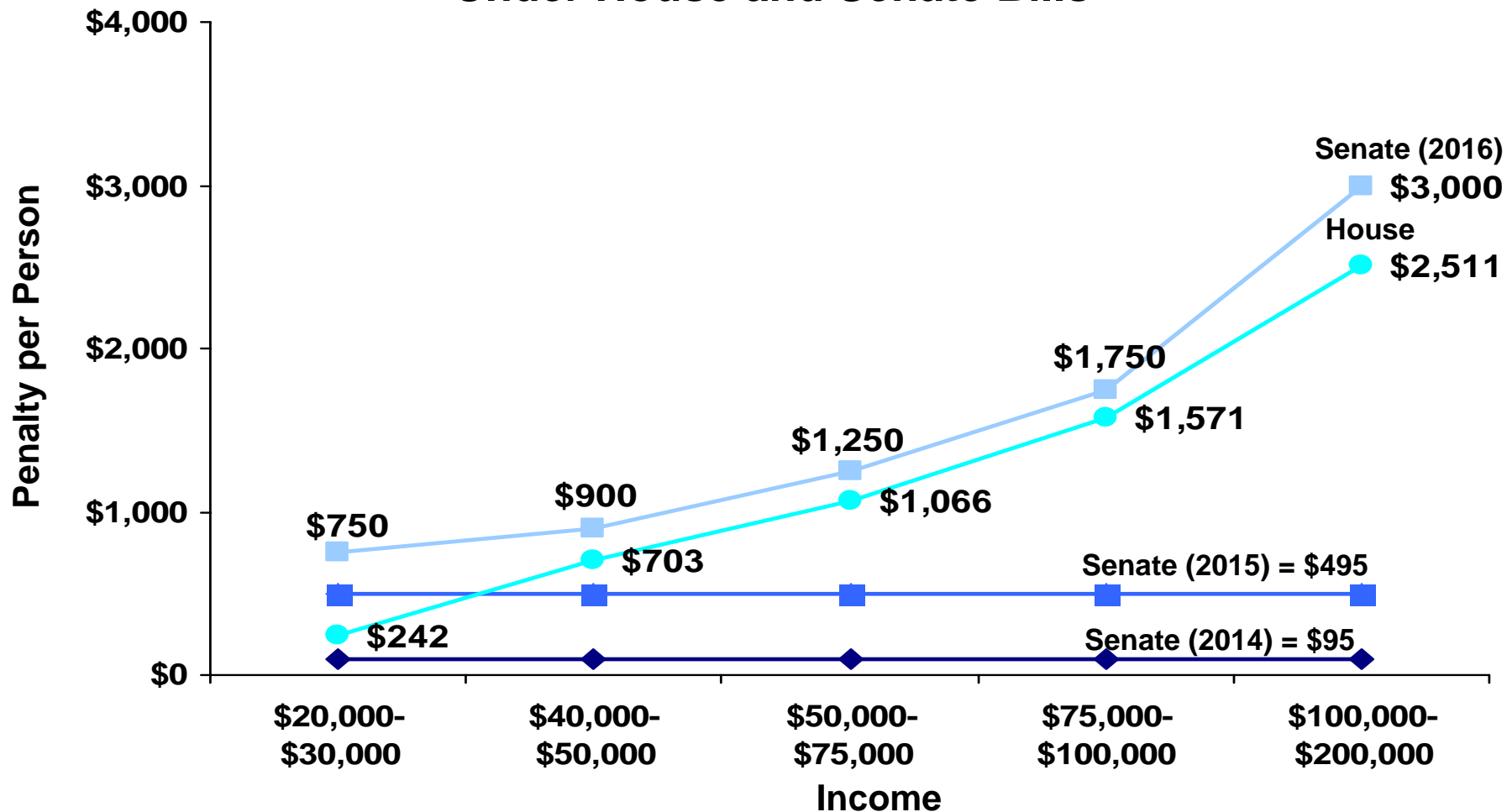
The out-of-pocket maximums are provisions in the bill, deductibles and coinsurance rates are assumed.

Actuarial value is the average percent of medical costs covered by a health plan.

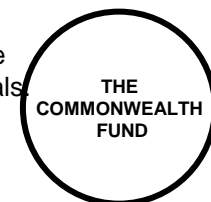
Source: Commonwealth Fund analysis of health reform proposals.



# Exhibit 19. Penalties for Noncompliance with the Individual Mandate Under House and Senate Bills



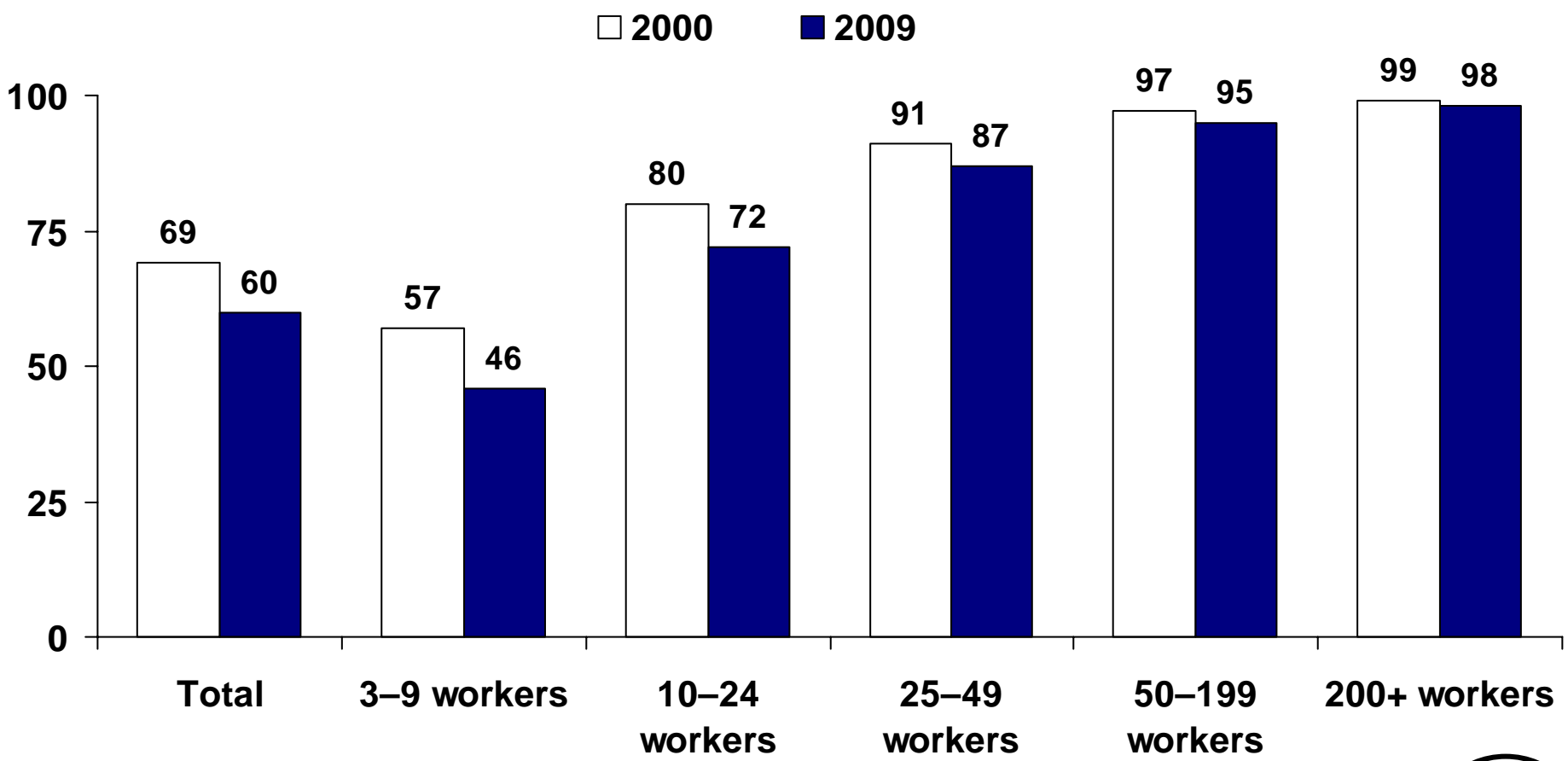
Note: The penalty under the Senate bill is implemented at \$95 in 2014 and increases to \$495 in 2015 and the greater of \$750 or up to 2% of income, capped at the average national bronze plan premium, in 2016. The House penalty is calculated as 2.5% of the difference between average modified adjusted gross income (MAGI) and the tax filing threshold, capped at the average national premium of the basic benefit package. Calculations begin at \$20,000 because that is the point where MAGI exceeds the tax filing threshold. People are exempt if they have household incomes under 100% FPL or if premiums are greater than 8% (Senate). Projected premiums are under House and Senate proposals. Source: Commonwealth Fund analysis of the proposals; Urban-Brookings Tax Policy Center, "Average Modified Gross Income and Average Modified Adjusted Gross Income Across Cash Income Levels, 2009", Oct 15, 2009 available at <http://www.taxpolicycenter.org/numbers/displayatab.cfm?Docid=2486&DocTypeID=1>.





# Exhibit 20. Employer Coverage Continues to Be Major Source of Coverage for Employees of Larger Firms But Has Declined Among Small Firms

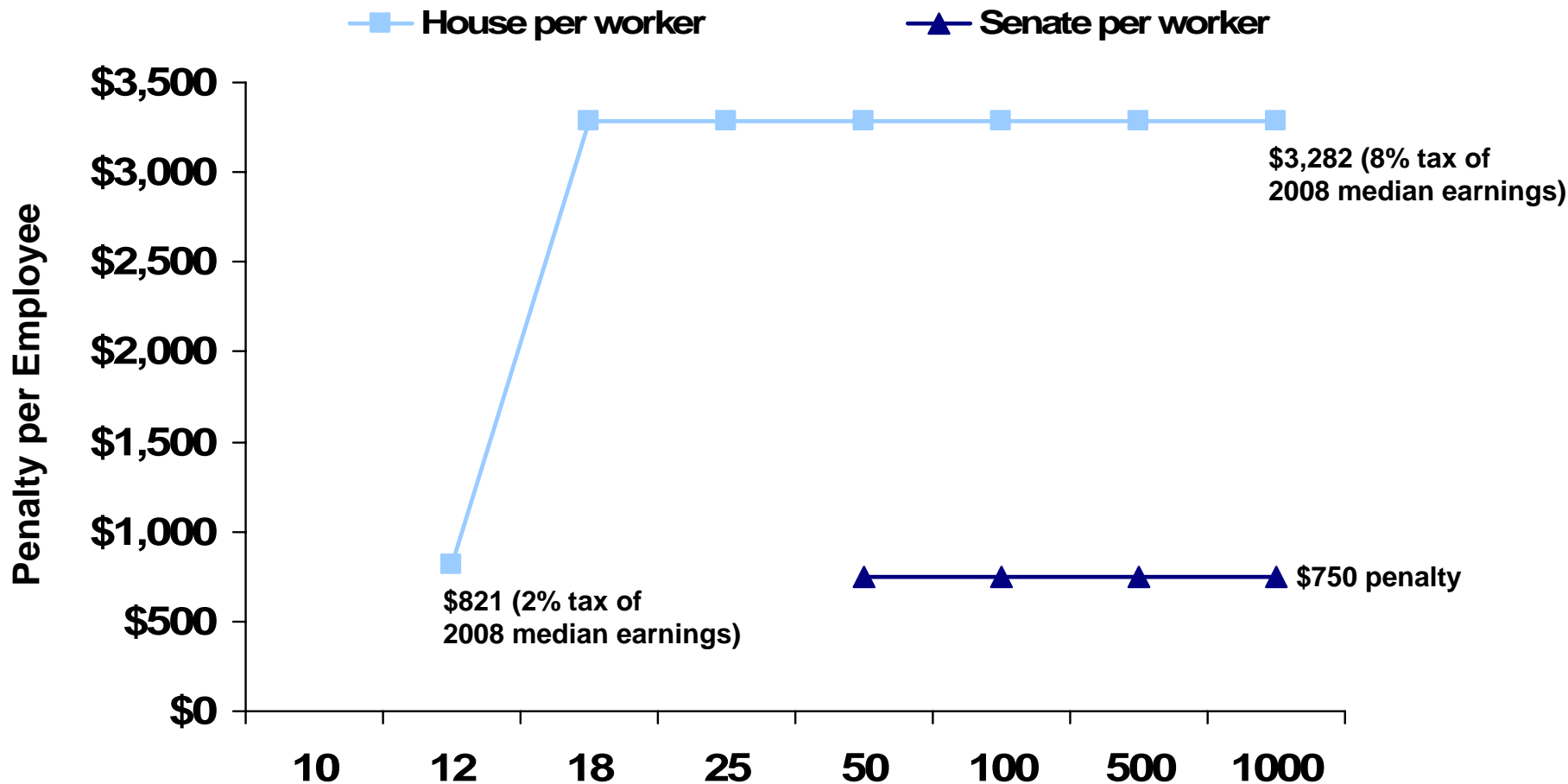
Percent of firms offering health benefits



Source: The Kaiser Family Foundation/Health Research and Educational Trust, *Employer Health Benefits*, 2000 and 2009 Annual Surveys.



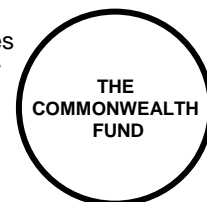
# Exhibit 21. Penalties for Noncompliance with the Employer Mandate Under House and Senate Bills



Note: House bill penalty is based on aggregate payroll. It is illustrated here using 2008 median earnings to estimate firm size. A firm with an aggregate payroll of \$500,000 will have an average of 12 workers and a firm with an aggregate payroll of \$750,000 will have an average of 18 workers. The payroll tax is implemented on a sliding scale from 2%–8% for payrolls between \$500,000 and \$750,000. The Senate bill penalty requires any employer with more than 50 full-time employees that does not offer coverage and has at least one full-time employee receiving the premium assistance tax credit to make a payment of \$750 per full-time employee. An employer with more than 50 employees that offers coverage that is deemed unaffordable or does not meet the minimum benefit standard and has at least one full-time employee receiving the premium assistance tax credit must pay the lesser of \$3,000 for each of those employees receiving the credit or \$750 for each of their full-time employees total. Firms are exempt if they have: a payroll less than \$500,000 (House), or fewer than 50 workers (Senate).

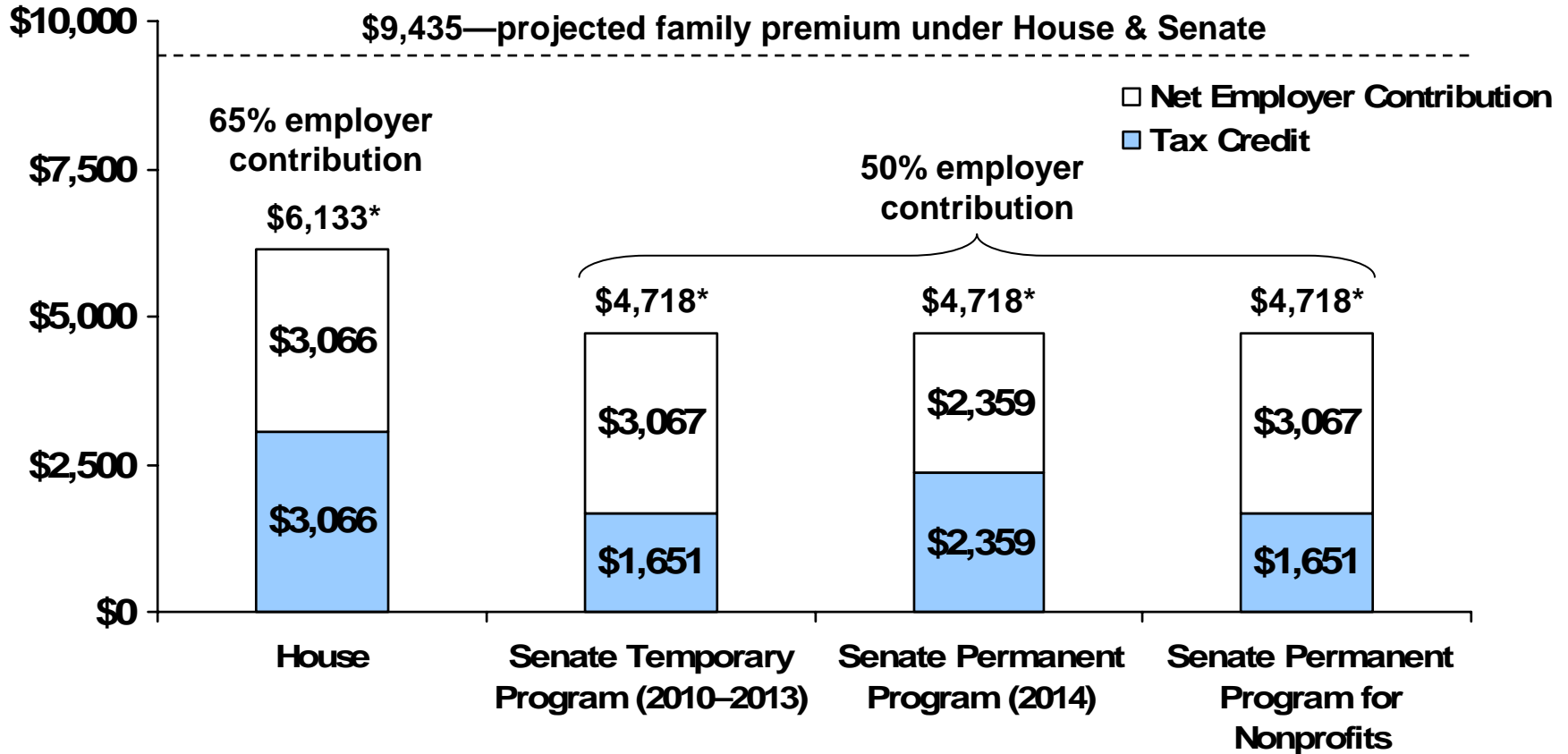
Data: Median earnings among workers working 50–52 weeks annually was \$41,030 (Table P–43, Historical Income Data, Current Population Survey).

Source: Commonwealth Fund analysis of the proposals.



# Exhibit 22. Small Business Tax Credits Under House and Senate Bills for Family Premiums

Credit per employee



\* To be eligible for tax credits, firms must contribute 65% of premiums per family under the House plan, and 50% under the Senate plan. Firms receive 50% of their contribution in tax credits under House, and 35% and later 50% of contribution under Senate.

Note: Projected premium for a family of four in a medium-cost area in 2009 (age 40). Premium estimates are based on: House Basic Plan, actuarial value = 0.70; Senate Silver Plan, actuarial value = 0.70. Actuarial value is the average percent of medical costs covered by a health plan.

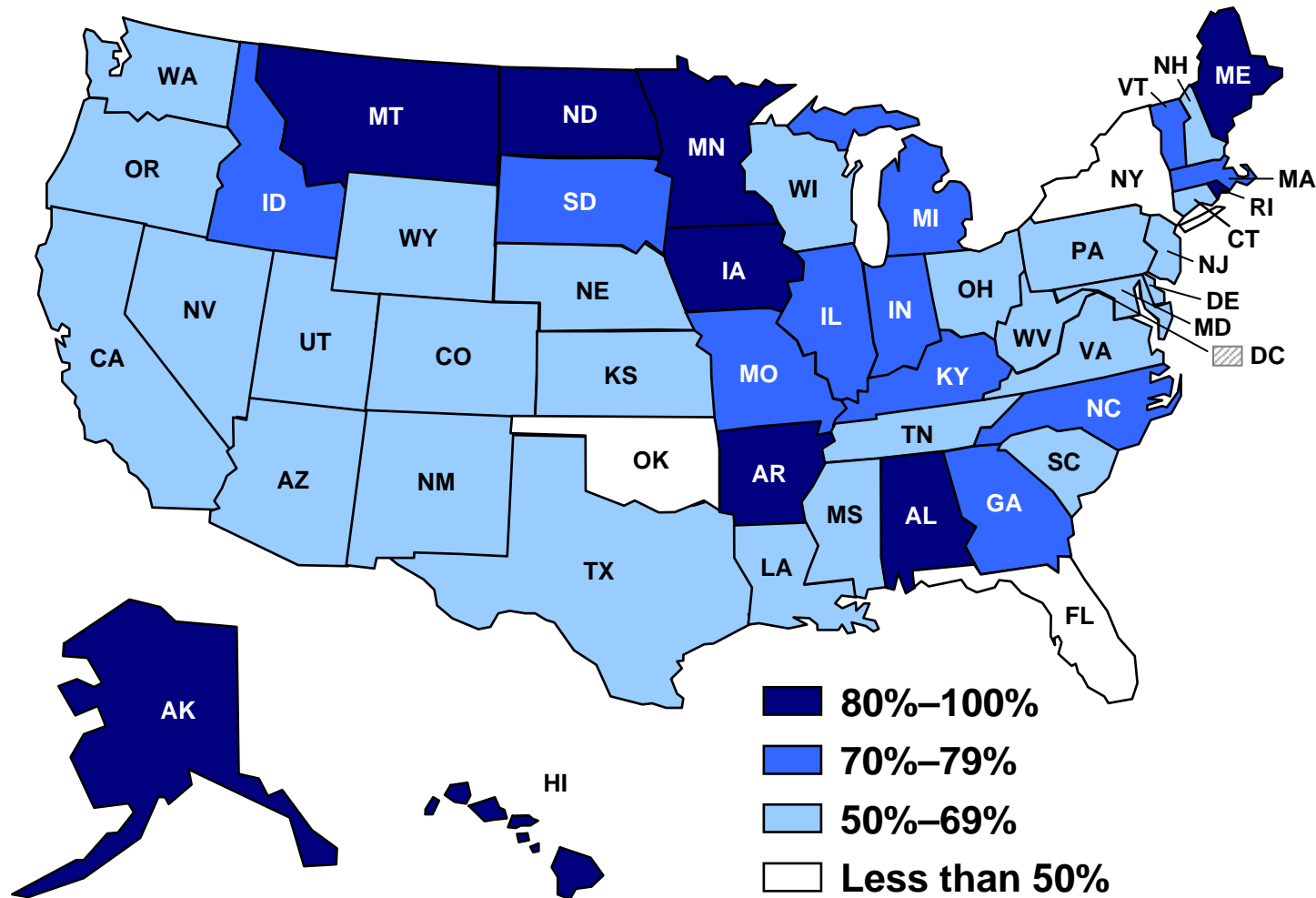
Under the House bill, small firms are defined as those with fewer than 25 employees with average wages below \$40,000. The full credit is available to firms with fewer than 10 employees and average wages less than \$20,000; credits phase out up to 25 employees average wages of \$40,000. Under the Senate bill, small firms are defined as those with fewer than 25 employees with average wages below \$50,000. The full credit is available to firms with 10 or fewer employees and average wages less than \$25,000; credits phase out up to 25 employees average wages of \$50,000.

Source: Commonwealth Fund analysis of proposals. Premium estimates are from Kaiser Family Foundation Health Reform Subsidy Calculator,

<http://healthreform.kff.org/Subsidycalculator.aspx>.



# Exhibit 23. Concentrated Insurance Markets: Market Share of Two Largest Health Plans, by State, 2006



Note: Market shares include combined HMO+PPO products. For MS and PA share = top 3 insurers 2002–2003. No data are available for Washington, D.C.

Source: American Medical Association, *Competition in Health Insurance: A Comprehensive Study of U.S. Markets, 2008 Update*; MS and PA from J. Robinson, "Consolidation and the Transformation of Competition in Health Insurance," *Health Affairs*, Nov/Dec 2004; ND from D. McCarthy et al., "The North Dakota Experience: Achieving High-Performance Health Care Through Rural Innovation and Cooperation," The Commonwealth Fund, May 2008.

