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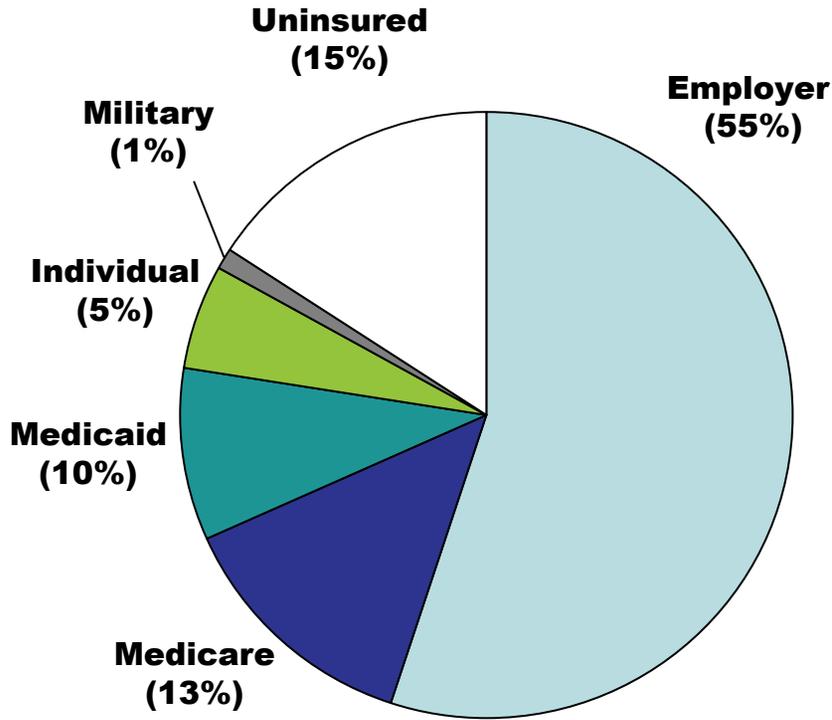
Using What Works: Medicare, Medicaid, and the State Children's Health Insurance Program as a Base for Health Care Reform

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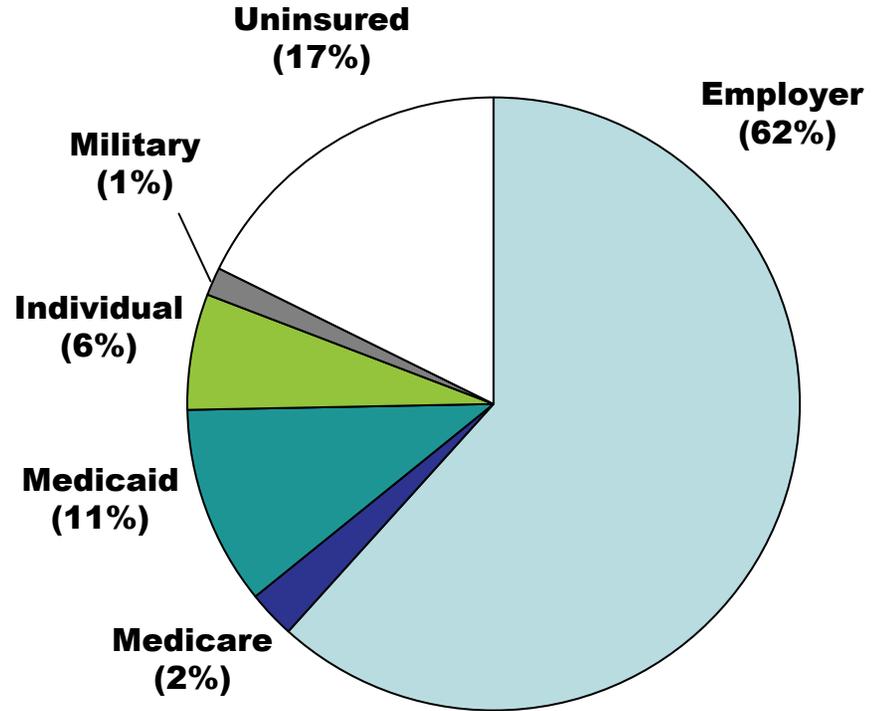
**Invited Testimony
House Committee on Energy and Commerce
Subcommittee on Health
September 18, 2008**

Health Insurance Coverage

45.7 Million Uninsured, 2007



Total population

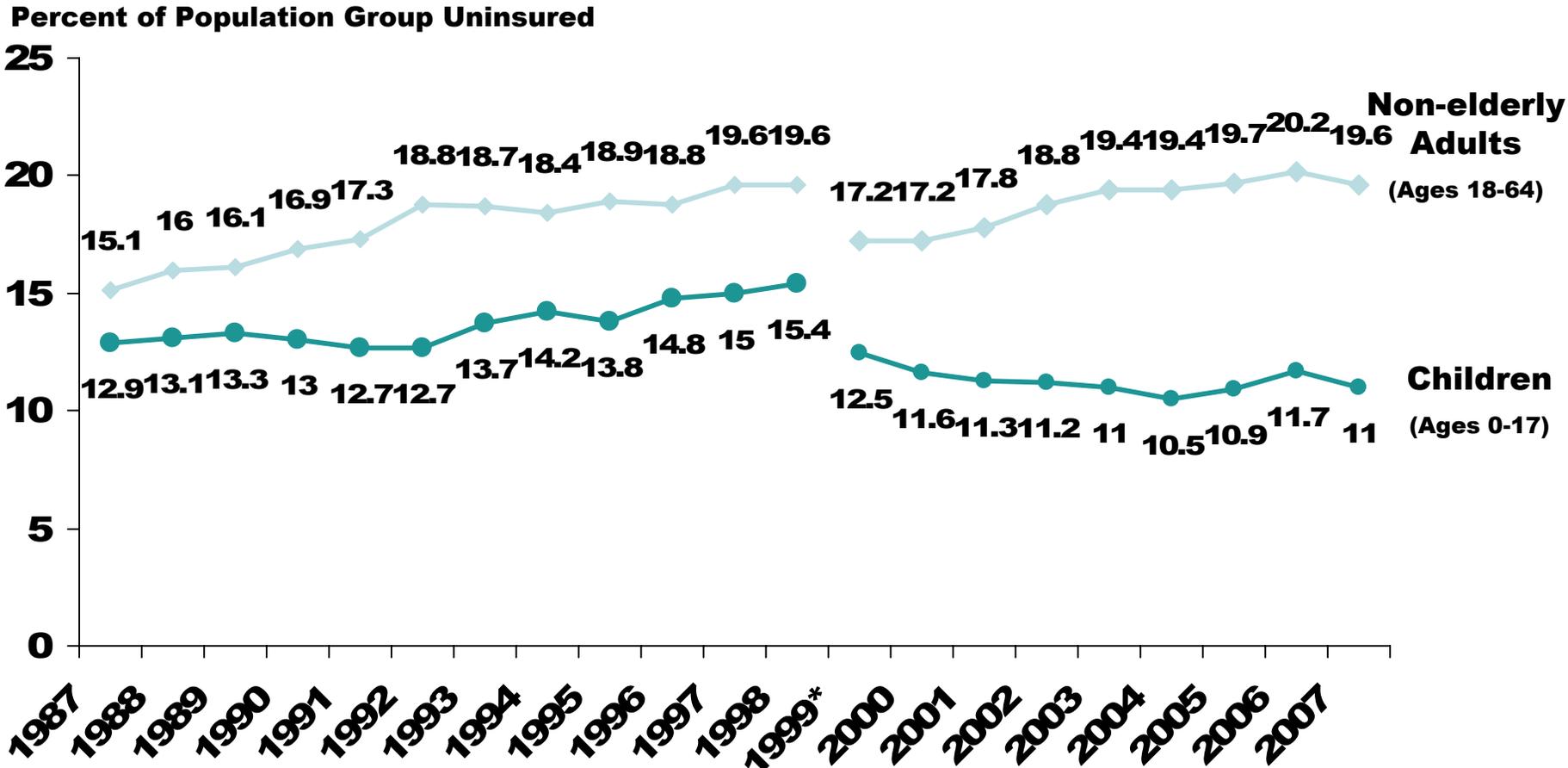


Under-65 population

Source: Authors' estimates based on S. R. Collins, C. White, and J. L. Kriss, *Whither Employer-Based Health Insurance? The Current and Future Role of U.S. Companies in the Provision and Financing of Health Insurance* (New York: The Commonwealth Fund, Sept. 2007) and analysis of the Current Population Survey, March 2008, by Bisundev Mahato of Columbia University.



Percentage of Uninsured Children Has Declined Since Implementation of SCHIP While Uninsured Working-Age Adults Have Increased, 1987-2007

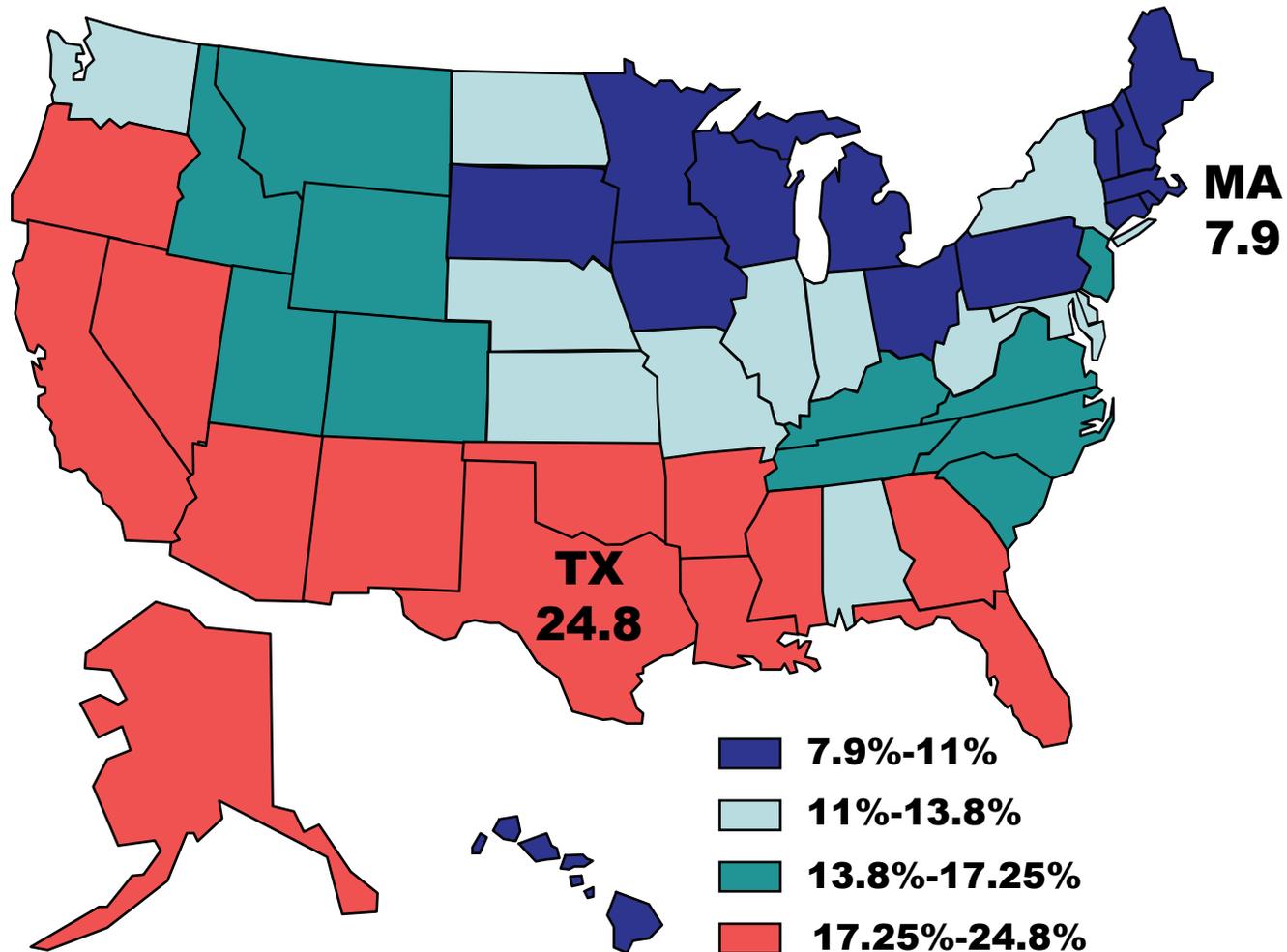


Note: Census methodology changed with the 2000 ASEC, which collected data for 1999. Population controls and implementation of the verification question led to lower estimates of the uninsured.

Source: Calculated from DeNavas-Walt C, Proctor B, and Smith J. "Income, Poverty, and Health Insurance Coverage in the United States: 2007." Washington: Census Bureau, 2008.

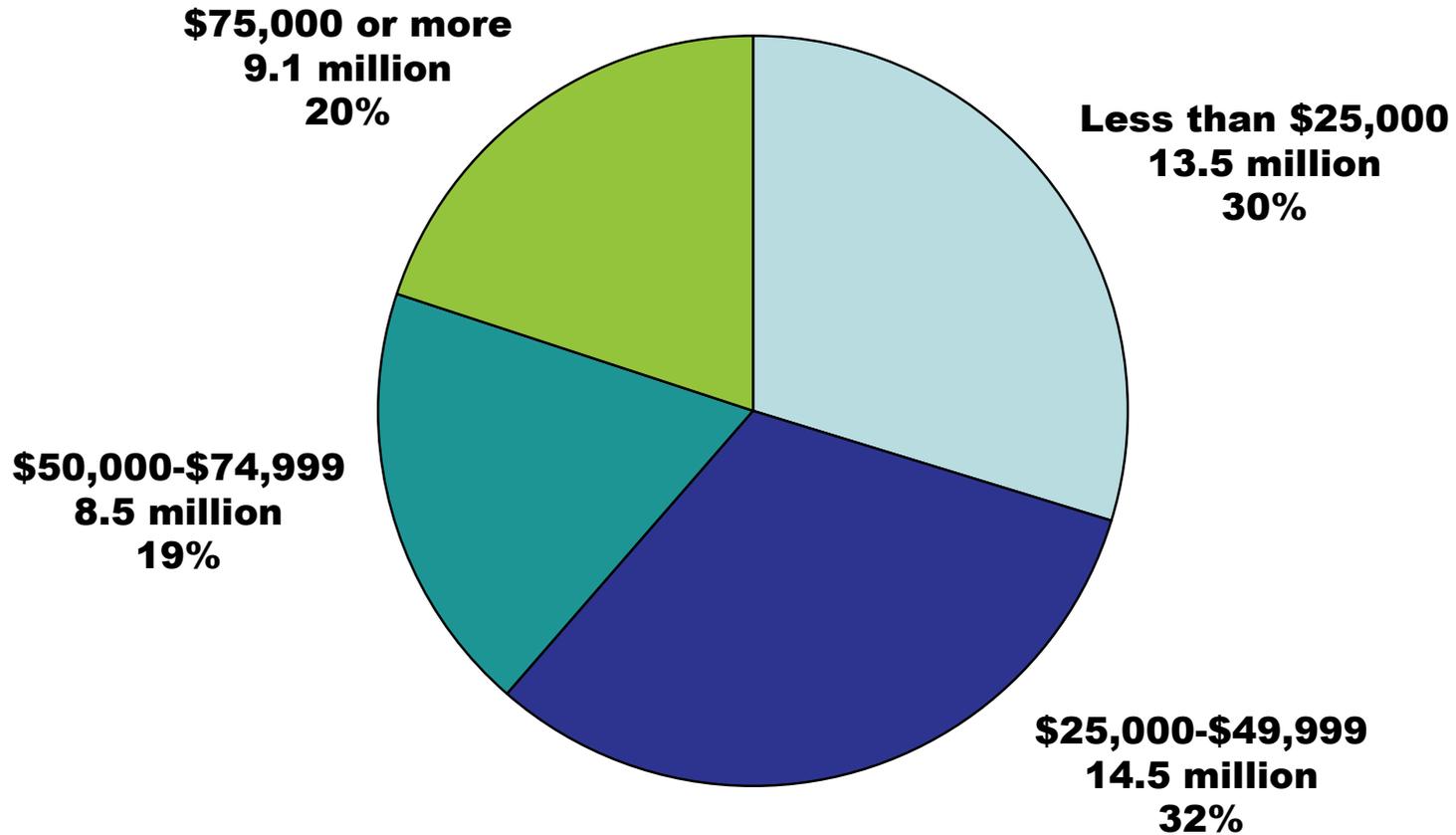


Uninsured Rates, By State, Two-year Average, 2006–07



Source: DeNavas-Walt C, Proctor B, and Smith J. "Income, Poverty, and Health Insurance Coverage in the United States: 2007." Washington: Census Bureau, 2008.

Uninsured by Household Income, 2007

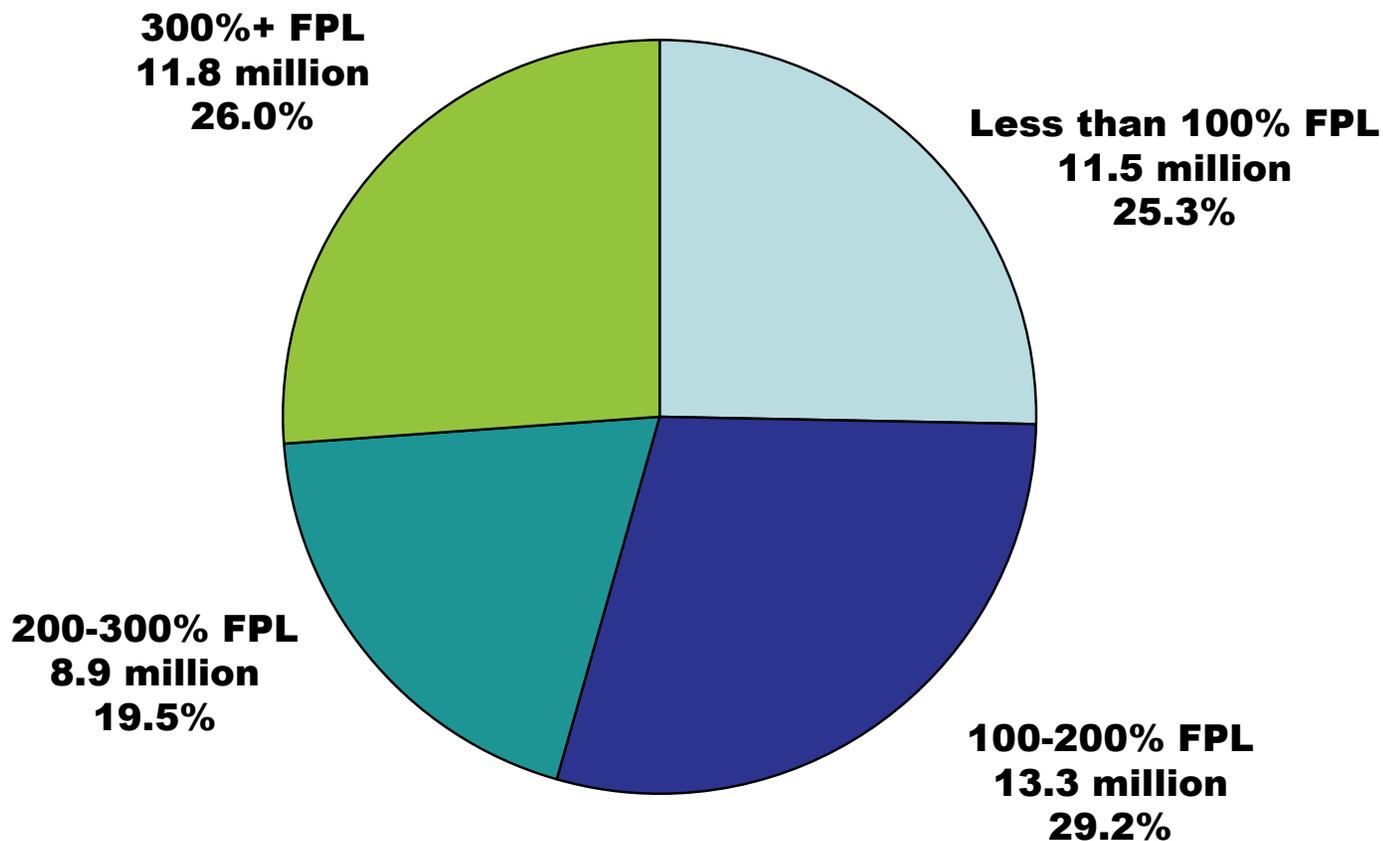


Total Uninsured Population = 45.7 Million

Source: DeNavas-Walt C, Proctor B, and Smith J. "Income, Poverty, and Health Insurance Coverage in the United States: 2007." Washington: Census Bureau, 2008.



Uninsured by Federal Poverty Level, 2007

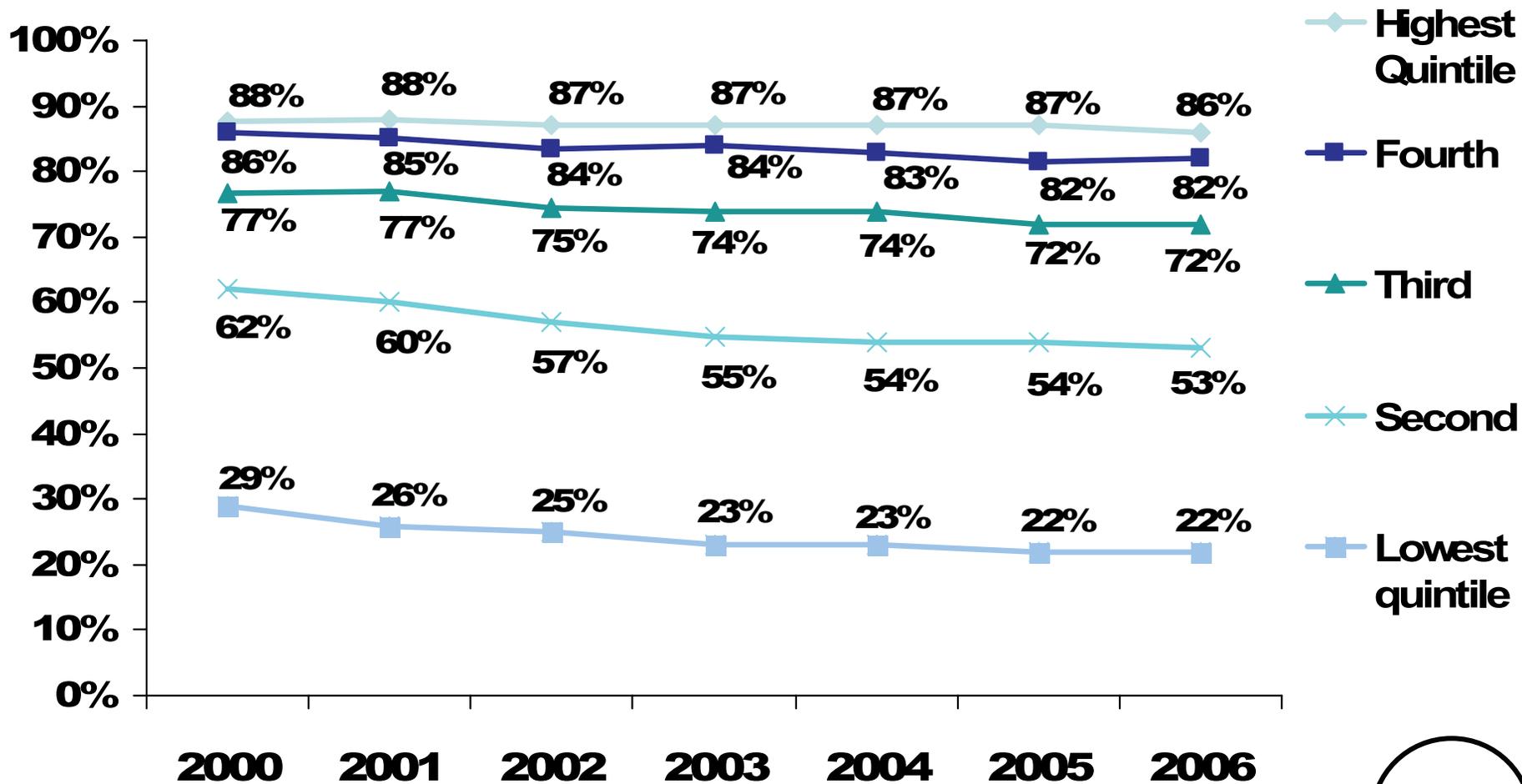


**Total Uninsured Population
(Persons in Poverty Universe) =
45.6 Million**



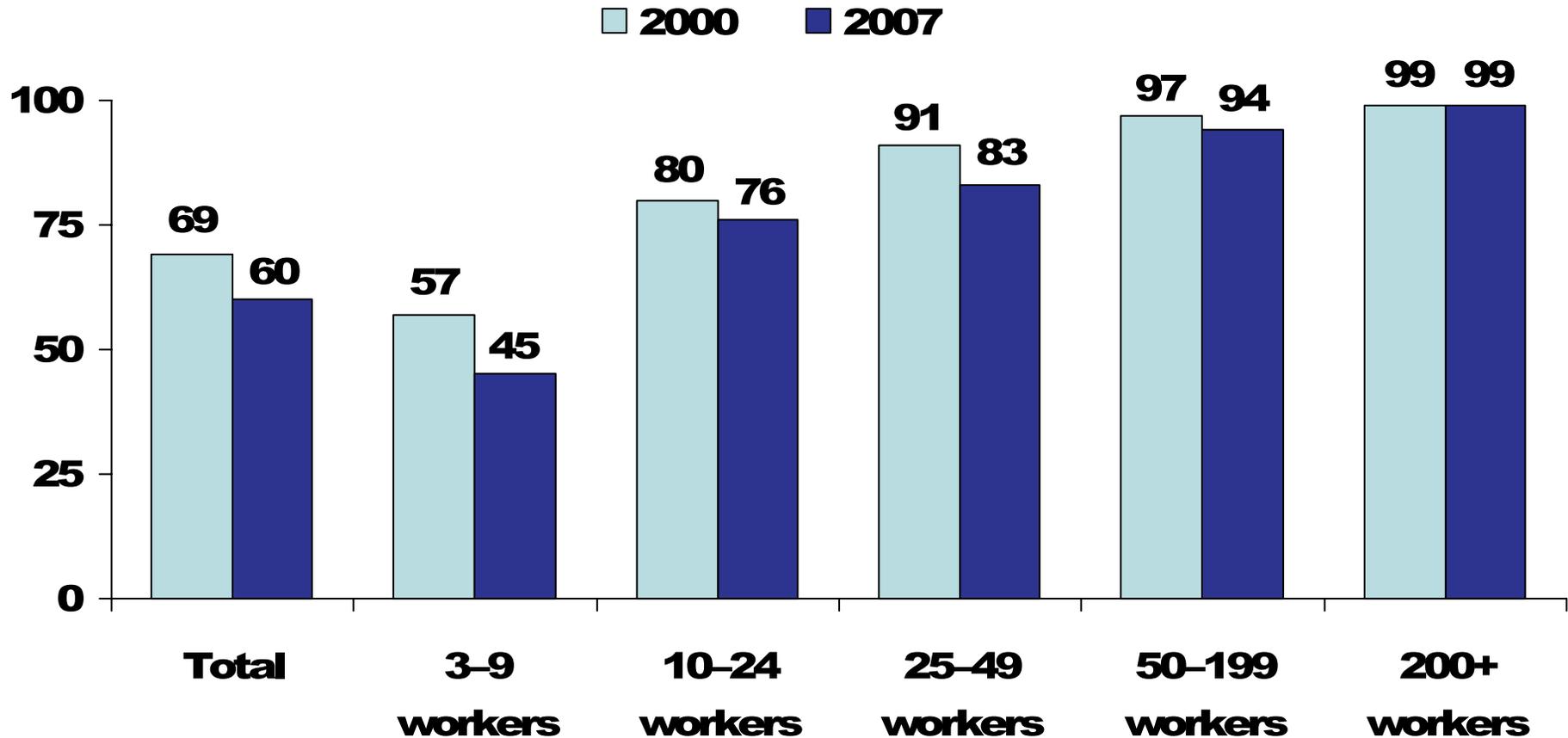
Employer-Provided Health Insurance, by Income Quintile, 2000–2006

Percent of population under age 65 with health benefits from employer



Employer Coverage Continues to Be Major Source of Coverage for Employees of Larger Firms

Percent of firms offering health benefits



Source: S. R. Collins, C. White, and J. L. Kriss, *Whither Employer-Based Health Insurance? The Current and Future Role of U.S. Companies in the Provision and Financing of Health Insurance* (New York: The Commonwealth Fund, Sept. 2007). Data: The Kaiser Family Foundation/Health Research and Educational Trust, *Employer Health Benefits*, 2000 and 2007 Annual Surveys.



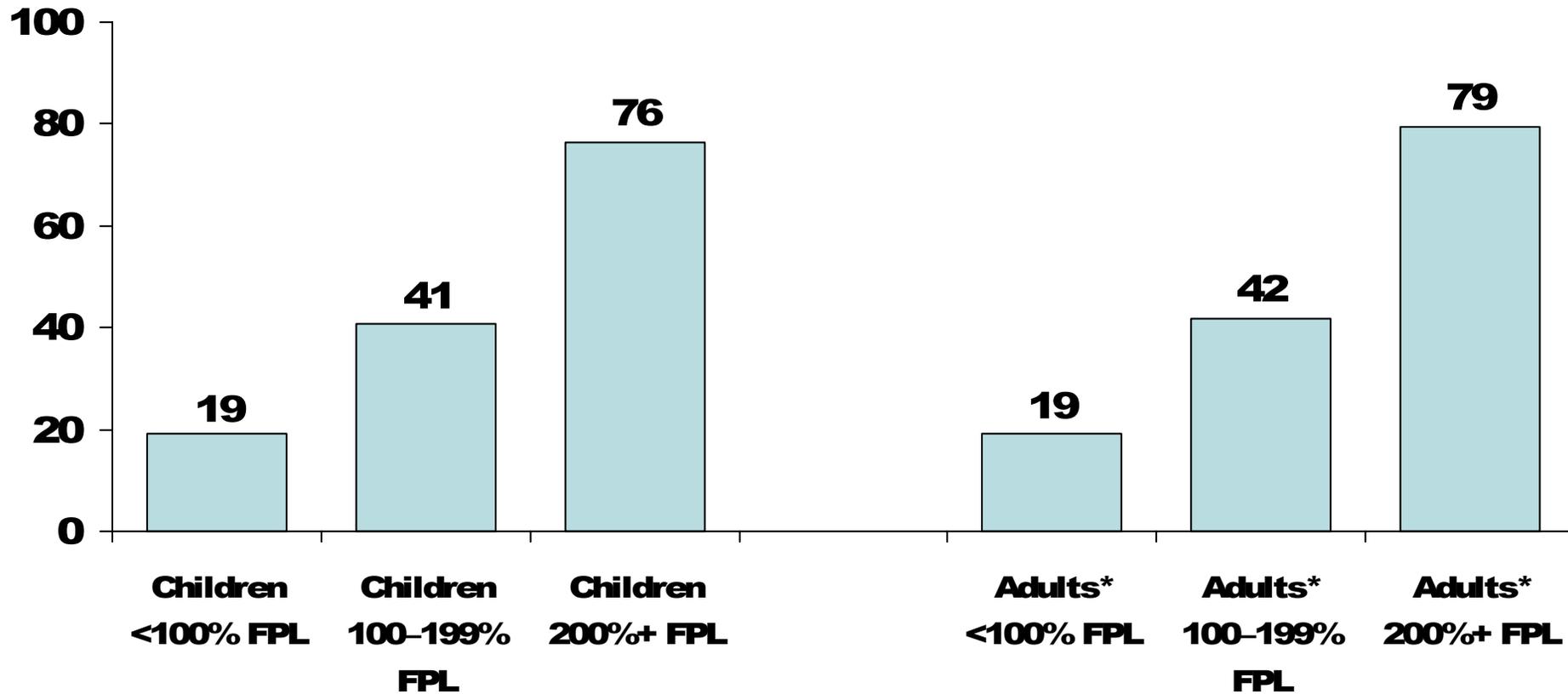
Single Premium by Size of Firm, Adjusted for Actuarial Value

Dollars



Percent of Children and Adults with Employer-Sponsored Coverage, by Poverty

Percent with coverage through their own or other employer



FPL = federal poverty level.

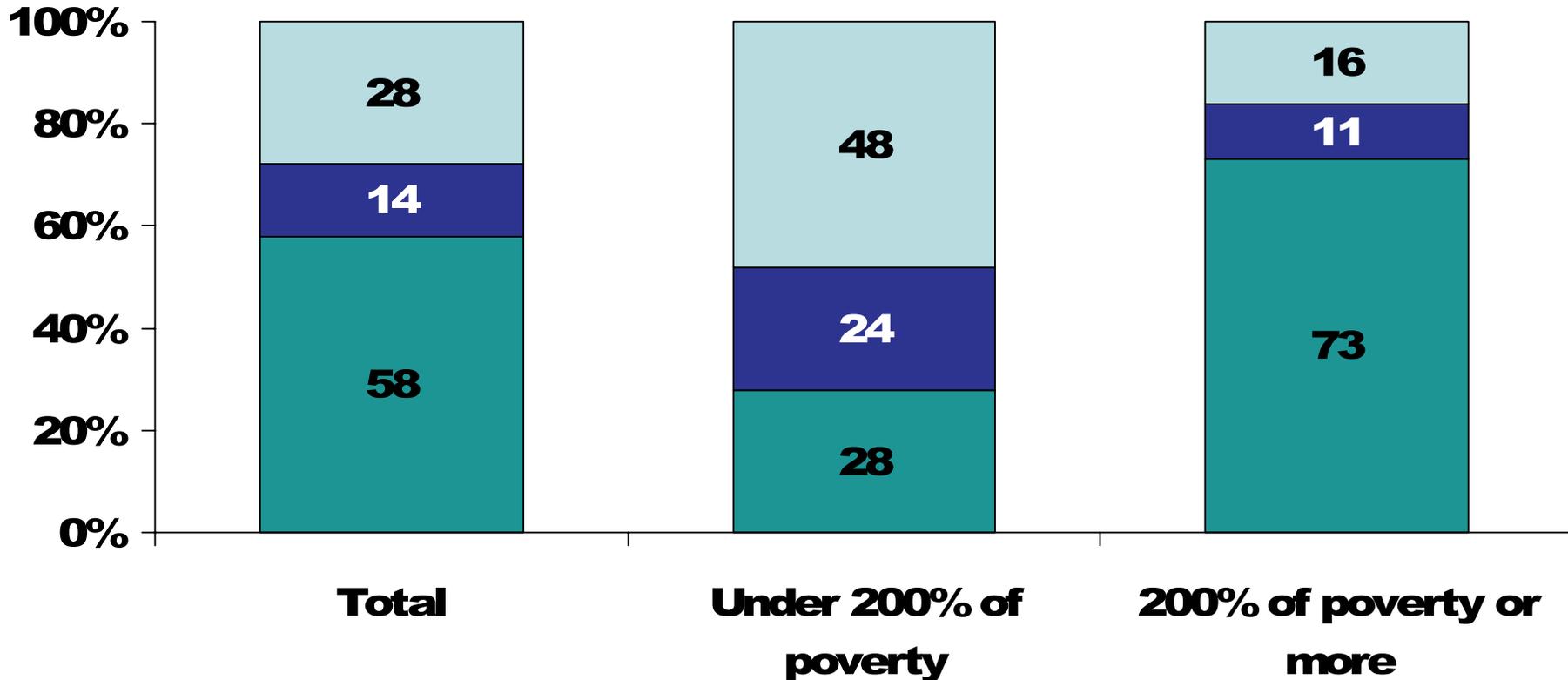
*Adults age 19 and over; children are age 18 and under.

Source: Analysis by S. Glied and B. Mahato of Columbia University of the 2006 Current Population Survey.



Adults Ages 19–64 Who Are Uninsured and Underinsured, By Poverty Status, 2007

■ Insured all year, 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.

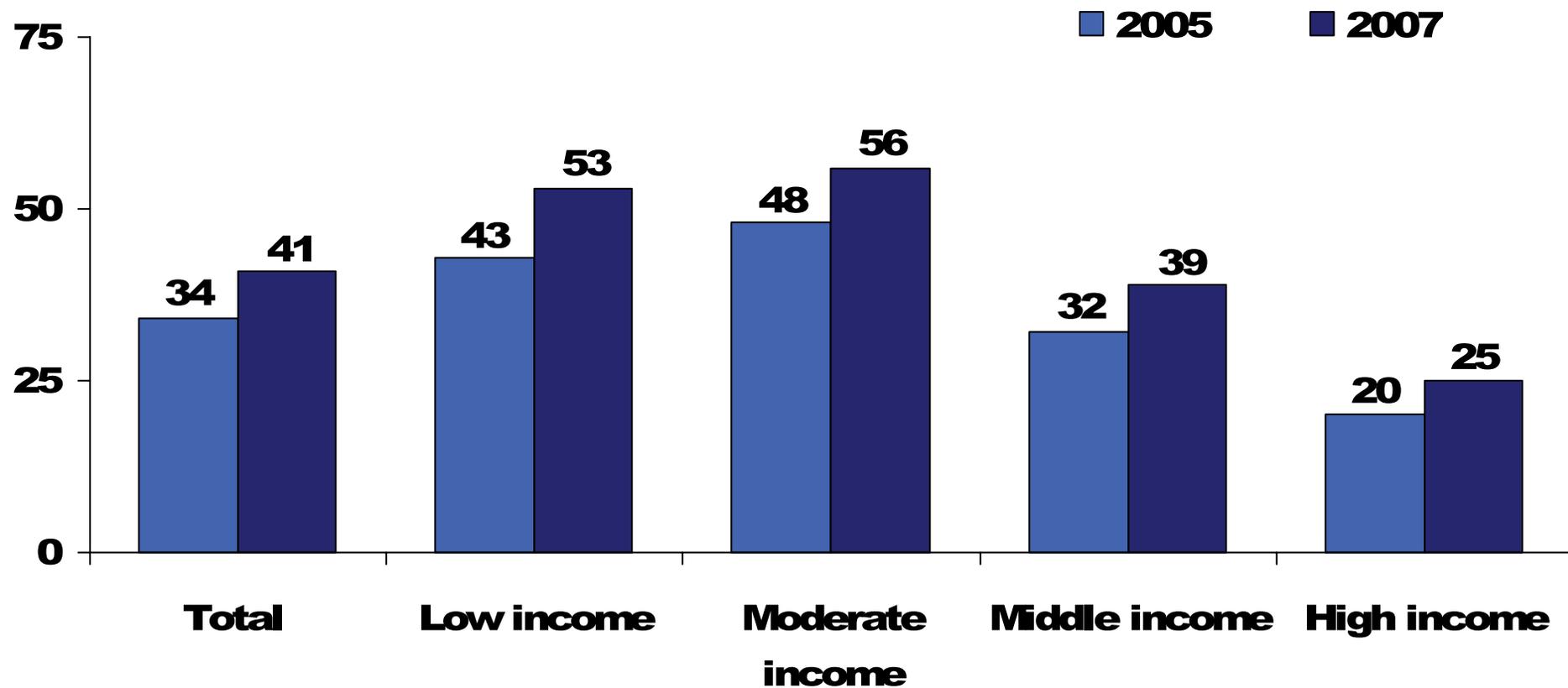
Data: 2007 Commonwealth Fund Biennial Health Insurance Survey

Source: Schoen C, Collins SR, Kriss JL, Doty MM. How many are underinsured? Trends among U.S. adults, 2003 and 2007. Health Aff (Millwood). 2008 Jul-Aug;27(4):w298-309. Epub 2008 Jun 10.



Problems with Medical Bills or Accrued Medical Debt Increased, 2005–2007

Percent of adults ages 19–64 with medical bill problems
or accrued medical debt



Note: Income refers to annual income. In 2005 and 2007, low income is <\$20,000, moderate income is \$20,000–\$39,999, middle income is \$40,000–\$59,999, and high income is \$60,000 or more.

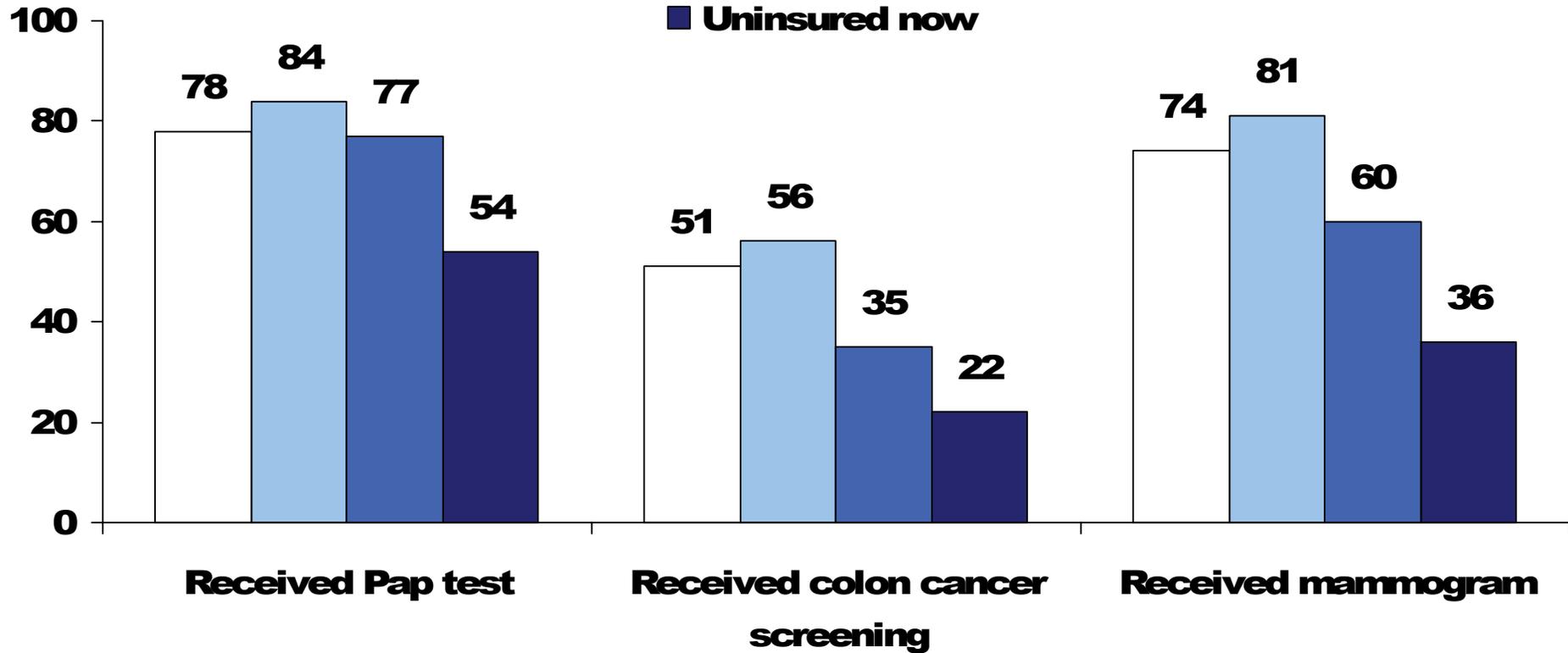
Source: The Commonwealth Fund Biennial Health Insurance Surveys (2005 and 2007).



Uninsured Adults and Adults with Gaps in Coverage¹³ Have Lower Rates of Cancer Screening Tests, 2007

Percent of adults ages 19–64

- Total
- Insured all year
- Insured now, time uninsured in past year
- Uninsured now



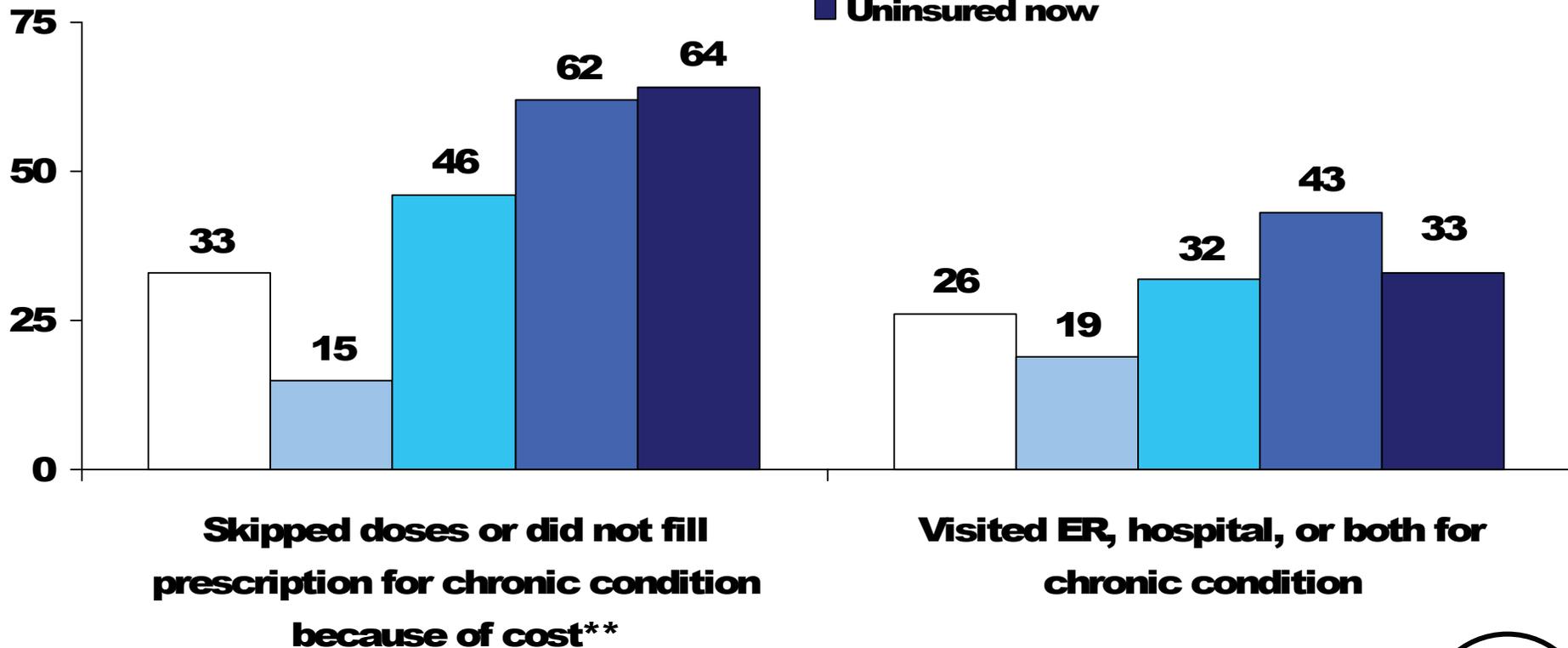
Note: Pap test in past year for females ages 19–29, past three years age 30+; colon cancer screening in past five years for adults ages 50–64; and mammogram in past two years for females ages 50–64.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2007).



Uninsured and Underinsured Adults with Chronic Conditions¹⁴ Are More Likely to Visit the ER for Their Conditions

Percent of adults ages 19–64 with at least one chronic condition*

- Total
- Insured all year, not underinsured
- Insured all year, underinsured
- Insured now, time uninsured in past year
- Uninsured now



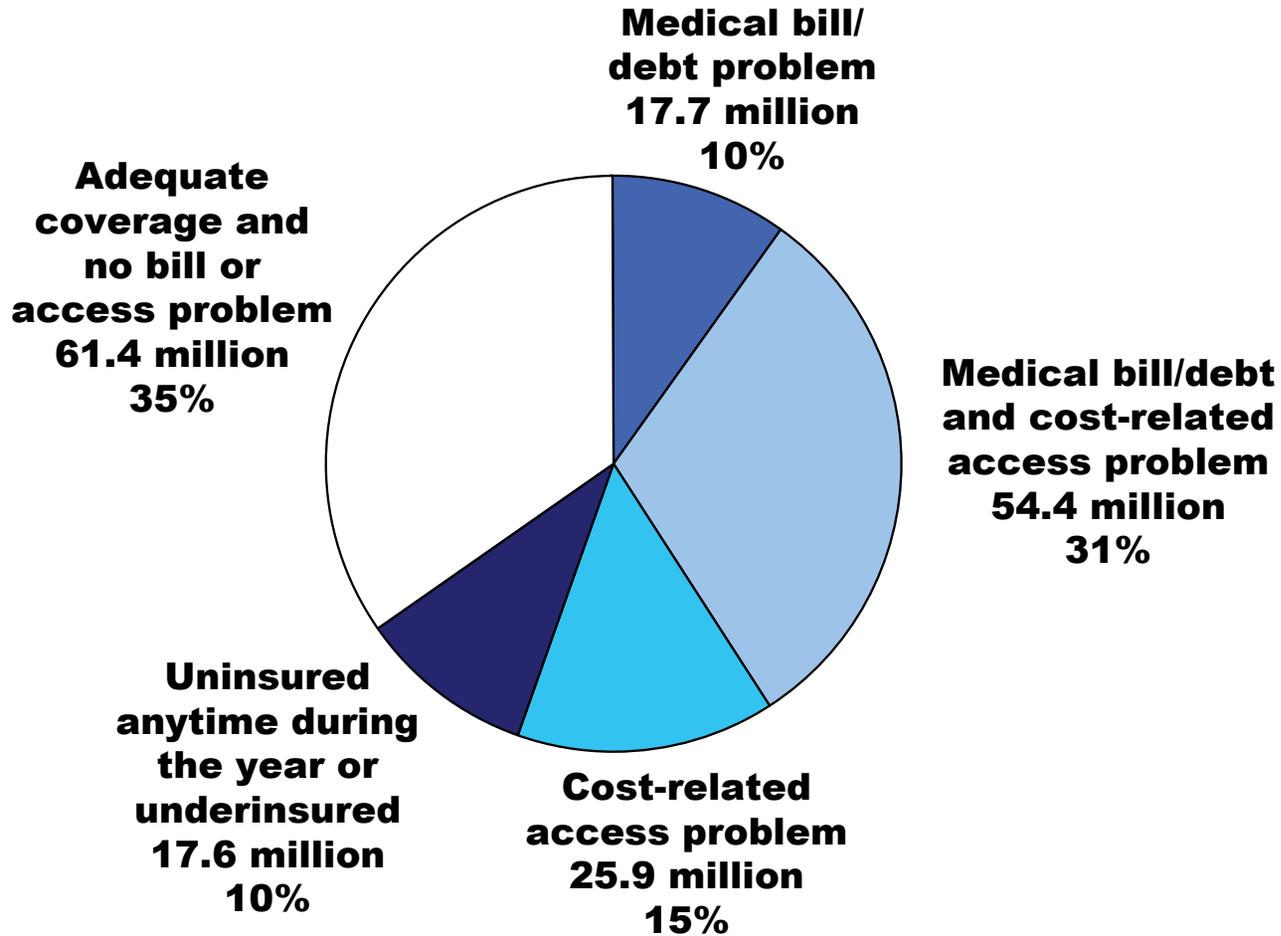
*Hypertension, high blood pressure; heart disease; diabetes; asthma, emphysema, or lung disease.

**Adults with at least one chronic condition who take prescription medications on a regular basis.

Source: The Commonwealth Fund Biennial Health Insurance Survey (2007).



An Estimated 116 Million Adults Were Uninsured, Underinsured, Reported a Medical Bill Problem, and/or Did Not Access Needed Health Care Because of Cost, 2007



177 million adults, ages 19–64

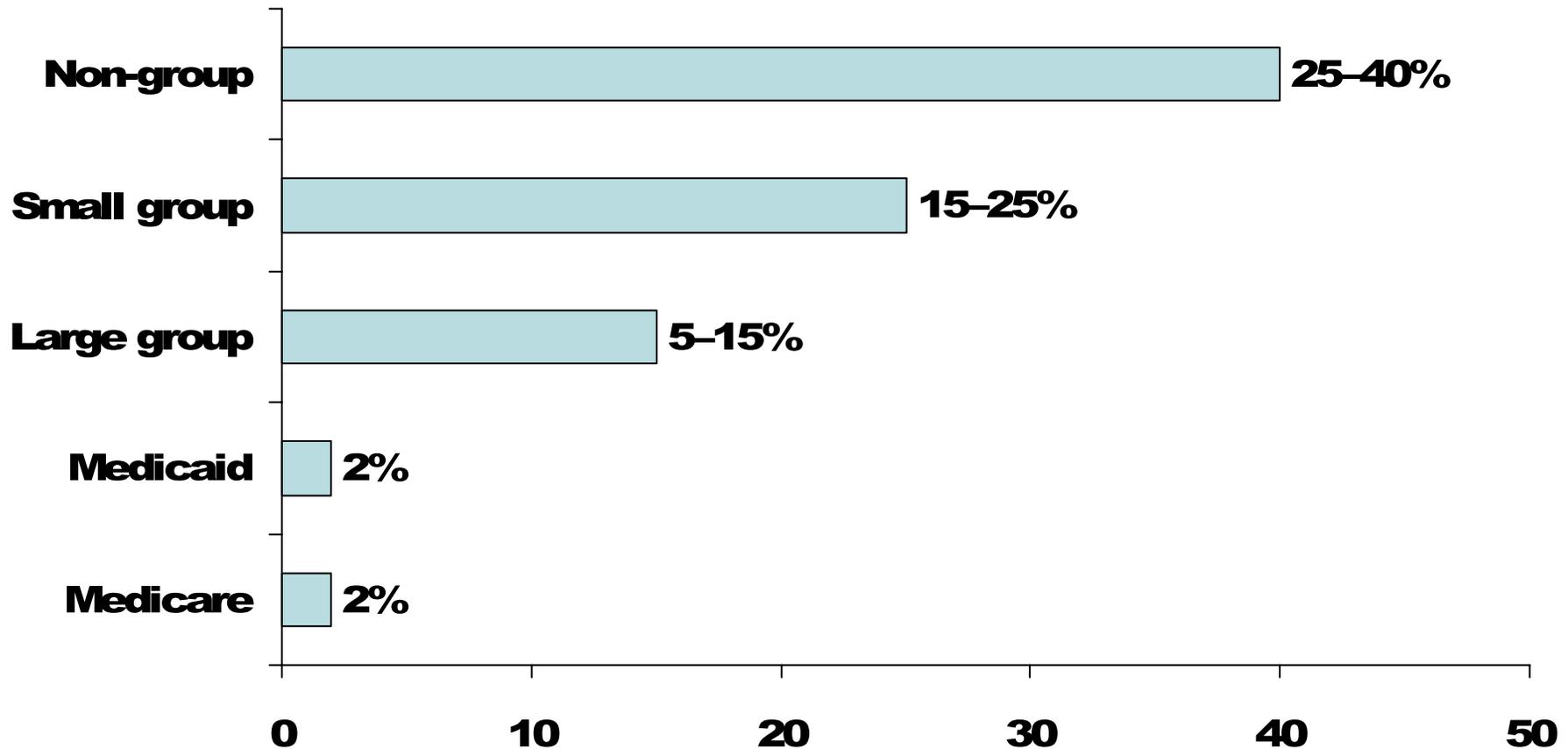


Medicare: Working for Elderly and Disabled Americans



Only Two Percent of Premiums in Medicare and Medicaid Are Spent on Non-Medical Expenditures

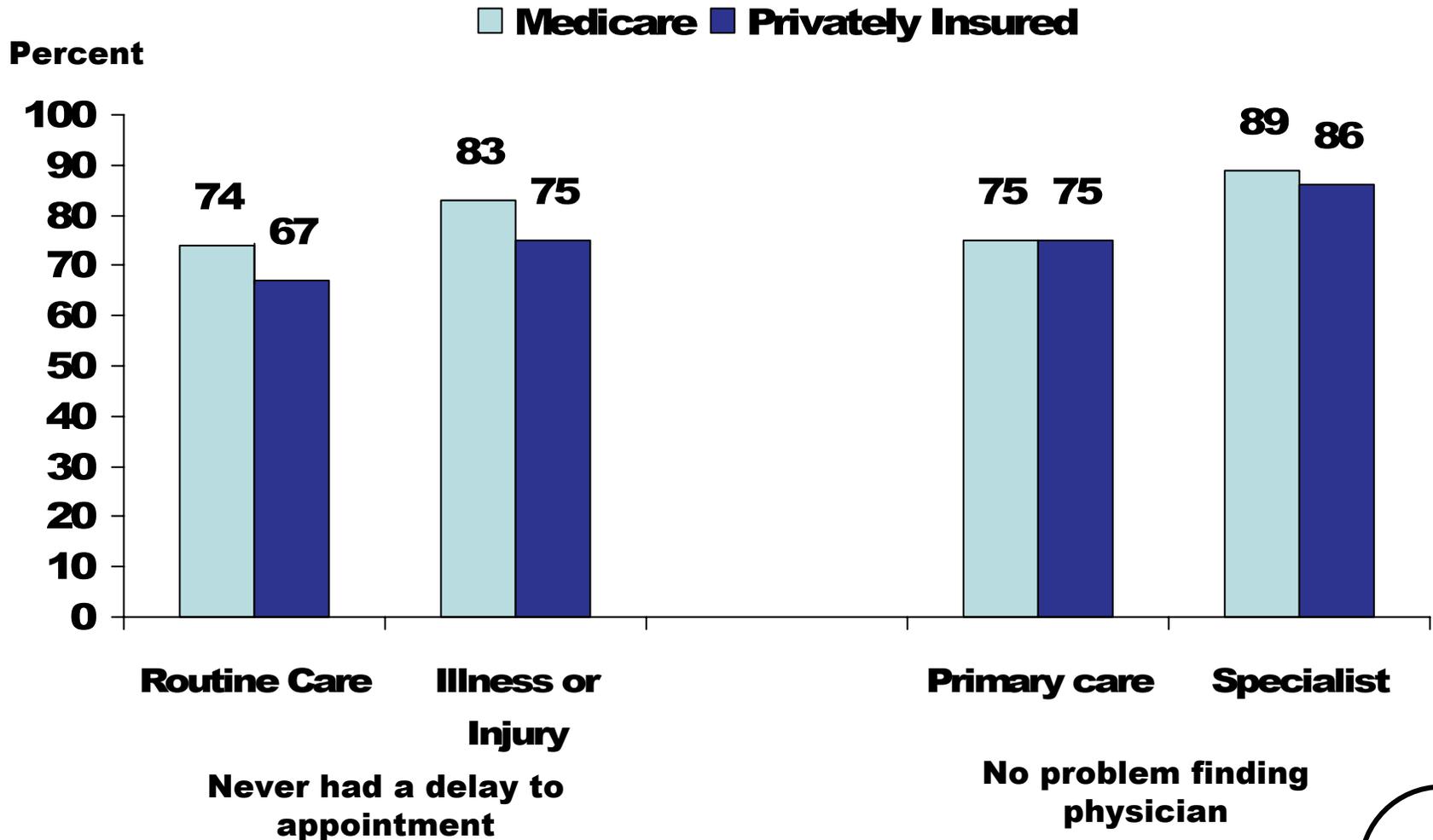
Percent of premiums spent on non-medical expenditures



Source: K. Davis, B. S. Cooper, and R. Capasso, *The Federal Employees Health Benefit Program: A Model for Workers, Not Medicare* (New York: The Commonwealth Fund, Nov. 2003); M. A. Hall, The geography of health insurance regulation, *Health Affairs*, March/April 2000; 19(2): 173–184;

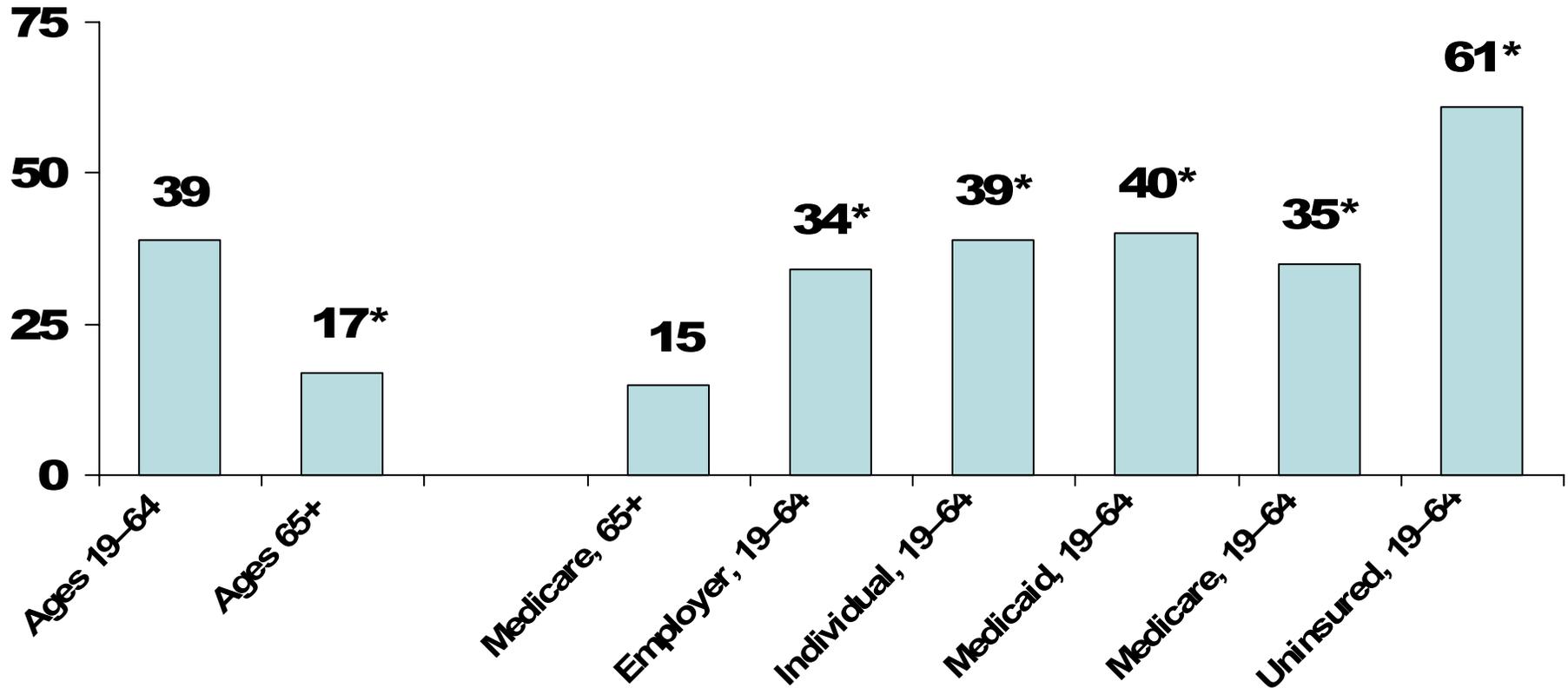


Access to Physicians for Medicare Beneficiaries and Privately Insured People, 2005



Access Problems Because of Cost

Percent of adults who had any of four access problems¹ in past year due to cost



Note: Adjusted percentages based on logistic regression models; age groups controlled for health status and income; insurance status controlled for health status, income, and prescription coverage.

¹Did not fill a prescription; did not see a specialist when needed; skipped medical test, treatment, or follow-up; did not see doctor when sick.

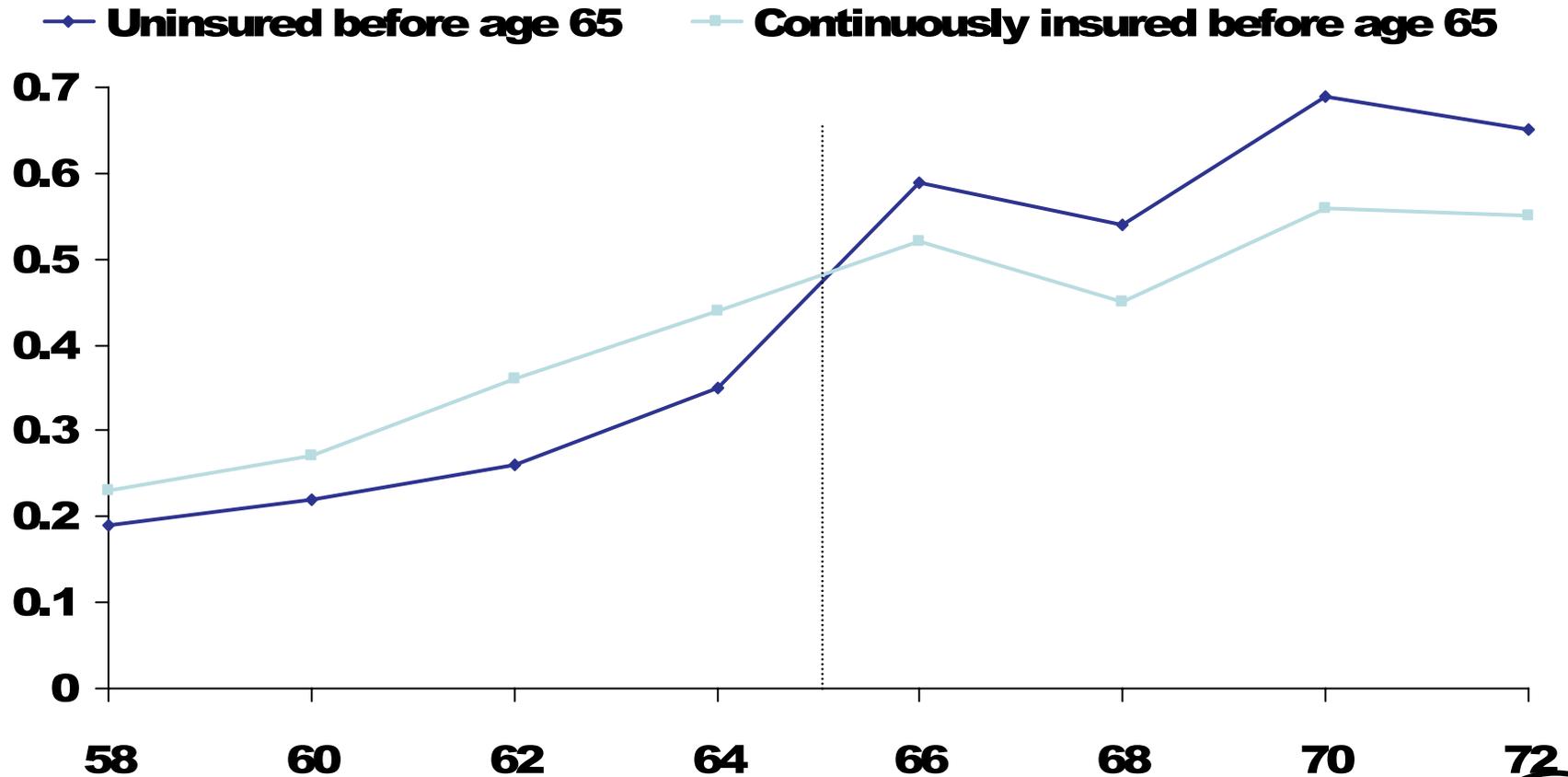
* Significant difference at $p \leq .01$ or better; referent categories are “ages 19–64” and “Medicare 65+”.

Source: K. Davis and S.R. Collins, “Medicare at Forty,” *Health Care Financing Review*, Winter 2005–2006 27(2):53–62.



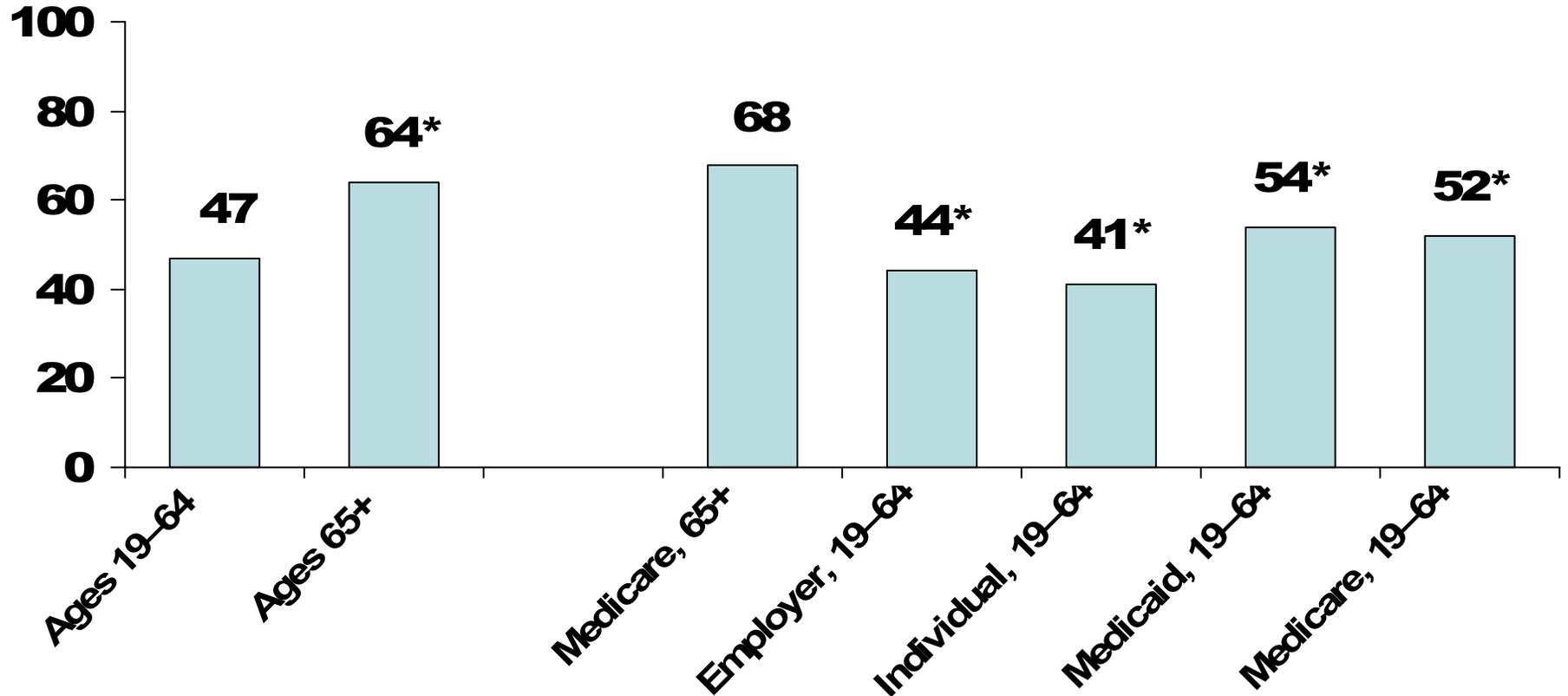
Previously Uninsured Medicare Beneficiaries with History of Cardiovascular Disease or Diabetes Have Much Higher Self-Reported Hospital Admissions After Entering Medicare Than Previously Insured

Number of hospital admissions per 2-year period



Rating of Current Insurance

Percent of adults who rated their current insurance as “excellent” or “very good”



Note: Adjusted percentages based on logistic regression models; age groups controlled for health status and income; insurance status controlled for health status, income, and prescription coverage.

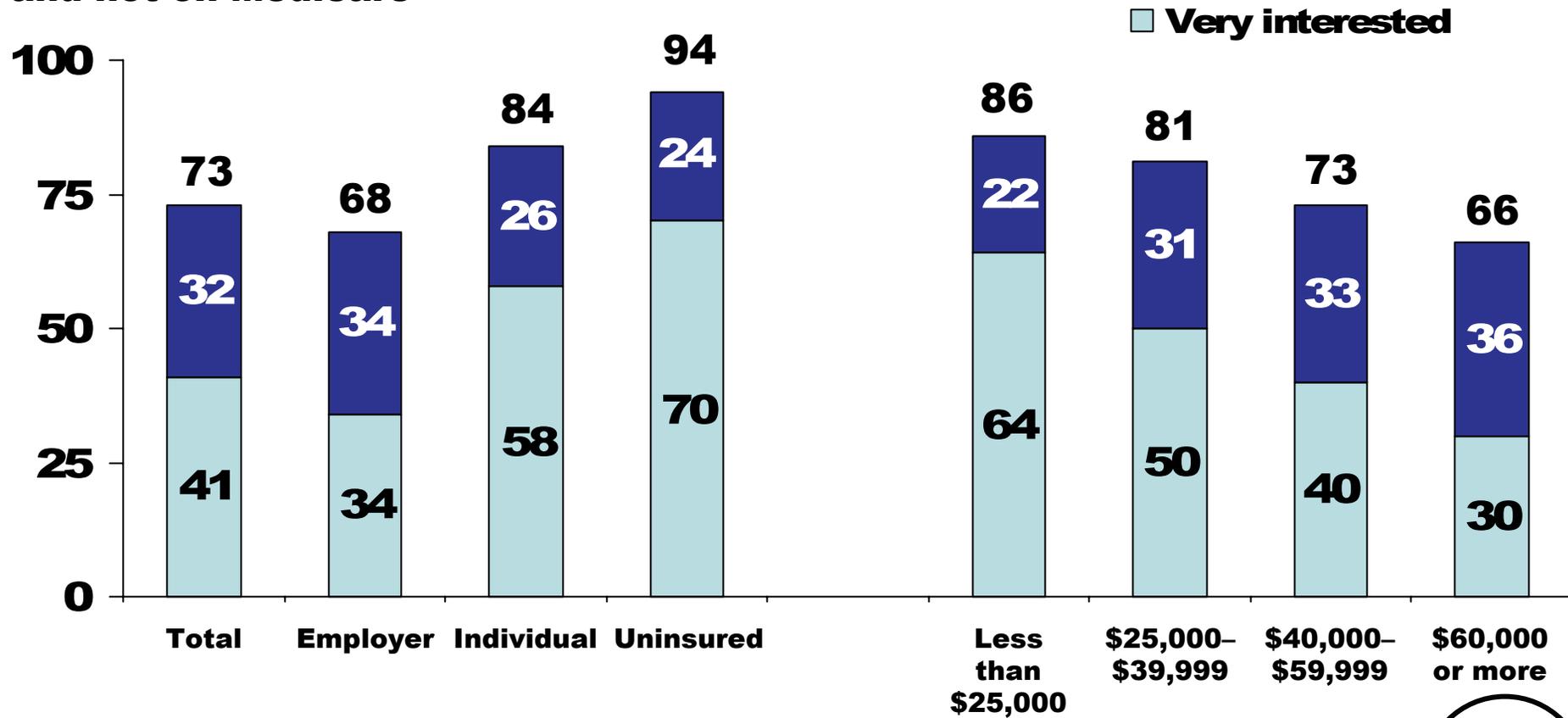
* Significant difference at $p \leq .01$ or better; referent categories are “ages 19–64” and “Medicare 65+”.

Source: K. Davis and S.R. Collins, “Medicare at Forty,” *Health Care Financing Review*, Winter 2005-2006 27(2):53-62.



Percent of Adults Ages 50–64 Who Are Very/Somewhat Interested in Receiving Medicare Before Age 65, by Insurance Status and Income

Percent of adults ages 50–64 and not on Medicare



Bending the Curve: Fifteen Options that Achieve Savings Cumulative 10-Year Savings

Producing and Using Better Information

- **Promoting Health Information Technology** **-\$88 billion**
- **Center for Medical Effectiveness and Health Care Decision-Making** **-\$368 billion**
- **Patient Shared Decision-Making** **-\$9 billion**

Promoting Health and Disease Prevention

- **Public Health: Reducing Tobacco Use** **-\$191 billion**
- **Public Health: Reducing Obesity** **-\$283 billion**
- **Positive Incentives for Health** **-\$19 billion**

Aligning Incentives with Quality and Efficiency

- **Hospital Pay-for-Performance** **-\$34 billion**
- **Episode-of-Care Payment** **-\$229 billion**
- **Strengthening Primary Care and Care Coordination** **-\$194 billion**
- **Limit Federal Tax Exemptions for Premium Contributions** **-\$131 billion**

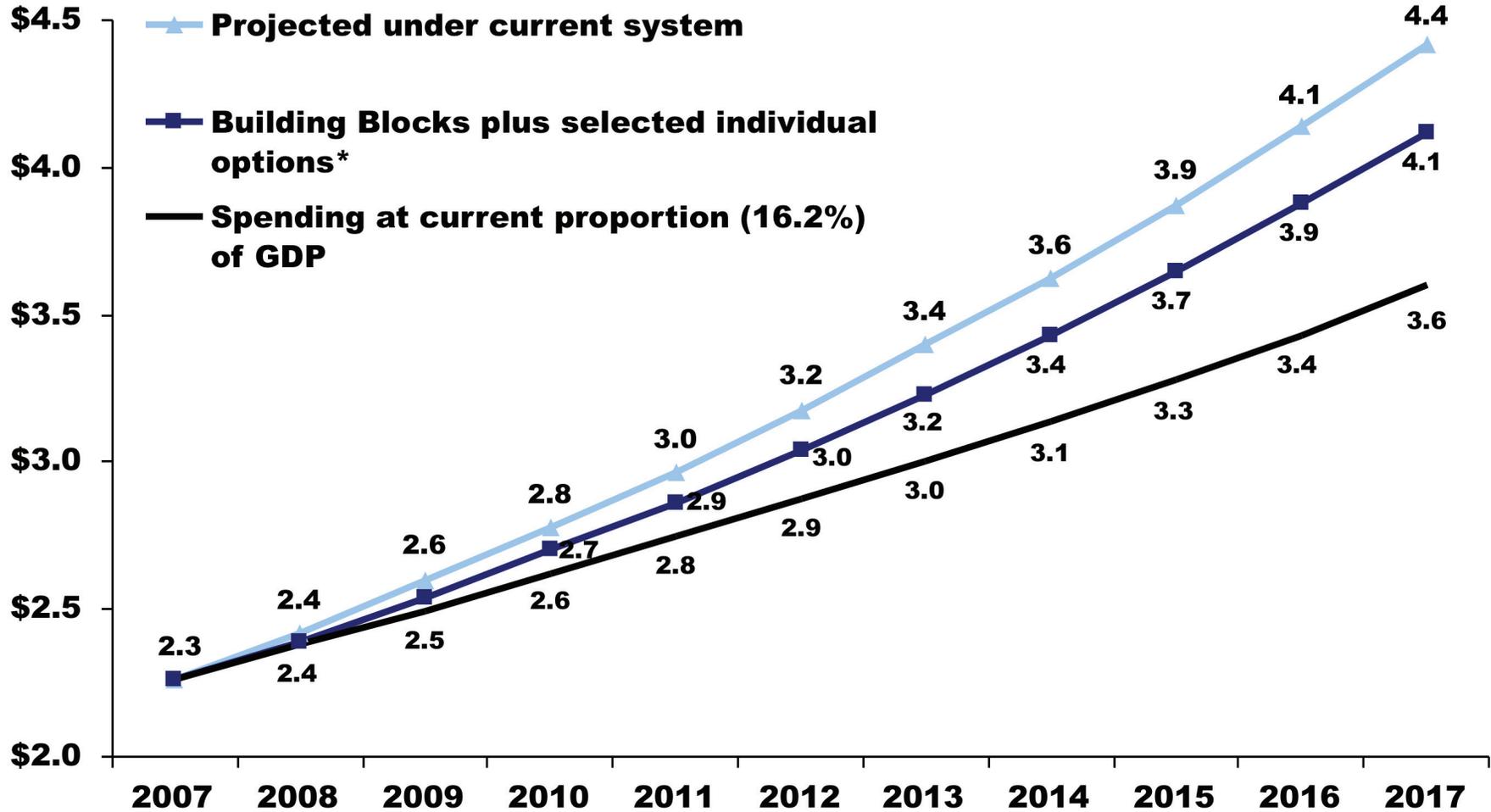
Correcting Price Signals in the Health Care Market

- **Reset Benchmark Rates for Medicare Advantage Plans** **-\$50 billion**
- **Competitive Bidding** **-\$104 billion**
- **Negotiated Prescription Drug Prices** **-\$43 billion**
- **All-Payer Provider Payment Methods and Rates** **-\$122 billion**
- **Limit Payment Updates in High-Cost Areas** **-\$158 billion**



Total National Health Expenditures, 2008–2017 Projected and Various Scenarios

Dollars in trillions



* Selected individual options include improved information, payment reform, and public health.

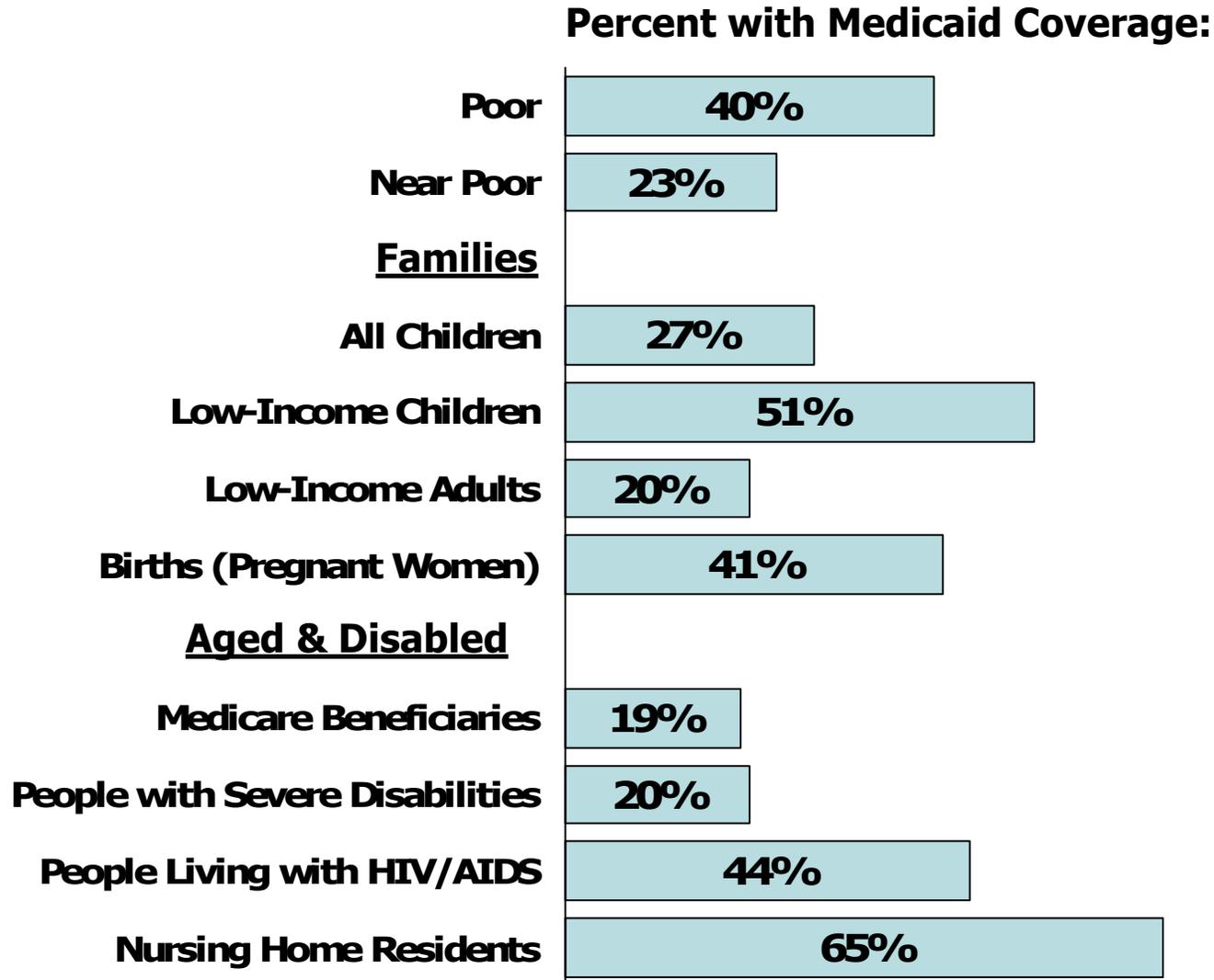
Source: C. Schoen et al., *Bending the Curve: Options for Achieving Savings and Improving Value in U.S. Health Spending*, The Commonwealth Fund, December 2007. Data: Lewin Group estimates.



Medicaid/SCHIP: Working for Most at Risk Americans



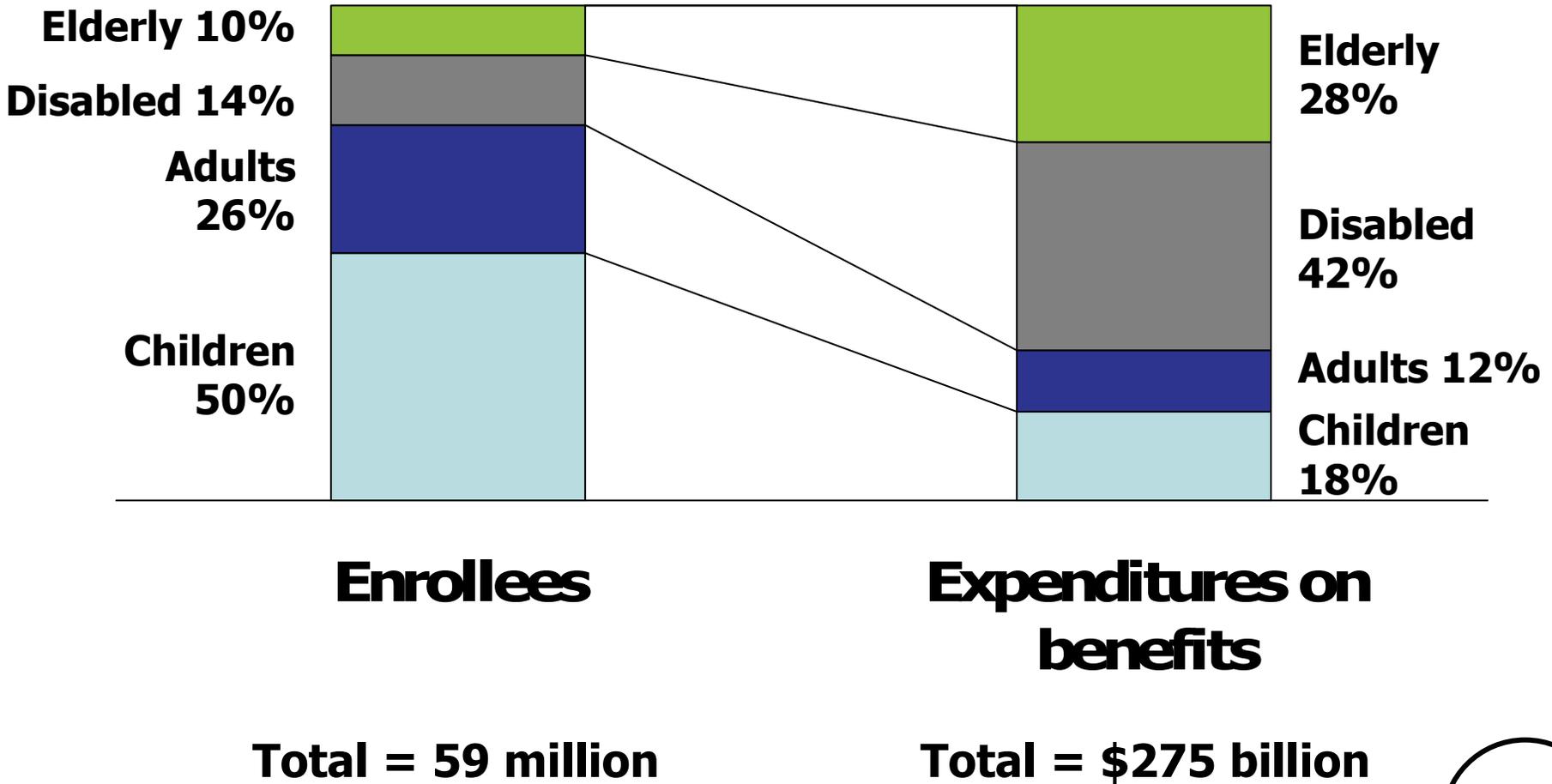
Medicaid's Role for Selected Populations



Note: "Poor" is defined as living below the federal poverty level, which was \$17,600 for a family of 3 in 2008.

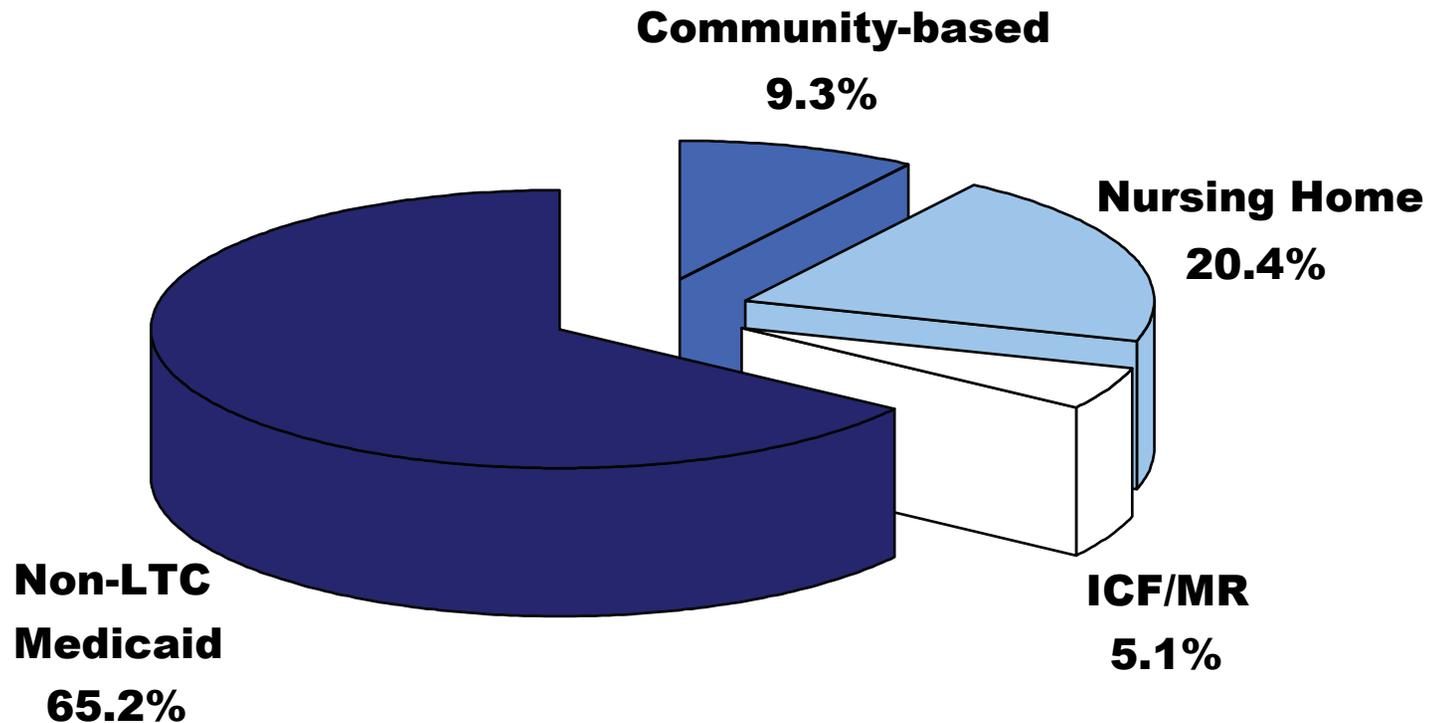
SOURCE: Kaiser Commission on Medicaid and the Uninsured, Kaiser Family Foundation, and Urban Institute estimates; Birth data: NGA, MCH Update.

Medicaid Enrollees and Expenditures by Enrollment Group, 2005



SOURCE: Kaiser Commission on Medicaid and the Uninsured and Urban Institute estimates based on 2005 MSIS data.

Thirty-five Percent of Medicaid Spending Goes to Long-Term Care



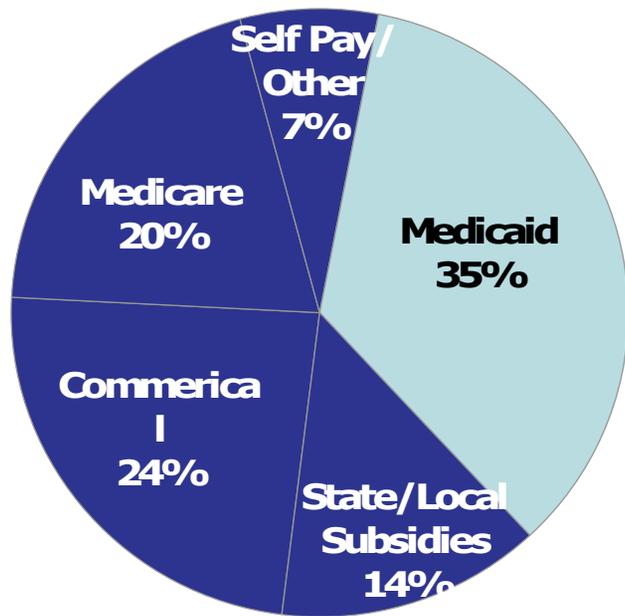
Note: ICF/MR = intermediate care facilities for the mentally retarded

Source: MEDSTAT HCBS



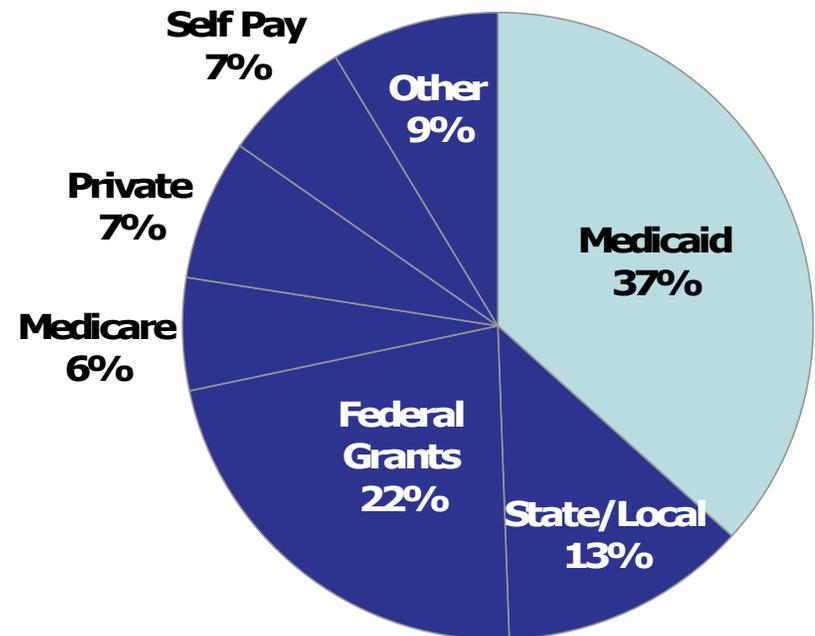
Medicaid Financing of Safety-Net Providers²⁹

Public Hospital Net Revenues by Payer, 2004



Total = \$29 billion

Health Center Revenues by Payer, 2006

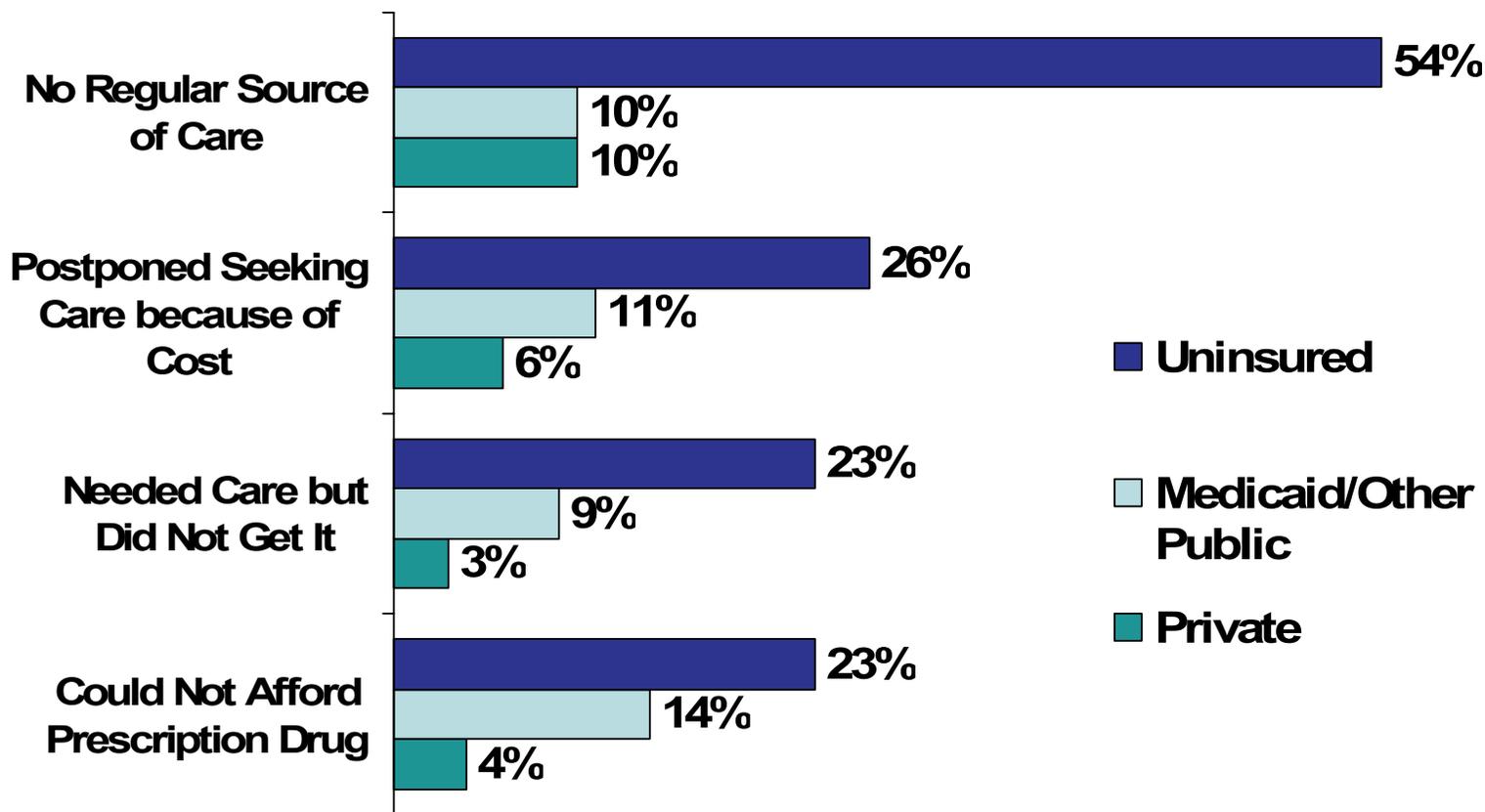


Total = \$8.1 billion

SOURCE: Kaiser Commission on Medicaid and the Uninsured, based on *America's Public Hospitals and Health Systems, 2004*, National Association of Public Hospitals and Health Systems, October 2006. KCMU Analysis of 2006 UDS Data from HRSA.

Barriers to Health Care Among Nonelderly Adults, by Insurance Status, 2006

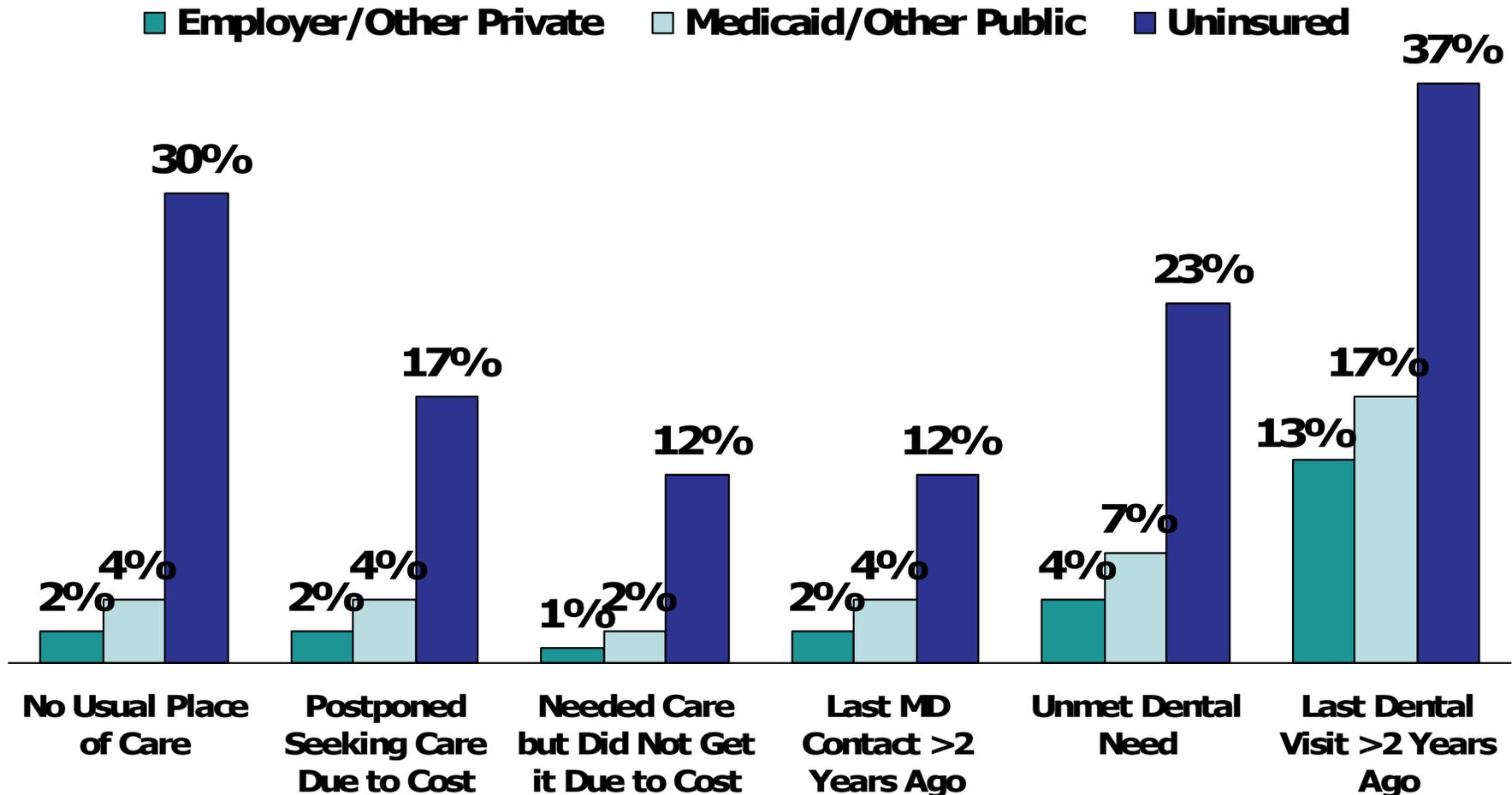
Percent of adults (age 19 – 64) reporting in past 12 months:



NOTE: Respondents who said usual source of care was the emergency room were included among those not having a usual source of care.

SOURCE: Kaiser Commission on Medicaid and the Uninsured analysis of 2006 NHIS data.

Children's Access to Care, by Health Insurance Status, 2006

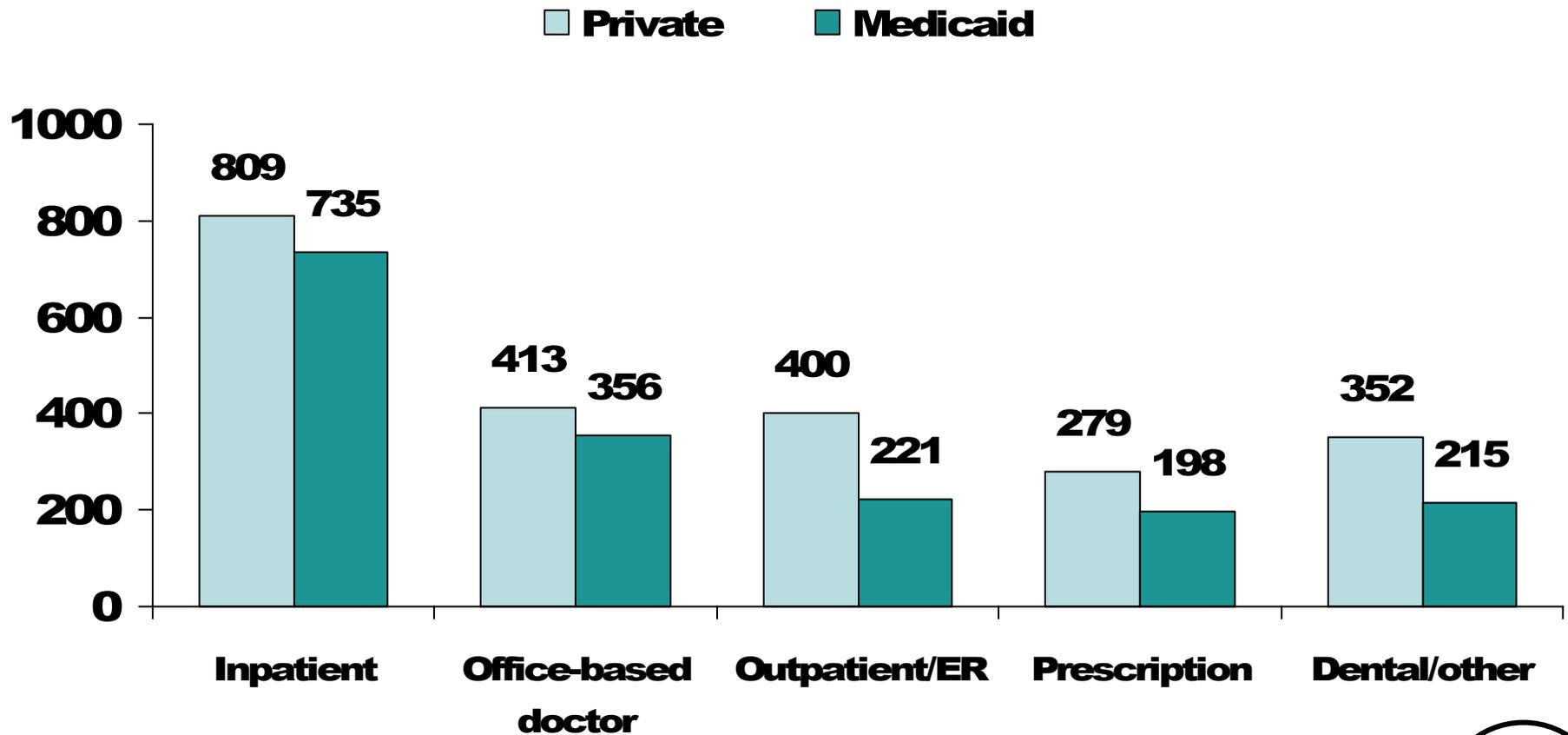


NOTE: MD contact includes MD or any health care professional, including time spent in a hospital. Data is for all children under age 18, except for dental visit and unmet dental need, which are for children age 2-17. Respondents who said usual source of care was the emergency room were included among those not having a usual source of care. All estimates are age-adjusted.

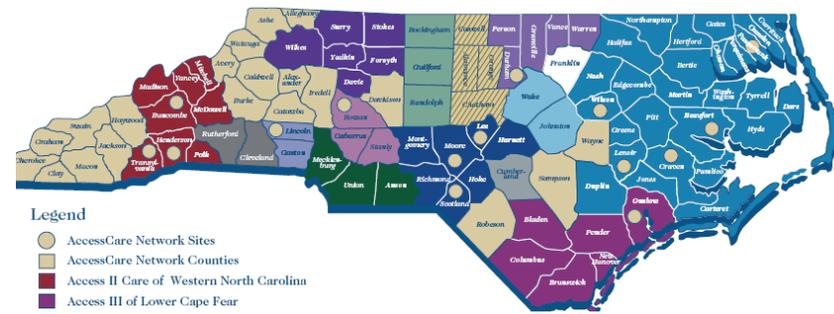
SOURCE: Kaiser Commission on Medicaid and the Uninsured analysis of National Center for Health Statistics, CDC. 2007. Summary of Health Statistics for U.S. Children: NHIS, 2006.

Medicaid's Spending on Health Services Is Lower Than That of Private Coverage

Expenditures (\$) on health services for people without health limitations in private coverage and Medicaid



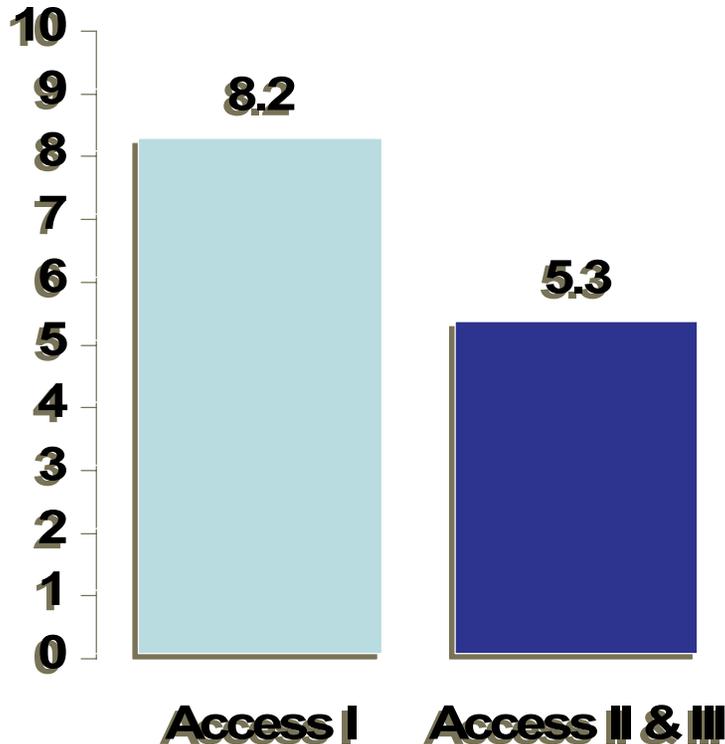
Community Care of North Carolina: Medical Homes Can Save Health Care Costs



Asthma Initiative: Pediatric Asthma Hospitalization Rates

(April 2000–December 2002)

Inpatient admission rate per 1000 member months



- 14 networks, > 3,200 MDs, >800,000 patients
- \$3 PMPM to each network
- Hire case managers/medical management staff
- \$2.50 PMPM to each PCP to serve as medical home and participate in disease management
- Care improvement: asthma, diabetes, screening/referral of young children for developmental problems, and more!
- Case management: identify and facilitate management of costly patients
- From July 1, 2003 through June 30, 2006, actuarial studies conducted by Mercer documented that CCNC saved the state over \$473 million dollars [September 2007].

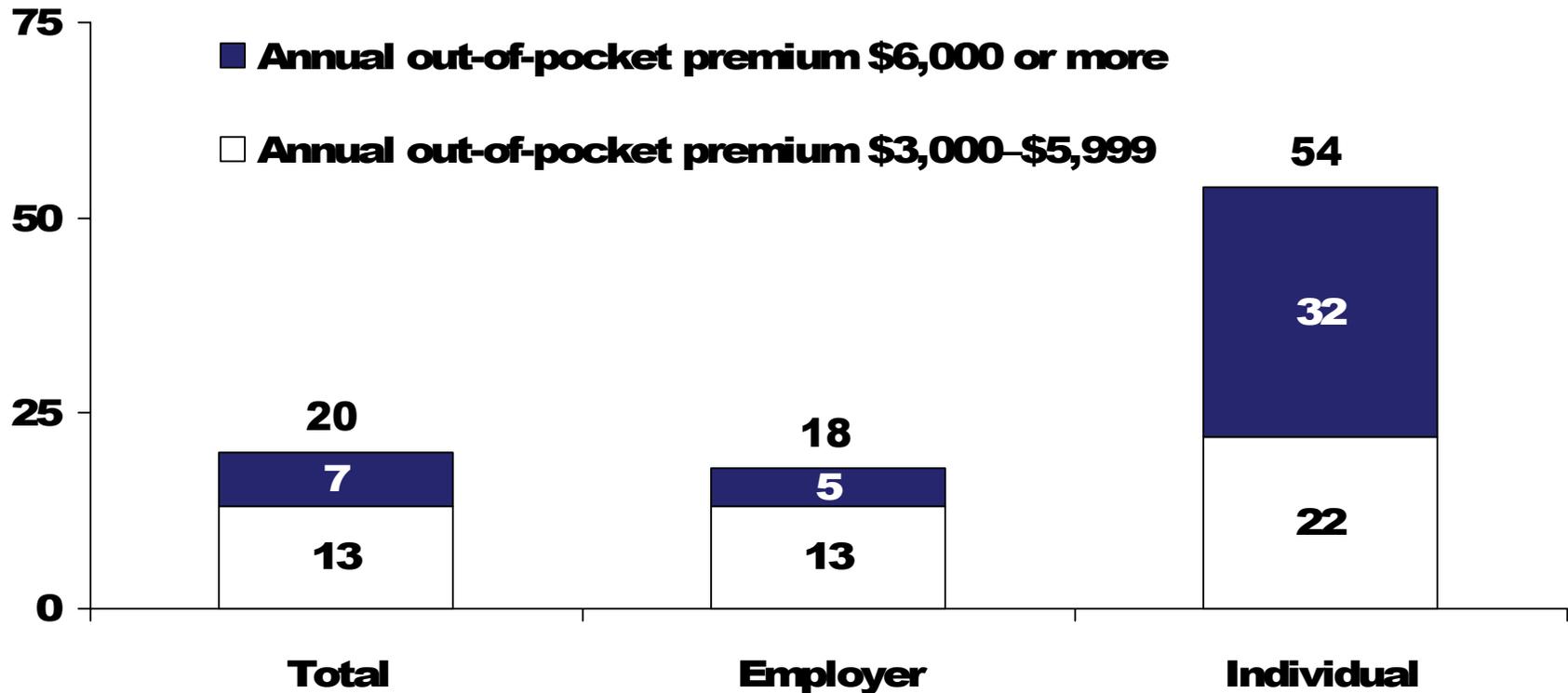


Private Insurance: Employer Coverage Works Better Than Individual Markets



Risk Pooling and Employer Premium Contributions³⁵ Lower the Cost of Health Benefits for Adults with Employer Coverage Relative to Those with Individual Market Coverage

Percent of adults ages 19–64 insured all year with private insurance



Source: S. R. Collins, J. L. Kriss, K. Davis, M. M. Doty, and A. L. Holmgren, Squeezed: Why Rising Exposure to Health Care Costs Threatens the Health and Financial Well-Being of American Families, The Commonwealth Fund, September 2006.

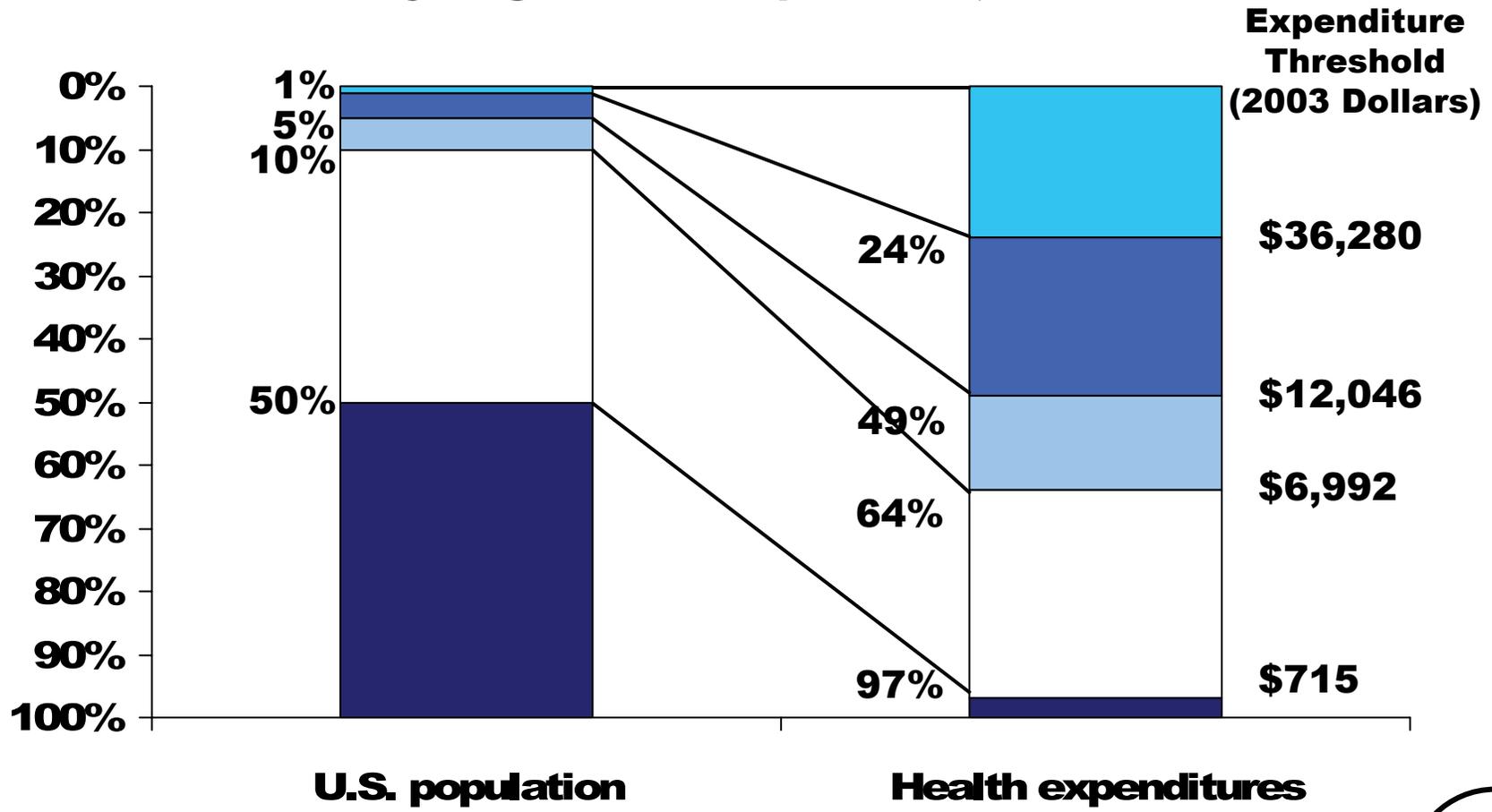


Individual Market Is Not an Affordable Option for Many People

Adults ages 19–64 with individual coverage or who thought about or tried to buy it in past 3 years who:	Total	Health Problem	No Health Problem	<200% Poverty	200%+ Poverty
Found it very difficult or impossible to find coverage they needed	34%	48%	24%	43%	29%
Found it very difficult or impossible to find affordable coverage	58	71	48	72	50
Were turned down or charged a higher price because of a pre-existing condition	21	33	12	26	18
Never bought a plan	89	92	86	93	86

Health Care Costs Concentrated in Sick Few Sickest 10% Account for 64% of Expenses

**Distribution of health expenditures for the U.S. population,
by magnitude of expenditure, 2003**



Source: S. H. Zuvekas and J. W. Cohen, "Prescription Drugs and the Changing Concentration of Health Care Expenditures," *Health Affairs*, Jan/Feb 2007 26(1): 249-257.