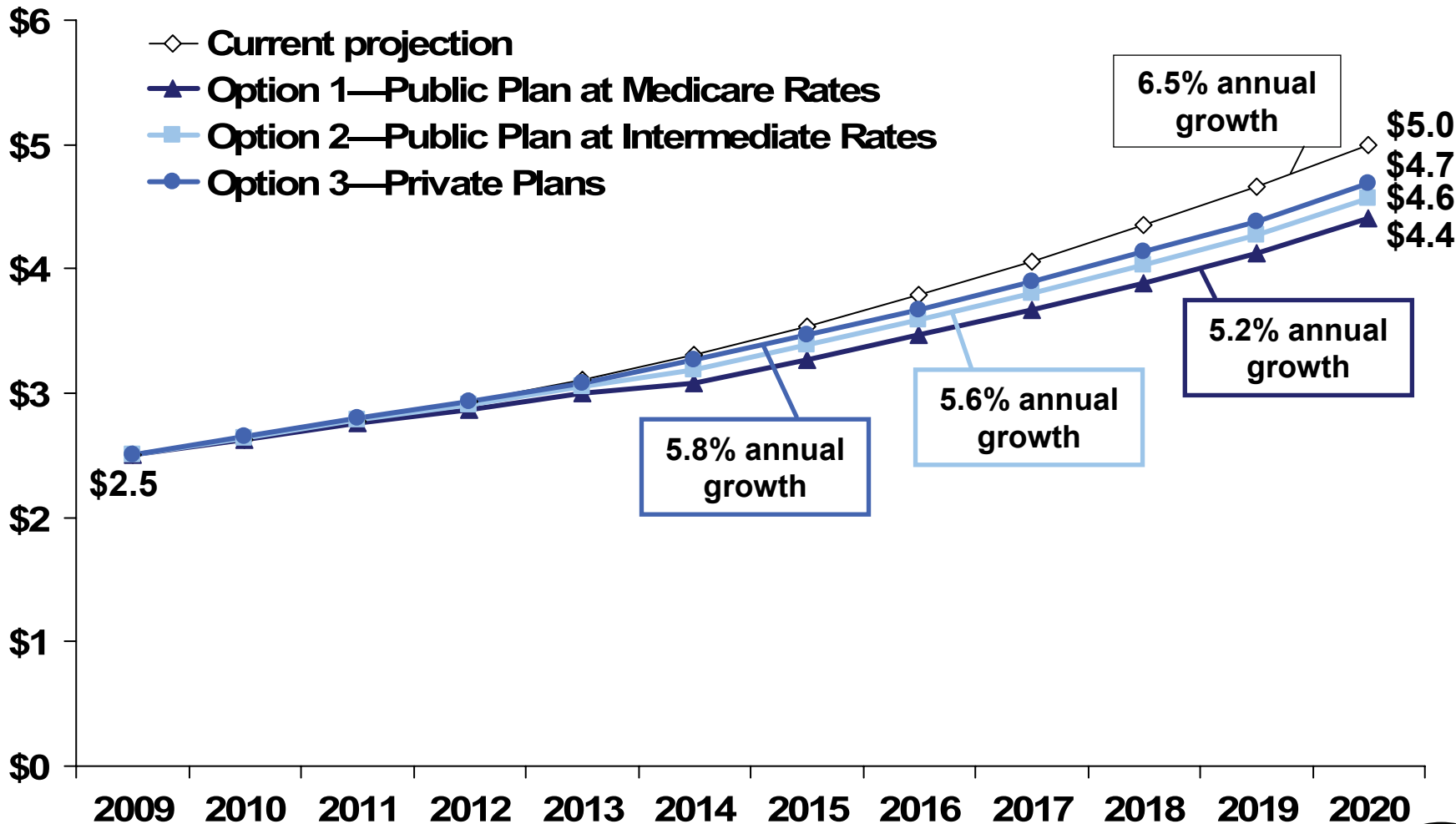


Exhibit ES-1. Policy Provisions Under Three Reform Scenarios

	Public Plan at Medicare Rates	Public Plan at Intermediate Rates	Private Plans
Requirements for Coverage			
Individual mandate	X	X	X
Employer shared responsibility	Insure workers or pay 7% of earnings	Insure workers or pay 7% of earnings	Insure workers or pay 7% of earnings
Insurance Exchange			
Plans offered	Public and private	Public and private	Private
Replaces individual insurance market	X	X	X
Income-related premium assistance in exchange	X	X	X
Community rating	X	X	X
Guaranteed access and renewal	X	X	X
Minimum benefit standard	X	X	X
Provider Payment Reform			
Payment on value, not volume	Required for public plan; voluntary for private plans	Required for public plan; voluntary for private plans	Voluntary for private plans
Cost restraints on provider prices	Medicare level for public plan; commercial level for private plans	Midpoint between Medicare and commercial level for public plan; commercial levels in private plans	Unchanged
Medicaid at Medicare rates	X	X	X
Coverage of the uninsured	Bought in at Medicare level	Most bought in at midpoint level	Bought in at commercial level
Changes to Current Public Programs			
Retain current Medicare benefit structure	X	X	X
End Medicare disability waiting period	X	X	X
Expand Medicaid/CHIP	X	X	X
System Reform			
Comparative effectiveness	X	X	X
Health information technology	X	X	X
Public Health	X	X	X

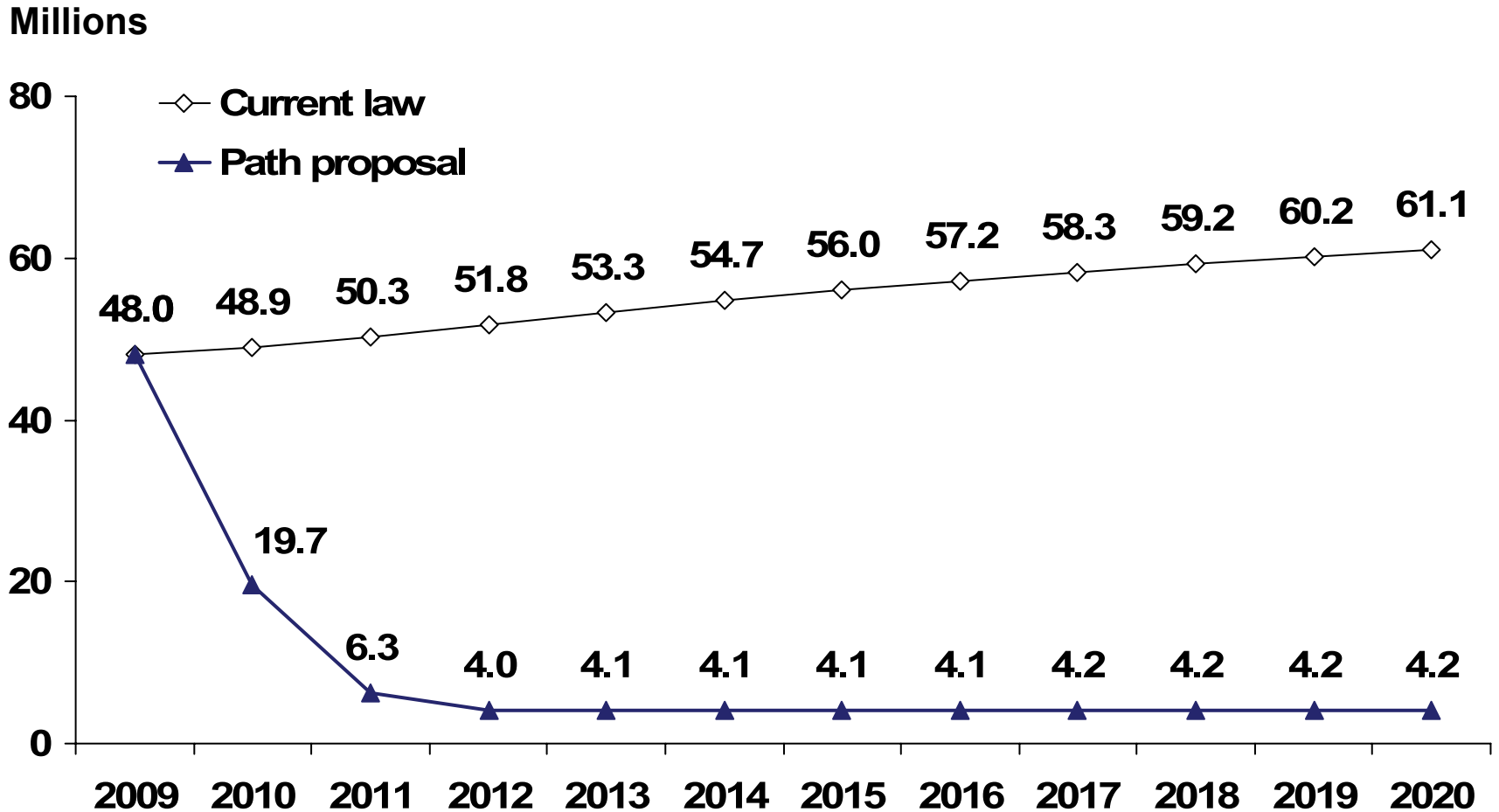
Exhibit ES-2. Total National Health Expenditures (NHE), 2009–2020: Current Projection and Alternative Scenarios

NHE in trillions



Data: Estimates by The Lewin Group for The Commonwealth Fund.

Exhibit ES-3. Trend in the Number of Uninsured, 2009–2020 Under Current Law and Three Path Scenarios

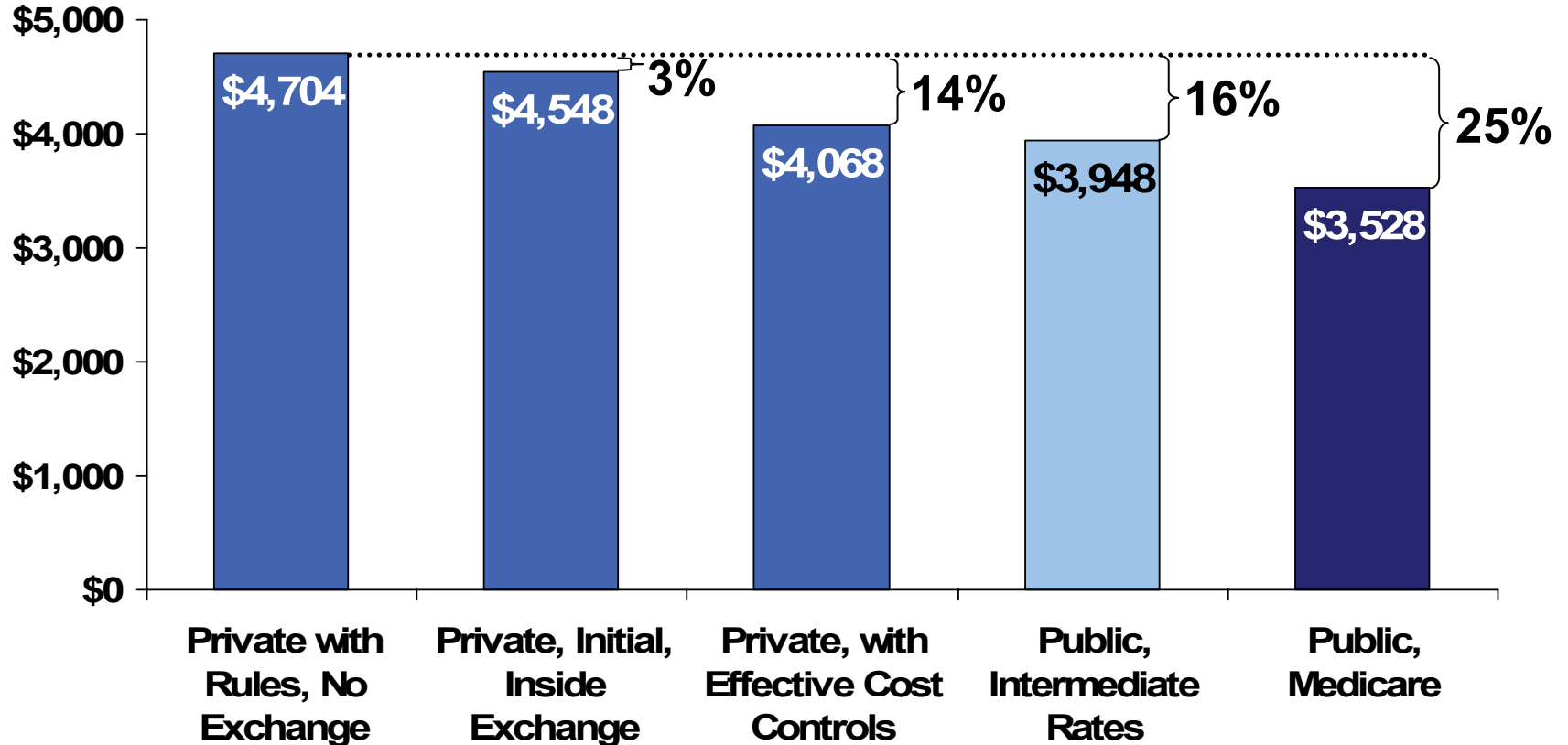


Note: Assumes insurance exchange opens in 2010 and take-up by uninsured occurs over two years.
 Remaining uninsured are mainly non-tax-filers.
 Data: Estimates by The Lewin Group for The Commonwealth Fund.



Exhibit ES-4. Estimated Annual Premiums Under Different Scenarios, 2010

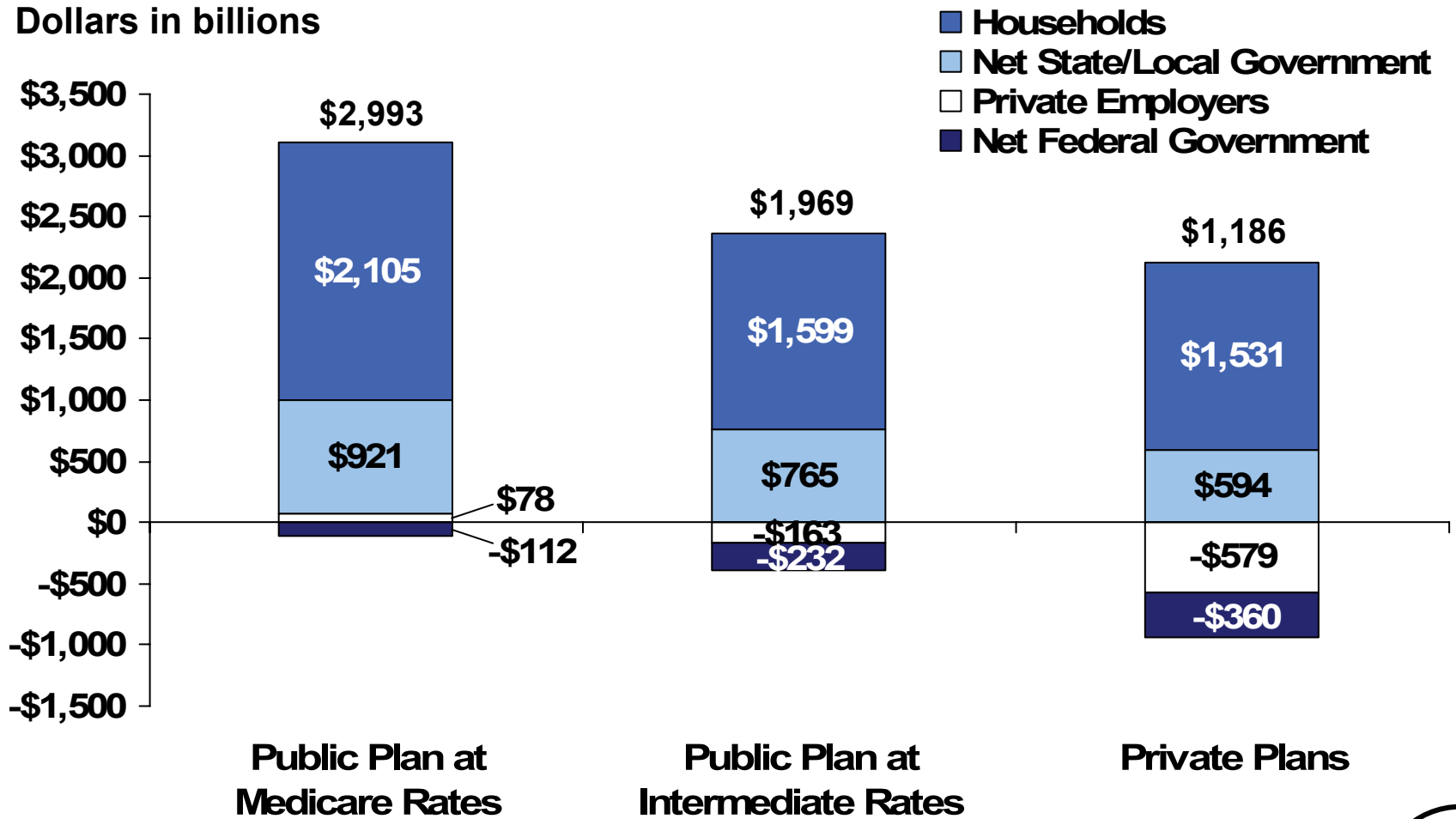
Average annual premium per household for same benefits at community rate*



* Premiums for same benefits and population. Benefits used to model: full scope of acute care medical benefits; \$250 individual/\$500 family deductible; 10% coinsurance physicians services; 25% coinsurance, no deductible prescription drugs ; full coverage preventive care. \$5,000 individual/\$7,000 family out-of-pocket cost limit. Data: Estimates by The Lewin Group for The Commonwealth Fund.



Exhibit ES-5. Net Cumulative Impact on National Health Expenditures, 2010–2020 Compared with Baseline, Three Insurance Exchange Scenarios, by Major Payer Groups

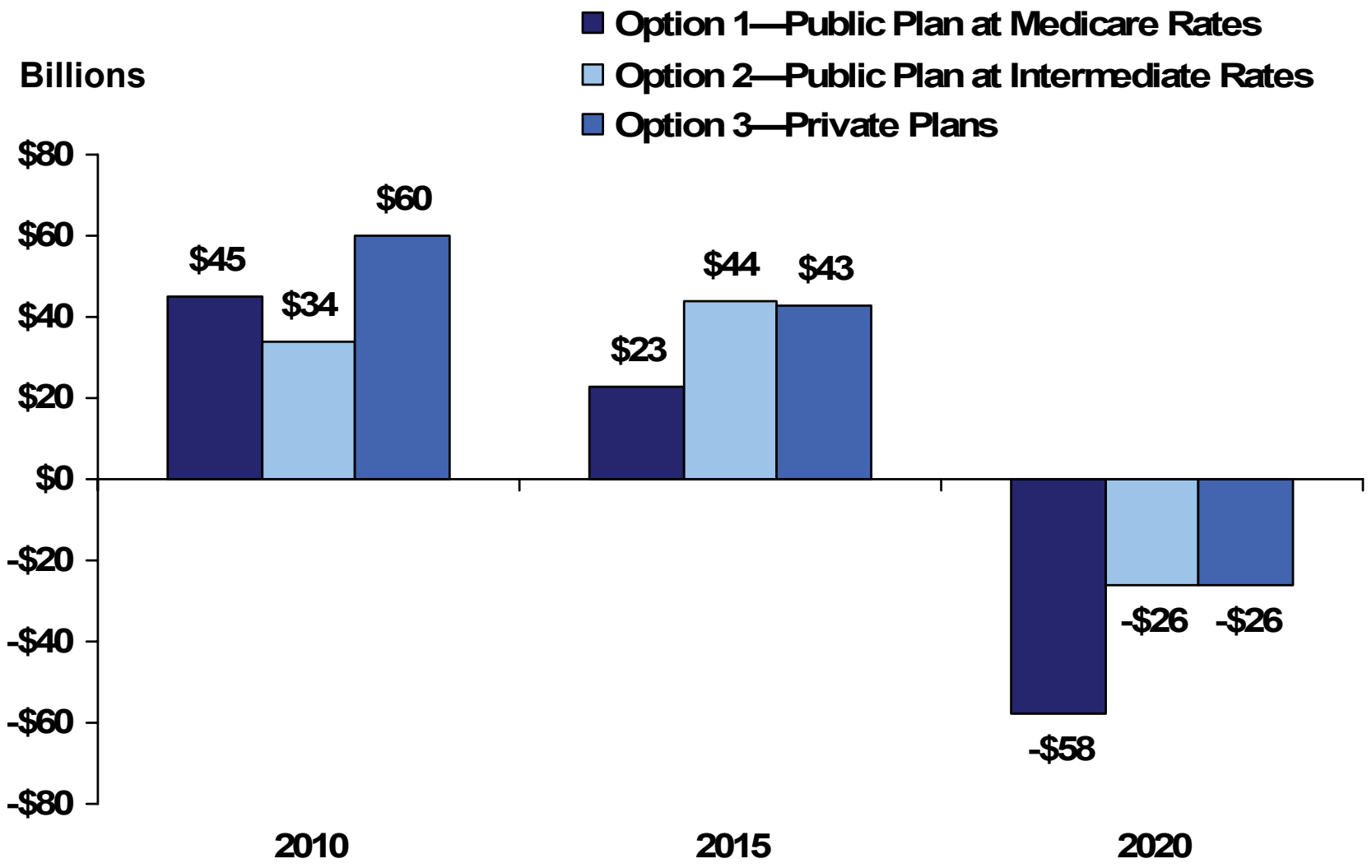


Note: A negative number indicates spending increases compared with projected expenditures; a positive indicates spending decreases (i.e., savings).

Data: Estimates by The Lewin Group for The Commonwealth Fund.



Exhibit ES-6. Change in Net Federal Spending Under Three Path Scenarios



Note: A negative number indicates spending decreases compared with projected expenditures (i.e., savings); a positive indicates spending increases.
Data: Estimates by The Lewin Group for The Commonwealth Fund.



Exhibit 1. Policy Provisions Under Three Reform Scenarios

	Public Plan at Medicare Rates	Public Plan at Intermediate Rates	Private Plans
Requirements for Coverage			
Individual mandate	X	X	X
Employer shared responsibility	Insure workers or pay 7% of earnings	Insure workers or pay 7% of earnings	Insure workers or pay 7% of earnings
Insurance Exchange			
Plans offered	Public and private	Public and private	Private
Replaces individual insurance market	X	X	X
Income-related premium assistance in exchange	X	X	X
Community rating	X	X	X
Guaranteed access and renewal	X	X	X
Minimum benefit standard	X	X	X
Provider Payment Reform			
Payment on value, not volume	Required for public plan; voluntary for private plans	Required for public plan; voluntary for private plans	Voluntary for private plans
Cost restraints on provider prices	Medicare level for public plan; commercial level for private plans	Midpoint between Medicare and commercial level for public plan; commercial levels in private plans	Unchanged
Medicaid at Medicare rates	X	X	X
Coverage of the uninsured	Bought in at Medicare level	Most bought in at midpoint level	Bought in at commercial level
Changes to Current Public Programs			
Retain current Medicare benefit structure	X	X	X
End Medicare disability waiting period	X	X	X
Expand Medicaid/CHIP	X	X	X
System Reform			
Comparative effectiveness	X	X	X
Health information technology	X	X	X
Public Health	X	X	X

Exhibit 2. Three Insurance Exchange Scenarios: Cumulative 11-Year Savings in National Health Expenditures, 2010–2020

Cumulative national health expenditure savings compared with baseline (trillions)

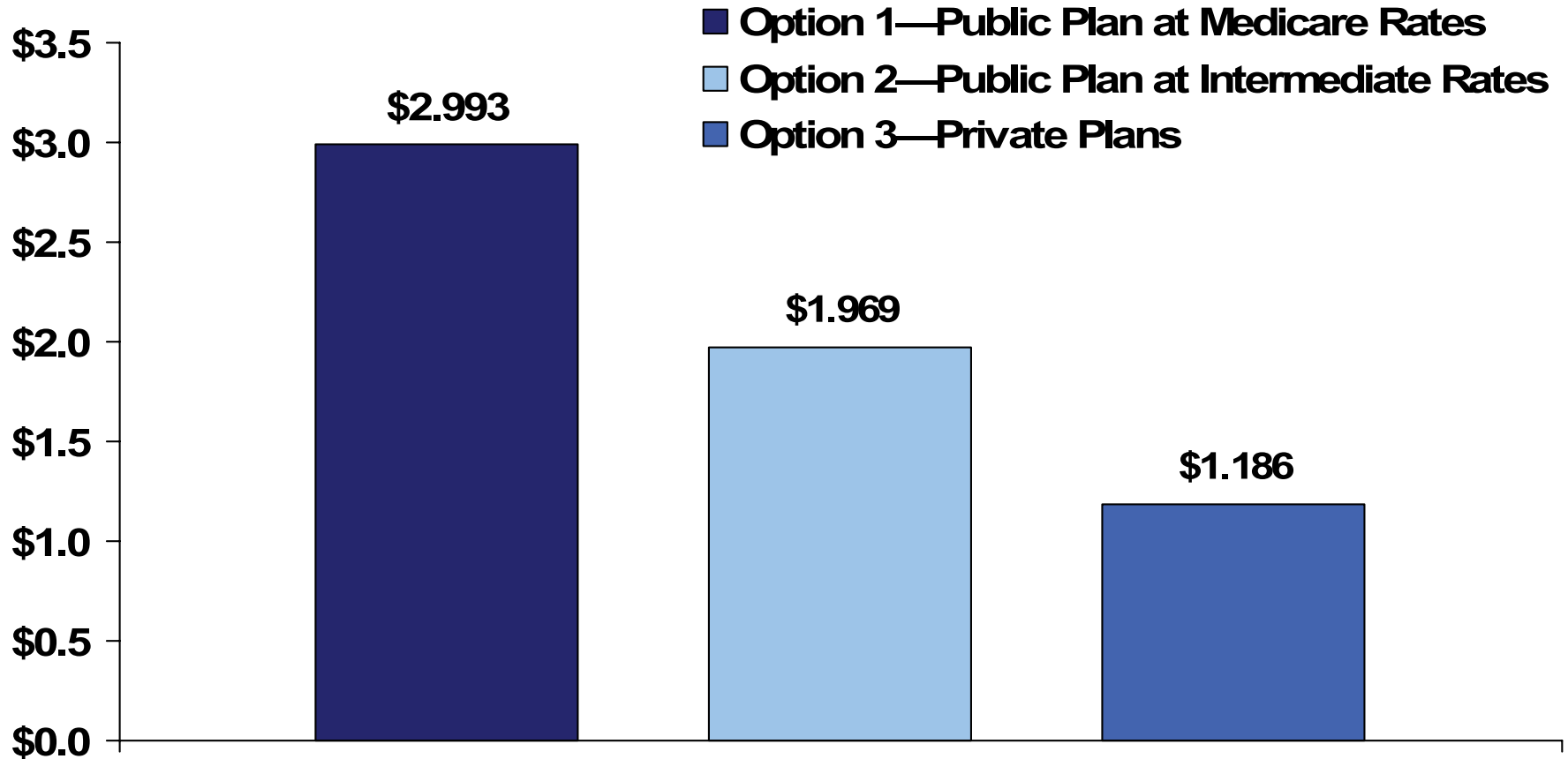
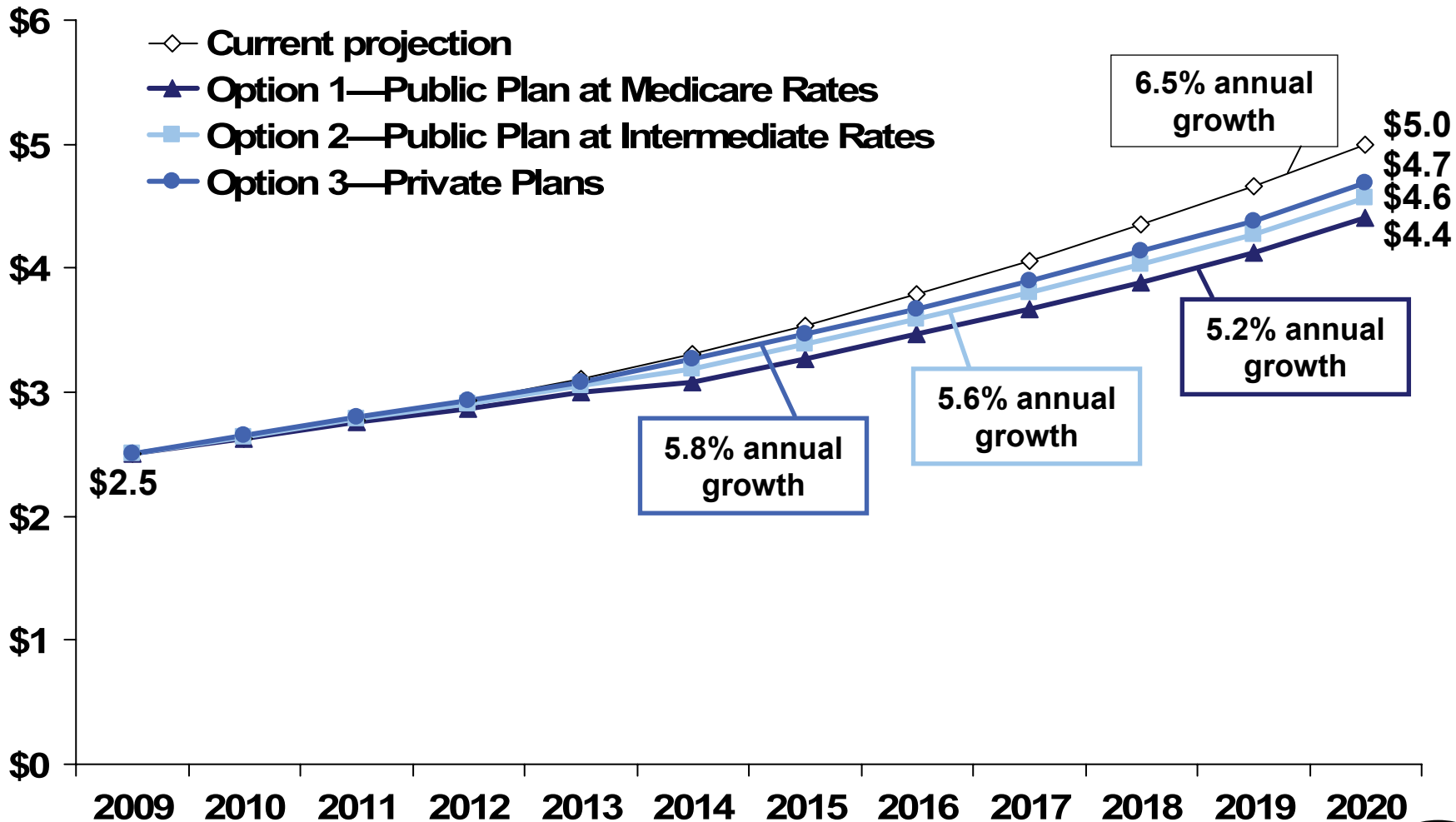


Exhibit 3. Total National Health Expenditures (NHE), 2009–2020: Current Projection and Alternative Scenarios

NHE in trillions



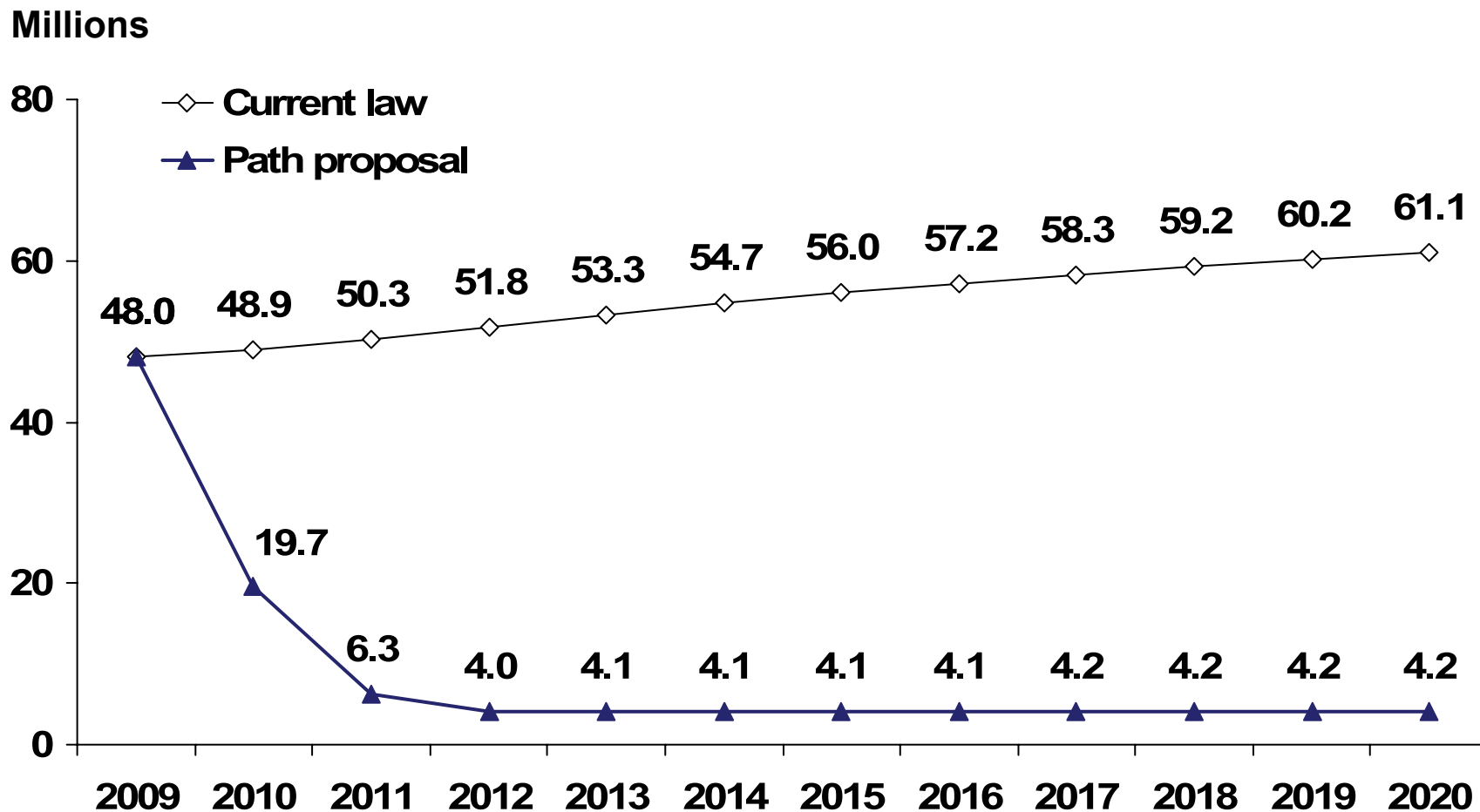
Data: Estimates by The Lewin Group for The Commonwealth Fund.

Exhibit 4. Major Sources of Savings Compared with Projected Spending, Net Cumulative Reduction of National Health Expenditures, 2010–2020

Dollars in billions

	Public Plan at Medicare Rates	Public Plan at Intermediate Rates	Private Plans
<i>Affordable Coverage for All: Coverage Expansion and National Health Insurance Exchange</i>			
• Net costs of coverage expansion	–\$160	+\$770	+\$1,135
• Reduced administrative costs	<u>–\$265</u>	<u>–\$223</u>	<u>+\$32</u>
<i>Total System Cost of Coverage Expansion and Improvement</i>	–\$425	+\$547	+\$1,167
<i>Payment and System Reforms</i>			
• Payment Reforms	–\$1,011	–\$986	–\$907
• Information Infrastructure and Public Health	<u>–\$1,557</u>	<u>–\$1,530</u>	<u>–\$1,446</u>
<i>Total Savings from Payment and System Reforms</i>	–\$2,568	–\$2,516	–\$2,353
Total Net Impact on National Health Expenditures, 2010–2020	<u>–\$2,993</u>	<u>–\$1,969</u>	<u>–\$1,186</u>

Exhibit 5. Trend in the Number of Uninsured, 2009–2020 Under Current Law and Three Path Scenarios



Note: Assumes insurance exchange opens in 2010 and take-up by uninsured occurs over two years.
Remaining uninsured are mainly non-tax-filers.
Data: Estimates by The Lewin Group for The Commonwealth Fund.

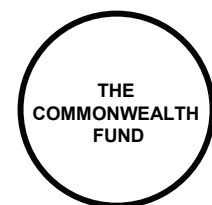


Exhibit 6. Benefit Design for Public Health Insurance Plan Offered in Insurance Exchange

	Current Medicare Benefits*	New Public Health Insurance Plan in Exchange
Deductible	Hospital: \$1,024/benefit period Physician: \$135/year Rx: \$275/year**	Hospital/Physician: \$250/year for individuals; \$500 for families Rx: \$0
Coinsurance	Physician: 20% Rx: Depends on Part D plan	Physician: 10% Rx: 25% Reduce for high-value and chronic disease care/medical home Preventive services: 0%
Ceiling on out-of-pocket	No ceiling	\$5,000 for individuals \$7,000 for families
Insurance-related premium subsidies	Medicare Savings Programs Low-Income Subsidy	Premium cap ceiling of 5% of income for low-income beneficiary premiums or 10% if higher income

* Basic benefits before Medigap.

** Part D coverage varies, often deductible. Most have “doughnut” hole and use tiered, flat-dollar copayments.

Note: Benefit design also would apply to Medicare Extra supplement option available to Medicare beneficiaries.

Source: Commonwealth Fund Commission on a High Performance Health System, *The Path to a High Performance*

U.S. Health System: A 2020 Vision and the Policies to Pave the Way (New York: The Commonwealth Fund, Feb. 2009).



Exhibit 7. Premium Affordability: Insurance-Related Premium Subsidies

		Income Range	Premium as a Percentage of Income
Below 150% FPL	Single	\$16,245 or lower	0%
	Family	\$27,465 or lower	0%
15% tax bracket	Single	\$16,245–\$33,949	5%
	Family	\$27,465–\$67,899	5%
25% tax bracket	Single	\$33,950–\$82,249	10%
	Family	\$67,900–\$137,049	10%
28% tax bracket	Single	\$82,250–\$171,549	12%
	Family	\$137,050–\$208,849	12%
33% tax bracket	Single	\$171,550–\$372,949	No cap
	Family	\$208,850–\$372,949	No cap
35% tax bracket	Single	\$372,950 or higher	No cap
	Family	\$372,950 of higher	No cap

Note: Family income ranges based on family size of three.

Source: United States Department of Health and Human Services, “Annual Update of the HHS Poverty Guidelines,” Federal Register: Jan. 23, 2009 (Vol. 74, No. 14), 4199-4201; United States Internal Revenue Service, 2009 Tax Rate Schedule X and Y-1.

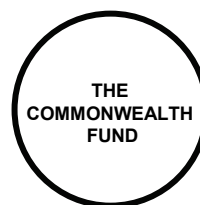
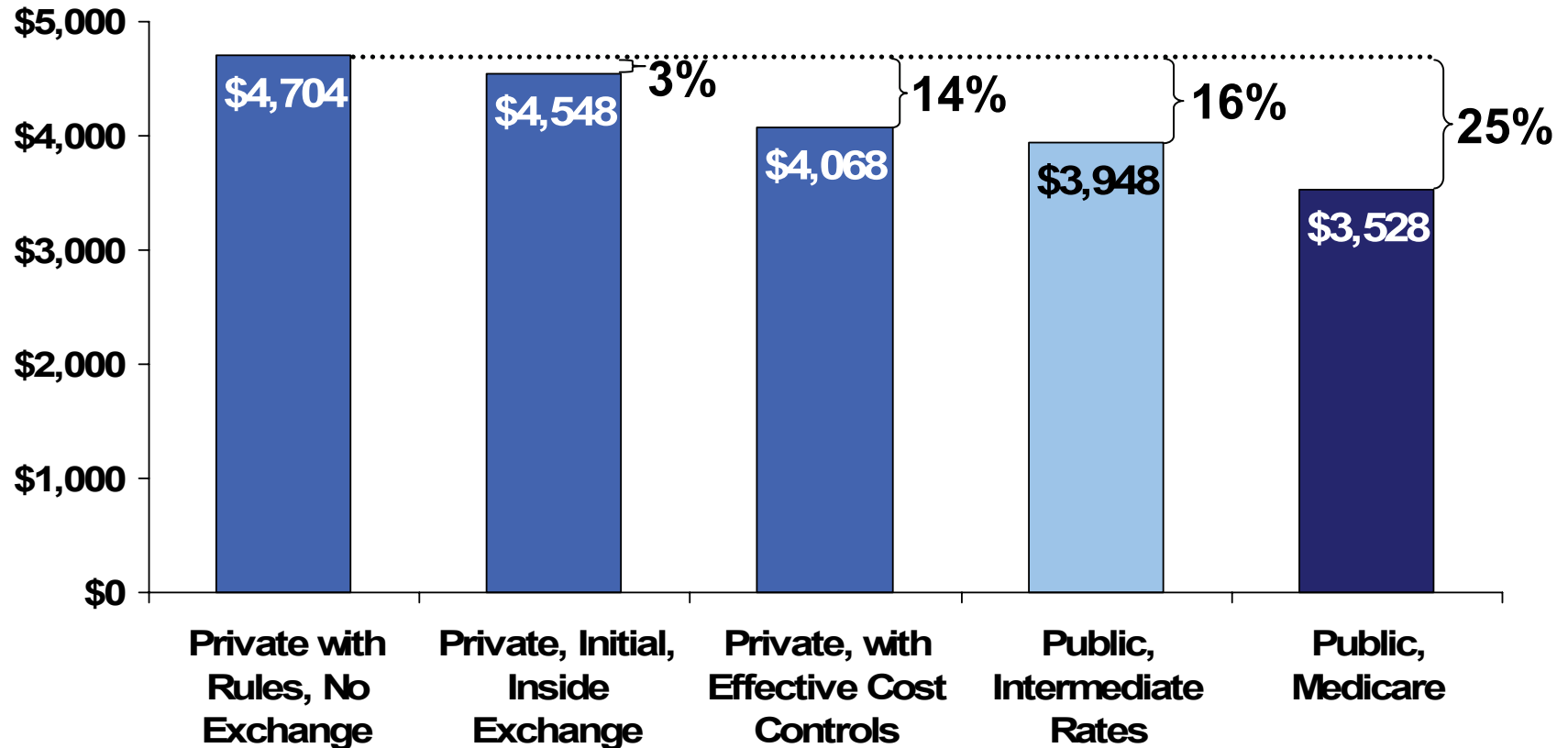


Exhibit 8. Estimated Annual Premiums Under Different Scenarios, 2010

Average annual premium per household for same benefits at community rate*

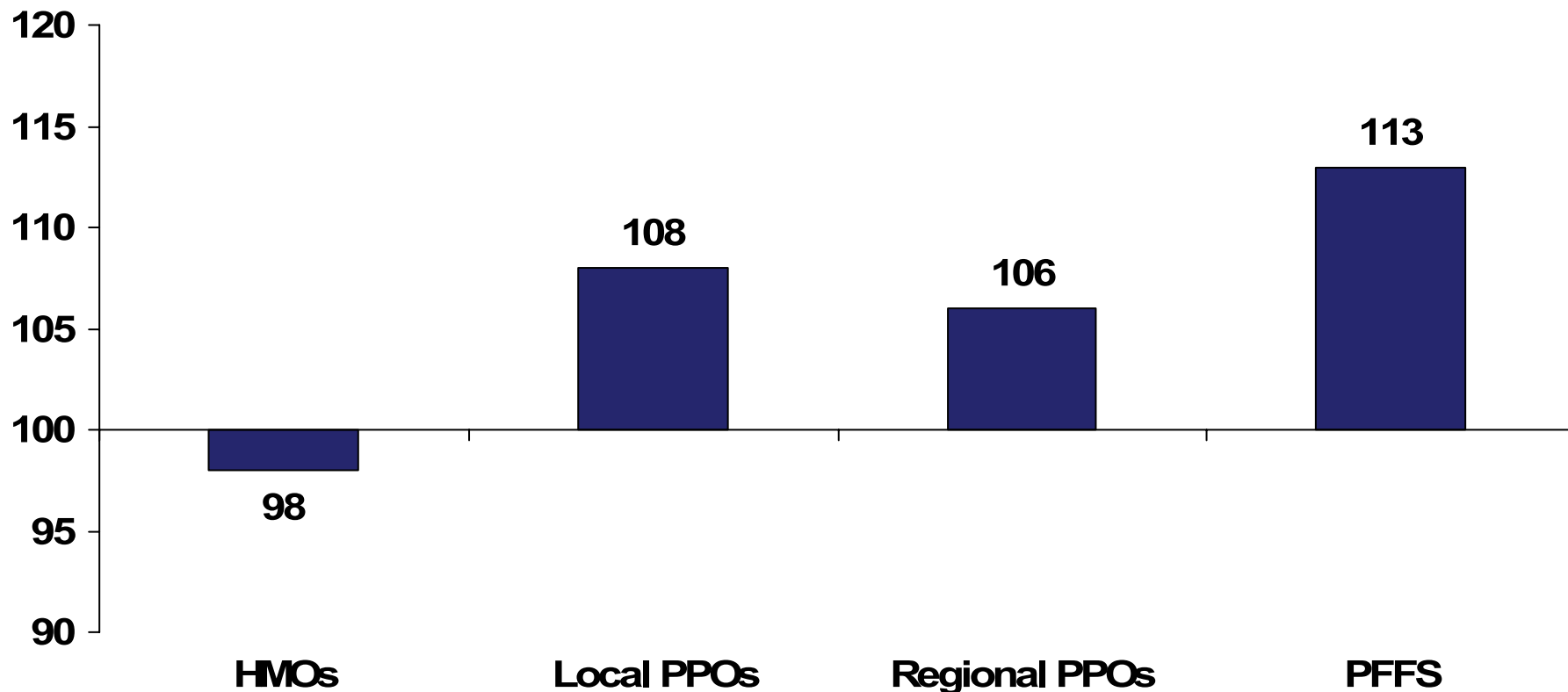


* Premiums for same benefits and population. Benefits used to model: full scope of acute care medical benefits; \$250 individual/\$500 family deductible; 10% coinsurance physicians services; 25% coinsurance, no deductible prescription drugs ; full coverage preventive care. \$5,000 individual/\$7,000 family out-of-pocket cost limit. Data: Estimates by The Lewin Group for The Commonwealth Fund.



Exhibit 9. Medicare Advantage Plans Bids as a Percent of Average Medicare Fee-for-Service Costs, by Plan Type, 2009

Percent of Medicare fee-for-service spending



Note: HMOs = health maintenance organizations; PPOs = preferred provider organizations; PFFS = private fee-for-service plans.

Source: Medicare Payment Advisory Commission, *Report to the Congress: Medicare Payment Policy* (Washington, D.C.: MedPAC, March 2009).

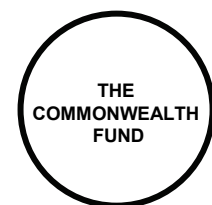
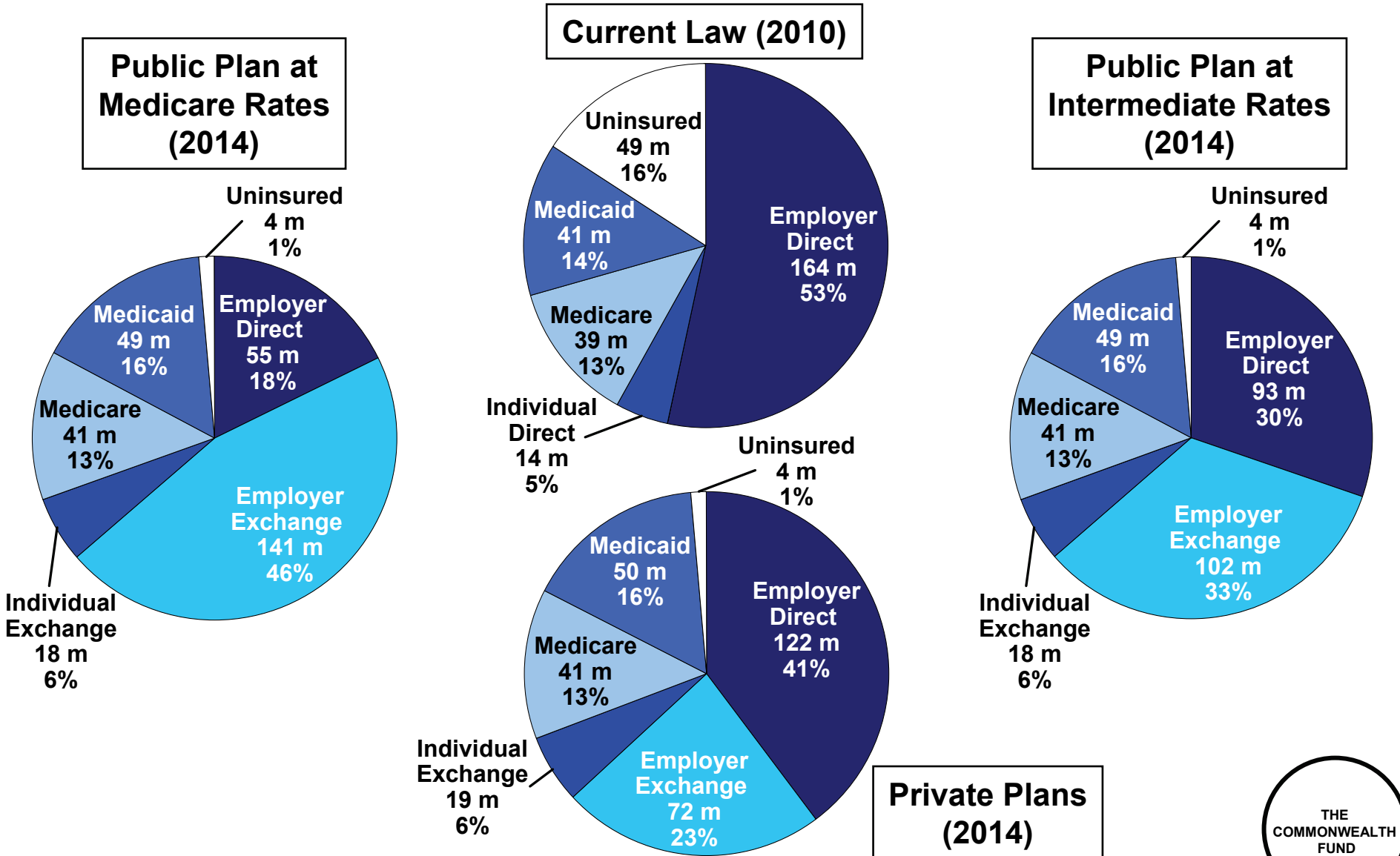


Exhibit 10. Employers Remain Primary Sponsor of Coverage Under Three Reform Scenarios

Distribution of 307 Million People by Primary Source of Coverage



Data: Estimates by The Lewin Group for The Commonwealth Fund.

Exhibit 11. Source of New Coverage for the Uninsured Under Three Reform Scenarios, 2014

Public Plan at Medicare Rates

Public Plan at Intermediate Rates

Private Plans

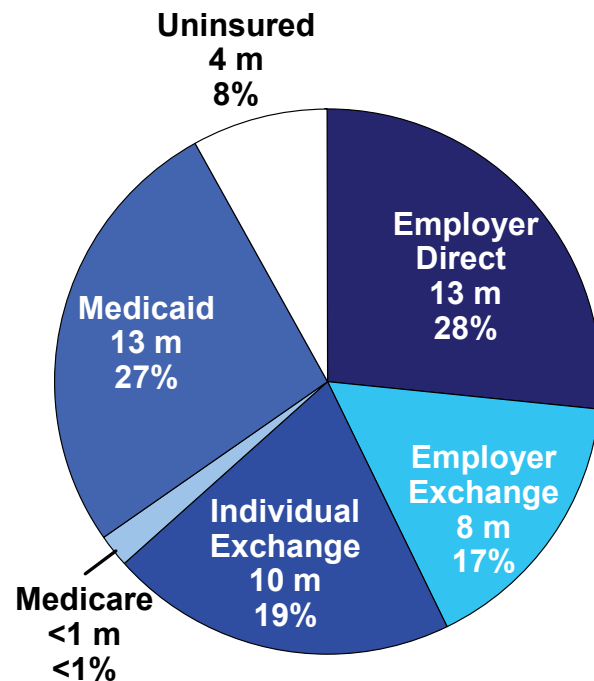
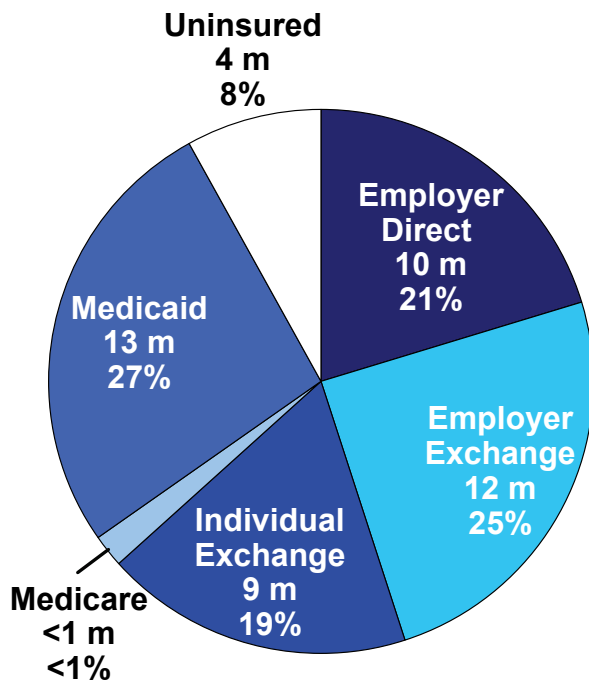
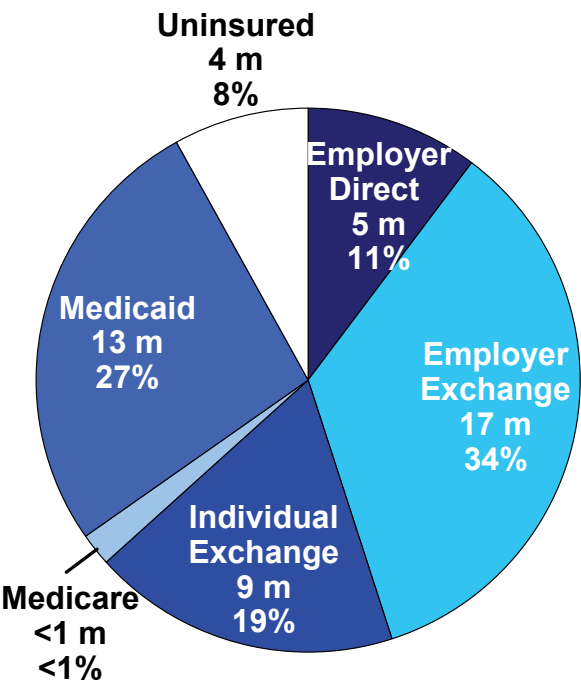
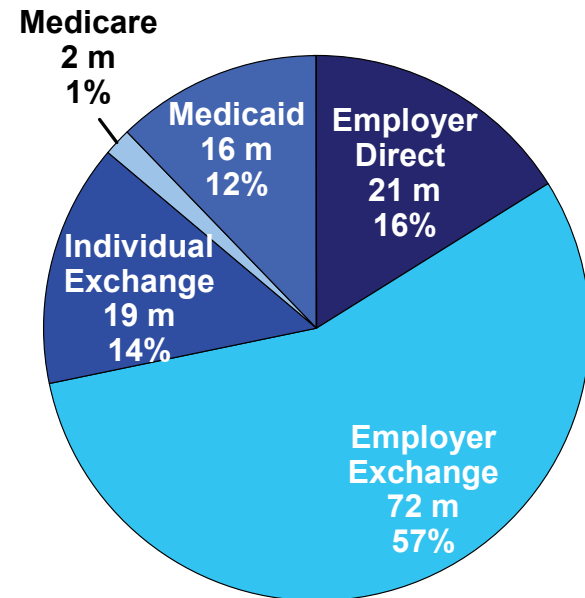
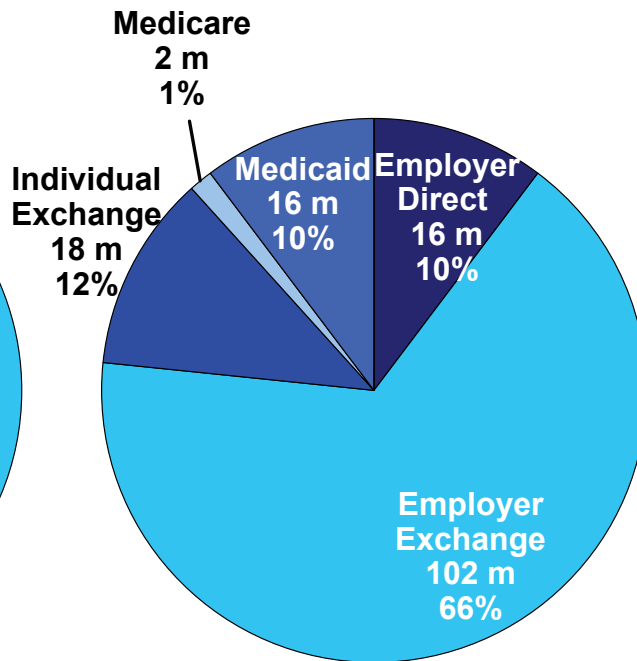
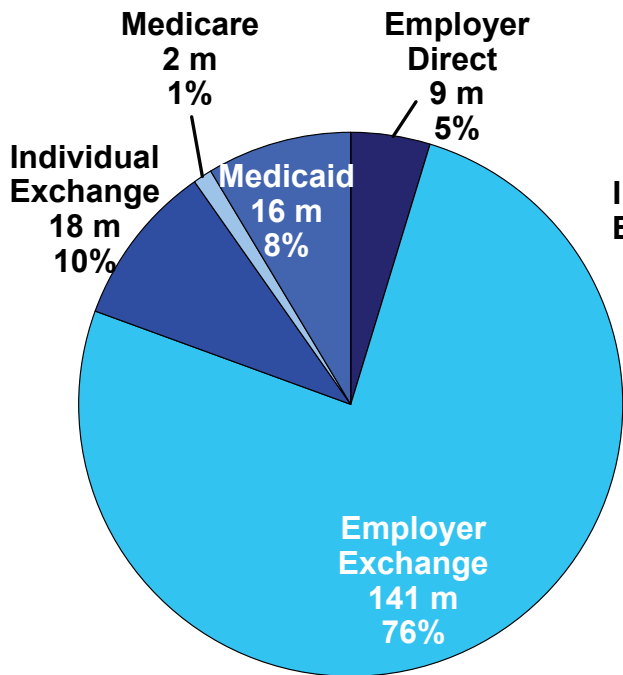


Exhibit 12. Source of Improved or More Affordable Coverage Under Three Reform Scenarios, 2014

Public Plan at Medicare Rates

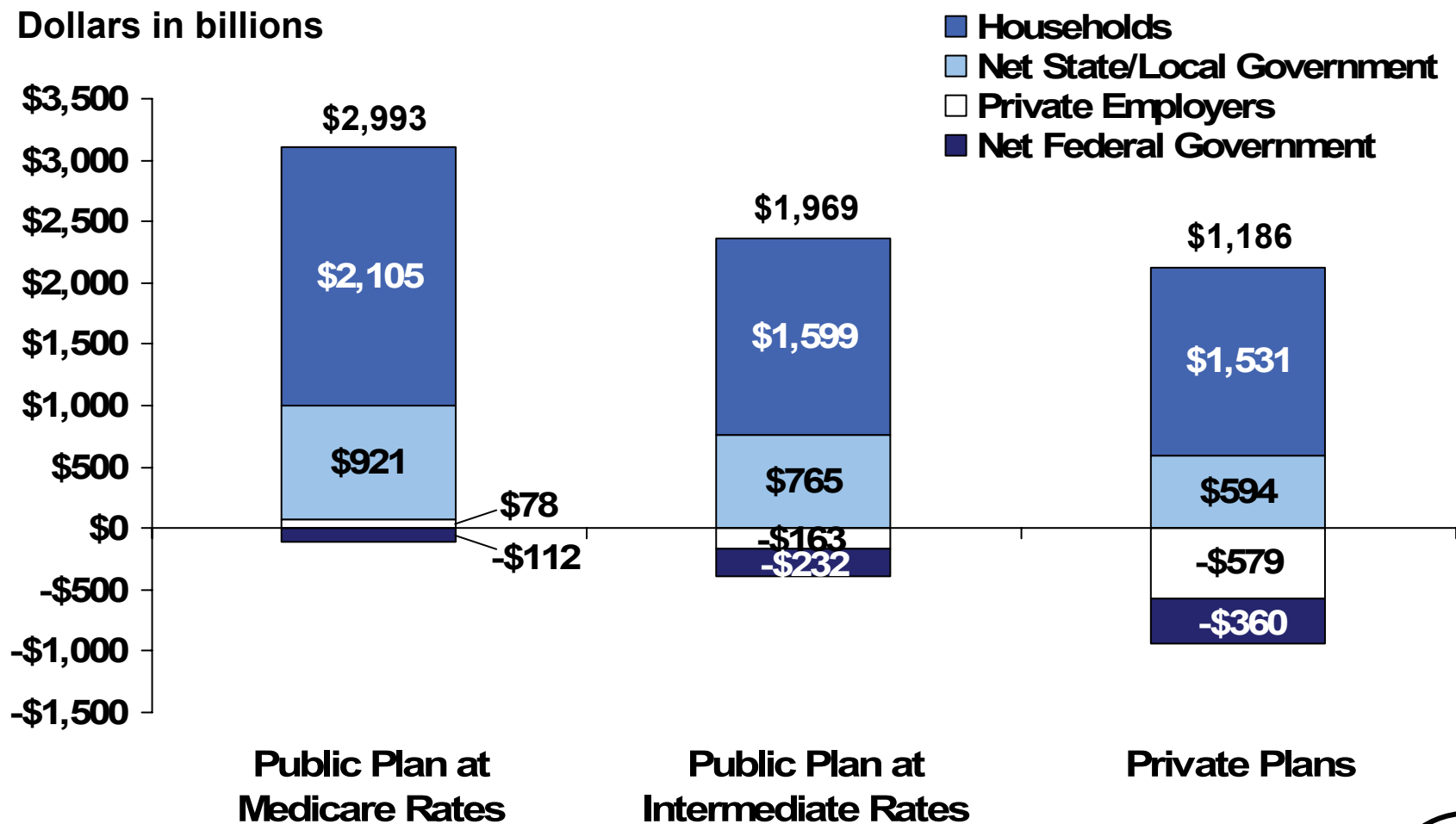
Public Plan at Intermediate Rates

Private Plans



Data: Estimates by The Lewin Group for The Commonwealth Fund.

Exhibit 13. Net Cumulative Impact on National Health Expenditures, 2010–2020 Compared with Baseline, Three Insurance Exchange Scenarios, by Major Payer Groups

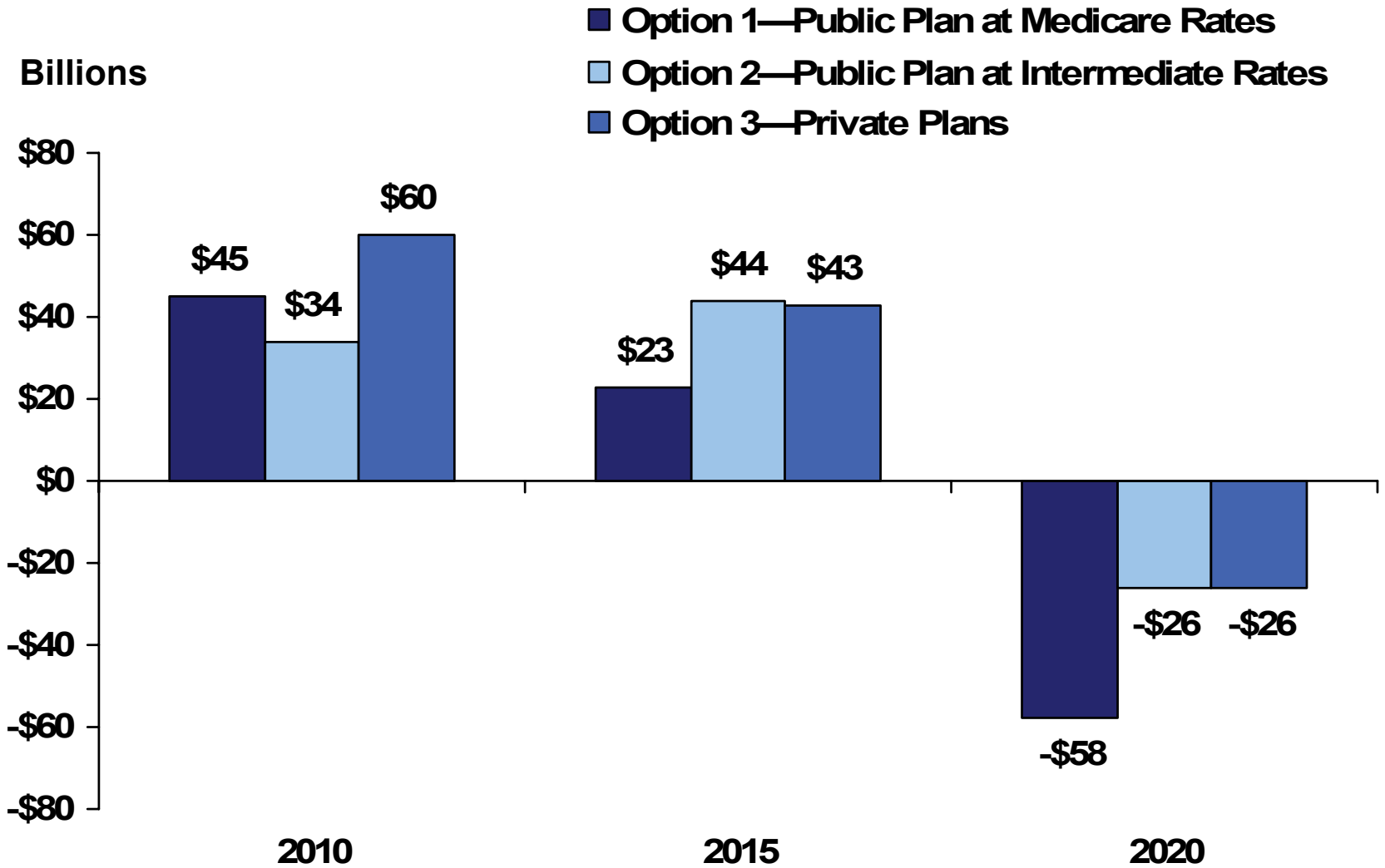


Note: A negative number indicates spending increases compared with projected expenditures; a positive indicates spending decreases (i.e., savings).

Data: Estimates by The Lewin Group for The Commonwealth Fund.



Exhibit 14. Change in Net Federal Spending Under Three Path Scenarios



Note: A negative number indicates spending decreases compared with projected expenditures (i.e., savings); a positive indicates spending increases.

Data: Estimates by The Lewin Group for The Commonwealth Fund.



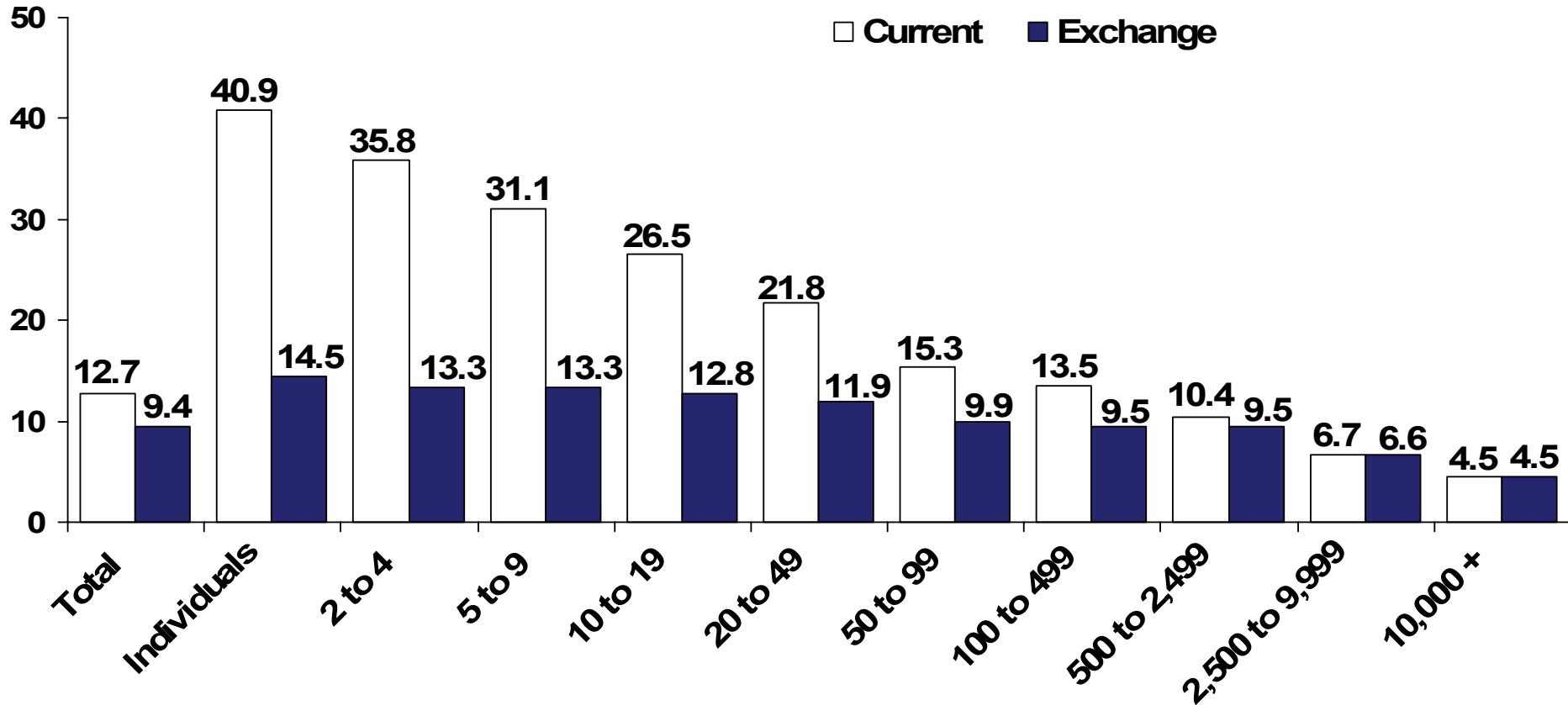
Exhibit 15. Average Annual Savings per Family Under Three Reform Scenarios, 2020

Family Income (thousands)	Option 1 Public Plan at Medicare Rates	Option 2 Public Plan at Intermediate Rates	Option 3 Private Plans
All	\$2,228	\$1,634	\$1,576
<\$10,000	\$1,542	\$1,443	\$1,395
\$10,000–\$19,999	\$1,946	\$1,781	\$1,775
\$20,000–\$29,999	\$1,928	\$1,554	\$1,587
\$30,000–\$39,999	\$1,952	\$1,482	\$1,511
\$40,000–\$49,999	\$2,324	\$1,692	\$1,665
\$50,000–\$74,999	\$2,267	\$1,551	\$1,499
\$75,000–\$99,999	\$2,558	\$1,700	\$1,580
\$100,000–\$149,999	\$2,634	\$1,675	\$1,531
\$150,000+	\$2,948	\$1,856	\$1,656



Exhibit 16. Cost of Administering Health Insurance as a Percentage of Claims Under Current Law and the Proposed Exchange, by Group Size

Percent



Data: Estimates by The Lewin Group for The Commonwealth Fund.

Source: Commonwealth Fund Commission on a High Performance Health System, *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*, (New York: The Commonwealth Fund, Feb. 2009).

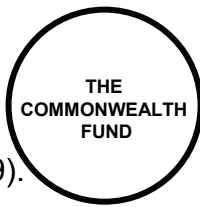
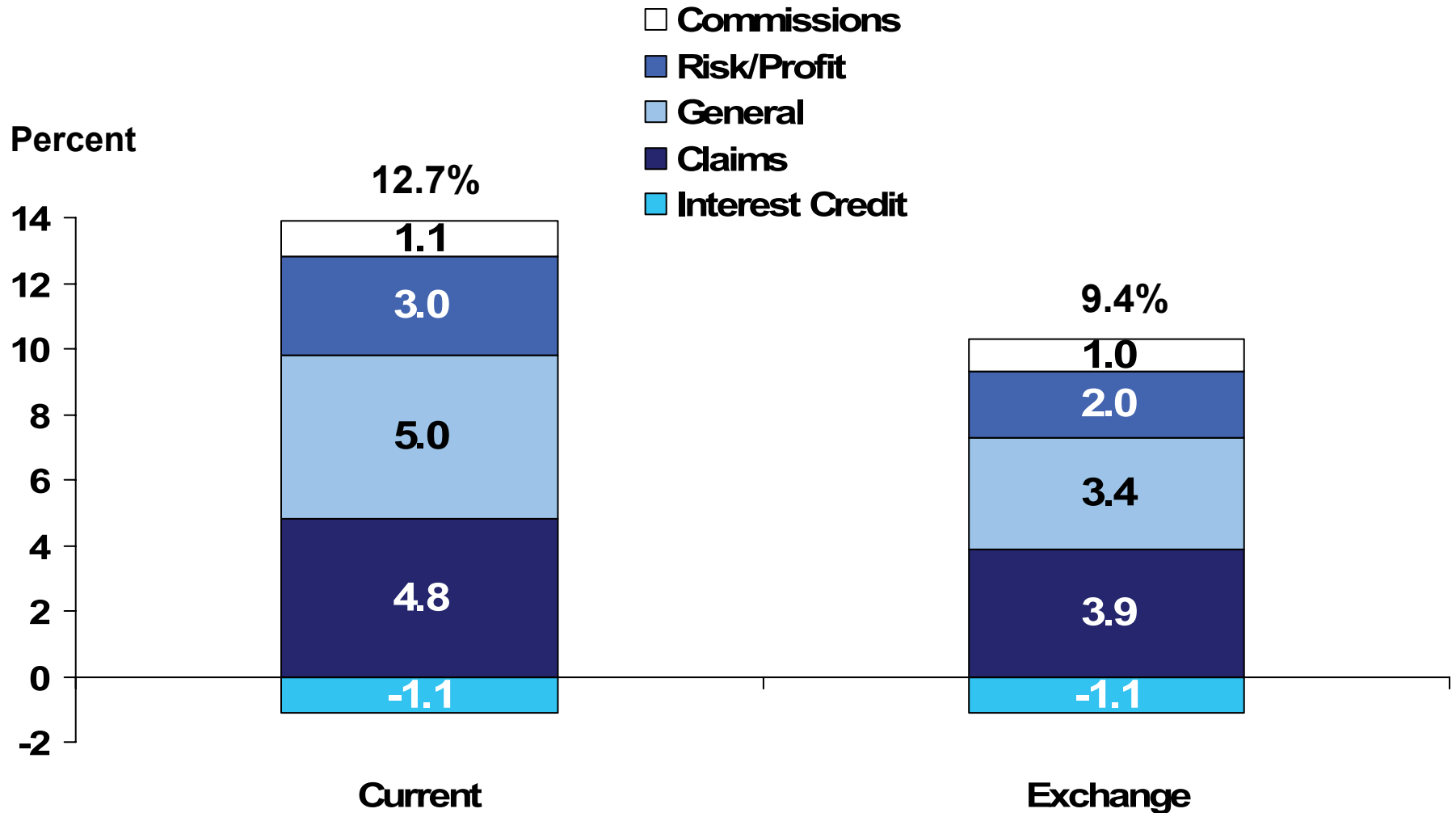


Exhibit 17. Cost of Administering Health Insurance as a Percentage of Claims Under Current Law and the Proposed Exchange



Data: Estimates by The Lewin Group for The Commonwealth Fund.

Source: Commonwealth Fund Commission on a High Performance Health System, *The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way*, (New York: The Commonwealth Fund, Feb. 2009).

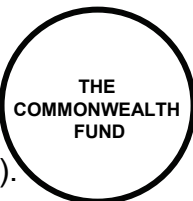
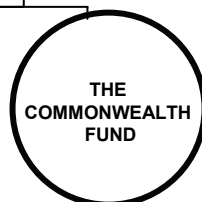
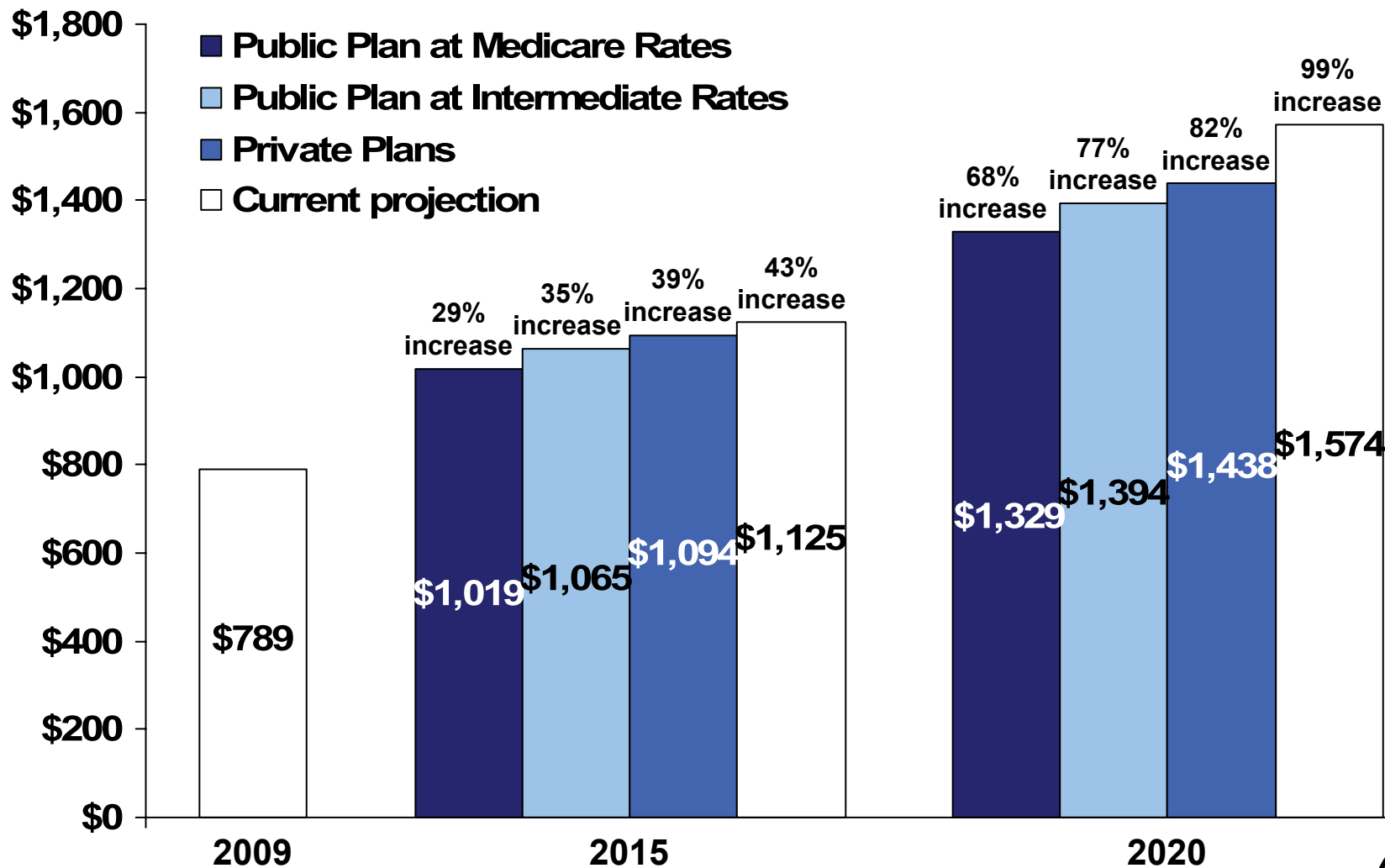


Exhibit 18. Total National Health Expenditure Growth for Hospitals, Current Projections and with Policy Changes, 2009–2020

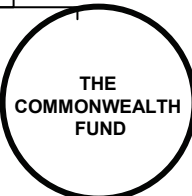
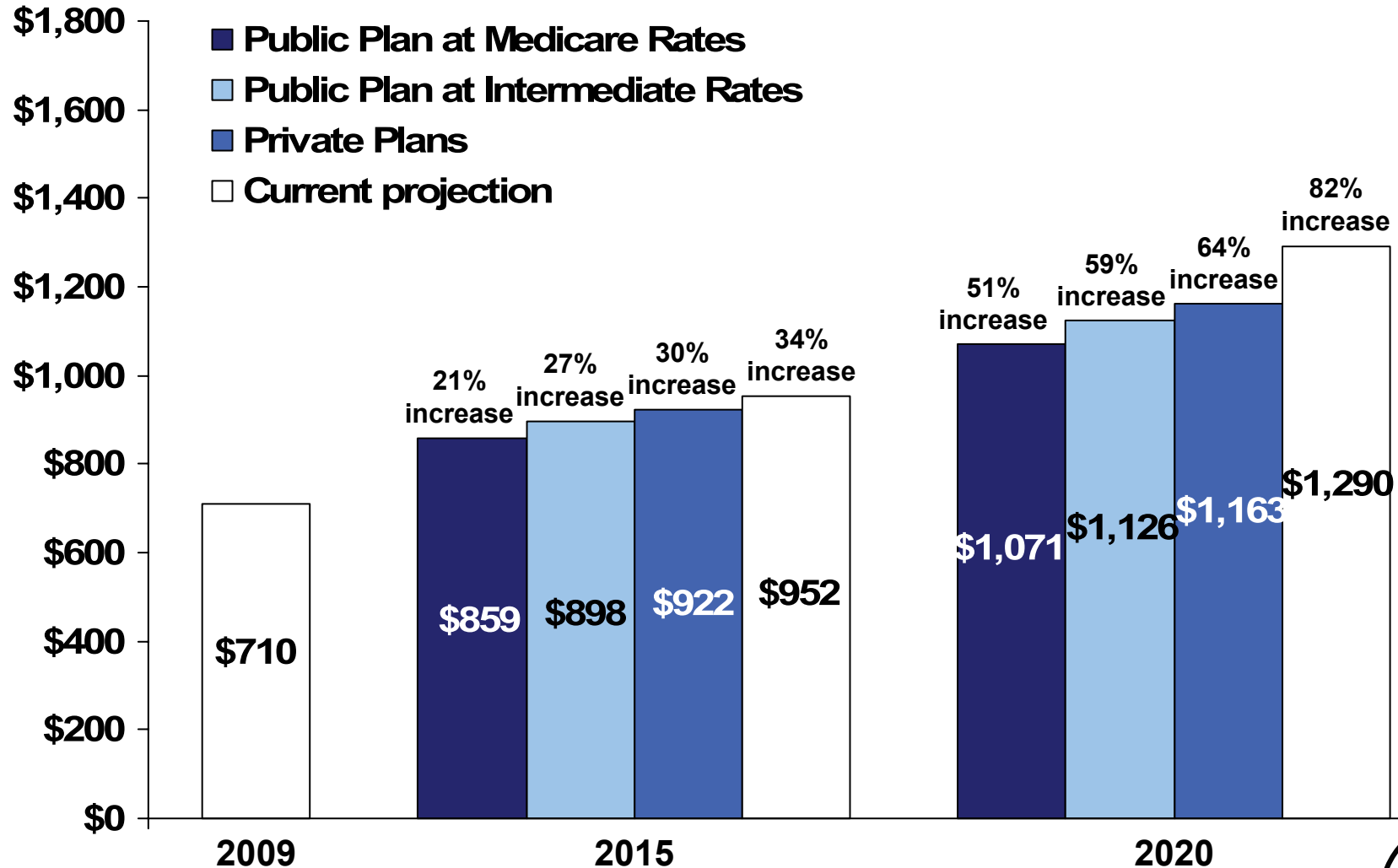
NHE in billions



Note: GDP = Gross Domestic Product.
 Data: Estimates by The Lewin Group for The Commonwealth Fund.

Exhibit 19. Total National Health Expenditure (NHE) Growth for Physicians, Current Projections and with Policy Changes, 2009–2020

NHE in billions



Note: GDP = Gross Domestic Product.
 Data: Estimates by The Lewin Group for The Commonwealth Fund.

Exhibit 20. Achieving Benchmarks: Potential People Impact if the United States Improved National Performance to the Level of the Benchmark

	Current national average	2020 target*	Impact on number of people
Percent of adults (ages 19–64) insured, not underinsured	58%	99%	73 million increase
Percent of adults (age 18 and older) receiving all recommended preventive care	50%	80%	68 million increase
Percent of adults (ages 19–64) with an accessible primary care provider	65%	85%	37 million increase
Percent of children (ages 0–17) with a medical home	46%	60%	10 million increase
Percent of adult hospital stays (age 18 and older) in which hospital staff always explained medicines and side effects	58%	70%	5 million increase
Percent of Medicare beneficiaries (age 65 and older) readmitted to hospital within 30 days	18%	14%	180,000 decrease
Admissions to hospital for diabetes complications, per 100,000 adults (age 18 and older)	240	126	250,000 decrease
Pediatric admissions to hospital for asthma, per 100,000 children (ages 2–17)	156	49	70,000 decrease
Medicare admissions to hospital for ambulatory care-sensitive conditions, per 100,000 beneficiaries (age 65 and older)	700	465	640,000 decrease
Deaths before age 75 from conditions amenable to health care, per 100,000 population	110	69	100,000 decrease
Percent of primary care doctors with electronic medical records	28%	98%	180,000 increase

* Targets are benchmarks of top 10% performance within the U.S. or top countries (mortality amenable and electronic medical records). All preventive care is a target.

Source: Commonwealth Fund Commission on a High Performance Health System, *Why Not the Best? Results from the National Scorecard on U.S. Health System Performance, 2008* (New York: The Commonwealth Fund, July 2008), with benchmarks from top performance.



Exhibit 21. Net Impact of Insurance Exchange Options on Federal Budget and National Health Expenditures, 2010–2020

	Option 1 Public Plan at Medicare Rates	Option 2 Public Plan at Intermediate Rates	Option 3 Private Plans
Bending the Cost Curve			
Innovative payment reform	+++	++	+
Leveraging purchasing power	+++	++	0
Incentives to drive high-value care	+++	++	+
Reducing Administrative Waste			
Insurance	+++	+	0
Providers	++	+	0
Choices and Stability of Coverage			
Affordable Coverage and Care	+++	++	+
Federal Budget Cost, 2010–2020	\$112 billion	\$232 billion	\$360 billion
Total Health System Savings, 2010–2020	\$2.993 trillion	\$1.969 trillion	\$1.186 trillion

Note: 0 = no significant improvement; + slight improvement; ++ = moderate improvement; +++ = large improvement.
Data: Estimates by the Lewin Group for The Commonwealth Fund.

