

Exhibit 1. “Medicare Extra” Benefits vs. Current Medicare Benefits

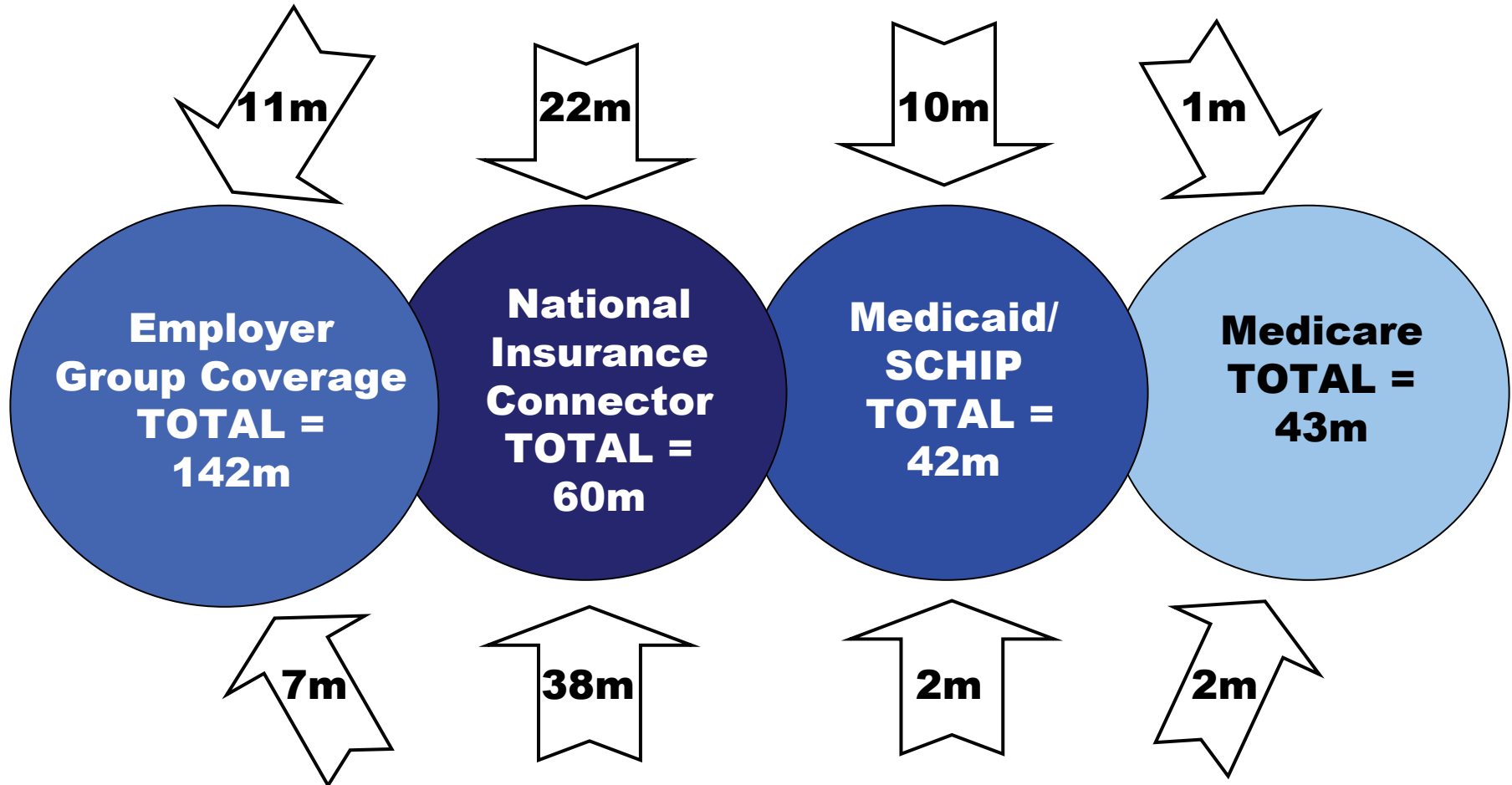
	Current Medicare benefits*	“Medicare Extra”
Deductible	Hospital: \$1024/benefit period Physician: \$135/year Rx: \$275/year**	Hospital/Physician: \$250/year for individuals; \$500 for families Rx: \$0
Coinsurance	Physician: 20%	Physician: 10% Rx: 25% Preventive services: 0%
Ceiling on out-of-pocket	No ceiling	\$5,000 for individuals; \$7,000 for families
Insurance-related subsidies	Medicare Savings Programs Low-Income Subsidy	Ceiling of 5% of income for low-income beneficiary premiums or 10% if higher income

* See <http://www.cms.hhs.gov/apps/media/press/factsheet.asp?Counter=2488>.

** Under “standard” plan. In 2008, only about 10 percent of national prescription drug plans offer the defined standard benefit. More frequently, plans eliminate the deductible and use tiered, flat-dollar copayments (see <http://www.kff.org/medicare/upload/7762.pdf>).

Exhibit 2. Building Blocks for Automatic and Affordable Health Insurance for All

New Coverage for 44 Million Uninsured in 2008

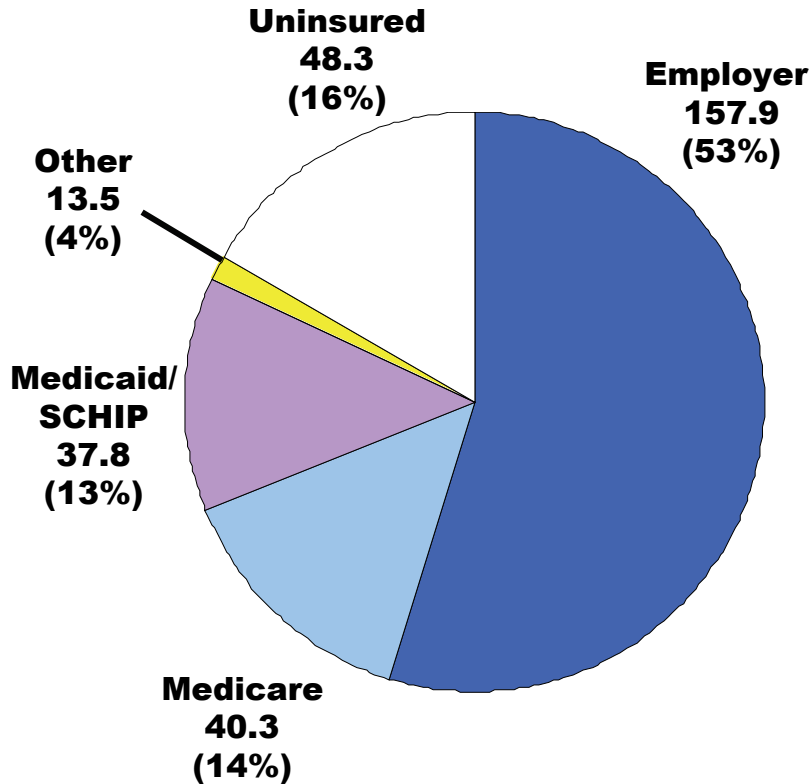


Improved or More Affordable Coverage for 49 Million Insured

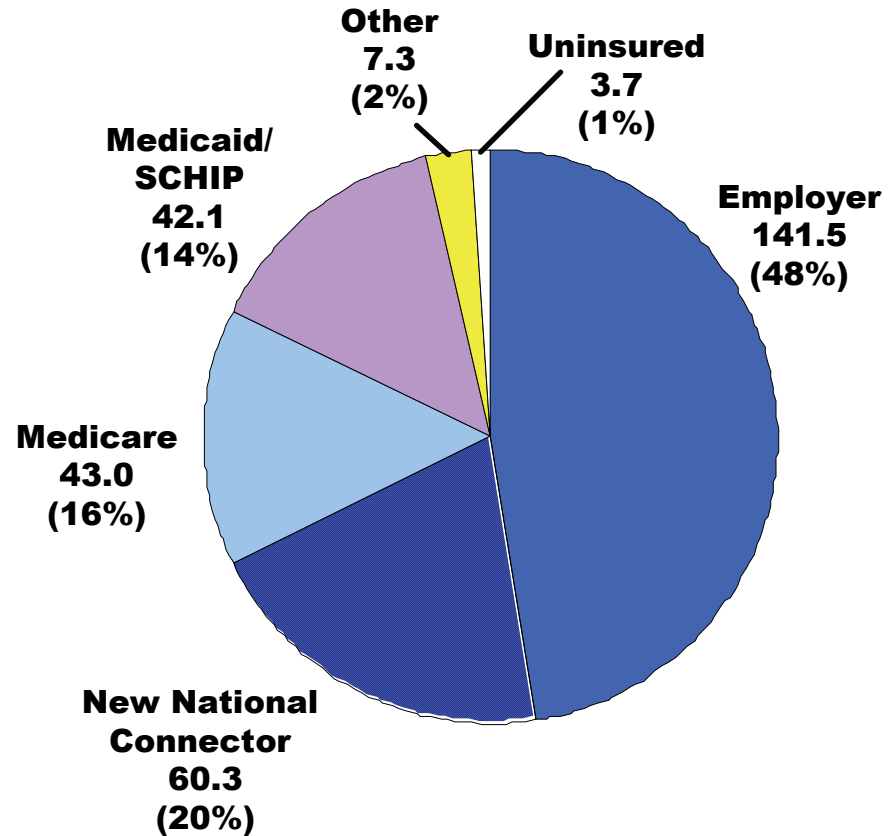
Source: Based on analysis in C. Schoen, K. Davis, and S. R. Collins, "Building Blocks for Reform: Achieving Universal Coverage with Private and Public Group Health Insurance," *Health Affairs*, May 13, 2008 27(3):646-57, from Lewin Group modeling estimates.

Exhibit 3. Distribution of People by Primary Source of Coverage Under Current Law and Building Blocks Framework, 2008

Current Law (millions)



Building Blocks (millions)



Total population = 297.8 million

Exhibit 4. Changes in National Health Spending Under the Building Blocks Proposal in 2008 (in billions)

Total Change in Health Spending		\$15.3
Change in Health Services Expenditures		\$51.5
Change in utilization for newly insured	\$49.0	
Change in utilization due to improved coverage	\$2.5	
Provider Reimbursement Effects		(\$20.8)
Medicare rates for insurance connector	(\$22.1)	
Increased Medicaid rates to Medicare levels	\$32.3	
Provider assessment	(\$41.4)	
Payments for uncompensated care	\$15.4	
Eliminate federal Medicare and Medicaid DSH payments	(\$18.8)	
Increased cost-shifting	\$13.8	
Change in Administrative Costs		(\$15.4)
Insured administration	(\$17.7)	
Administration of subsidies	\$2.3	

Note: DSH = disproportionate-share hospital.

Source: Based on analysis in C. Schoen, K. Davis, and S. R. Collins, "Building Blocks for Reform: Achieving Universal Coverage with Private and Public Group Health Insurance," *Health Affairs*, May 13, 2008 27(3):646–57, from Lewin Group modeling estimates.

Exhibit 5. Health Expenditure Impact of Building Blocks Without System Reforms by Sector, 2008–2017

	Annual Net Impact: Building Blocks Approach Without Savings Options*										Cumulative Net Impact		
\$ Billions	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017		2008-2012	2008-2017
National Health Expenditure	15.3	16.5	17.7	19.0	20.5	22.1	23.8	25.5	27.5	29.7		89.0	217.6
Federal Government	81.7	90.4	100.1	110.6	122.3	135.8	150.1	166.1	184.4	204.6		505.1	1,346.1
State and Local Government	-11.5	-12.4	-13.3	-14.3	-15.4	-16.6	-17.9	-19.2	-20.7	-22.3		-66.9	-163.5
Private Employers	21.0	22.1	23.3	24.5	25.8	27.1	28.5	30.0	31.6	33.3		116.6	267.3
Households	-75.9	-83.7	-92.2	-101.7	-112.2	-124.3	-137.0	-151.4	-167.8	-185.9		-465.8	-1,232.2

* Selected 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.

Exhibit 6. Health Expenditure Impact of Building Blocks with System Reforms by Sector, 2008–2017

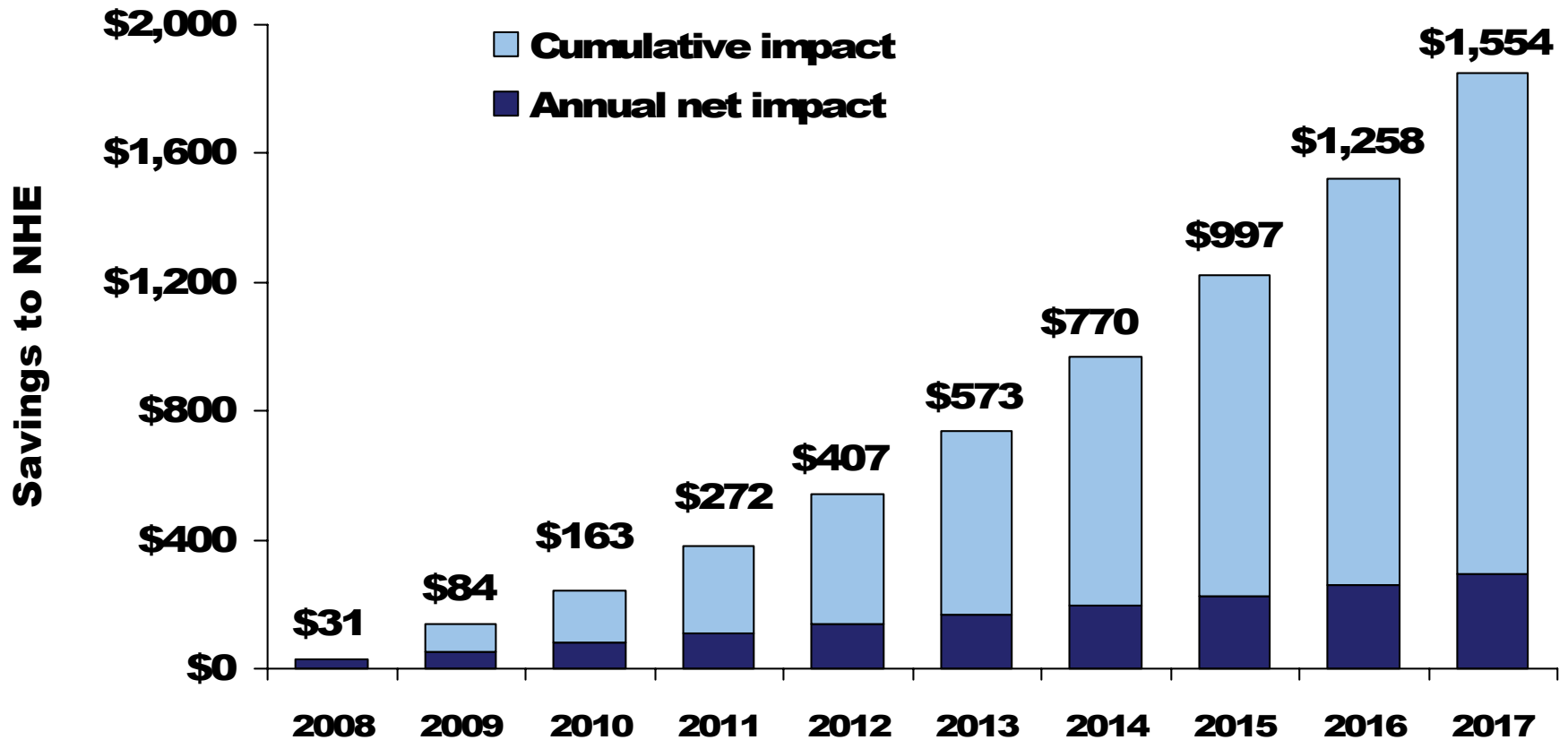
	Annual Net Impact: Building Blocks Approach Plus Savings Options*										Cumulative Net Impact	
\$ Billions	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-2012	2008-2017
National Health Expenditure	-\$30.8	-\$53.3	-\$79.2	-\$108.3	-\$135.7	-\$165.8	-\$196.6	-\$227.3	-\$261.0	-\$296.0	-\$407.3	-\$1,554.0
Federal Government	\$31.3	\$27.4	\$22.5	\$16.6	\$13.2	\$10.9	\$9.1	\$8.6	\$8.1	\$9.9	\$111.0	\$157.6
State and Local Government	-\$14.3	-\$18.6	-\$23.3	-\$28.6	-\$34.0	-\$39.9	-\$45.8	-\$51.8	-\$58.4	-\$65.1	-\$118.8	-\$379.8
Private Employers	\$23.5	\$20.6	\$17.5	\$14.1	\$10.9	\$6.3	\$1.6	-\$2.6	-\$7.1	-\$12.4	\$86.6	\$72.4
Households	-\$71.4	-\$82.8	-\$95.7	-\$110.3	-\$125.9	-\$143.3	-\$161.6	-\$181.5	-\$203.7	-\$228.1	-\$486.1	-\$1,404.3

* Selected 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.

Exhibit 7. Cumulative Impact on National Health Expenditures (NHE) of Building Blocks Approach Plus Selected Health System Reform Options

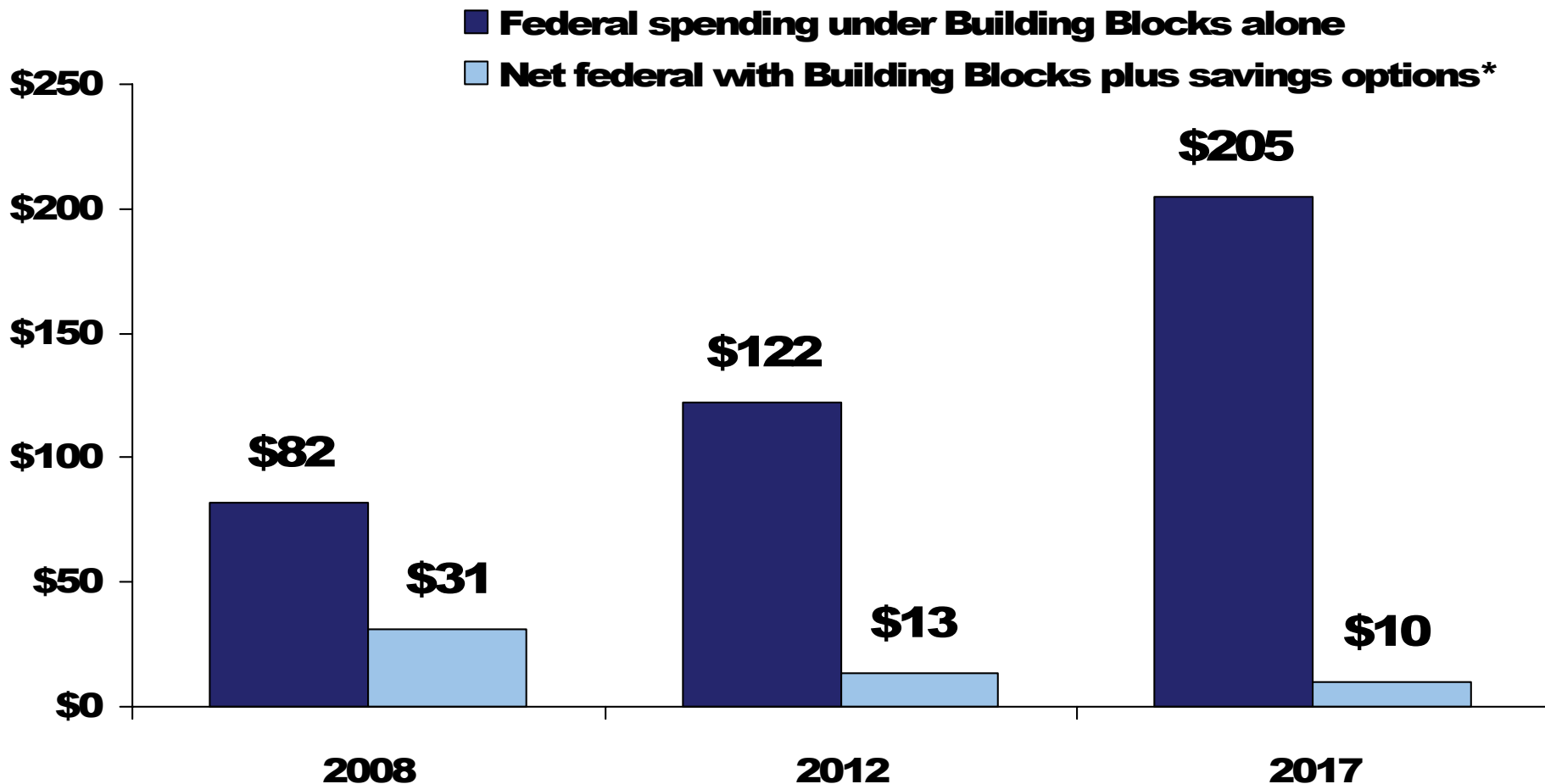
Dollars in billions



Note: 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.

Exhibit 8. Savings Can Offset Federal Costs of Insurance for All: Federal Spending Under Two Scenarios

Dollars in billions



* Selected 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 of combination options compared with projected federal spending under current policy.

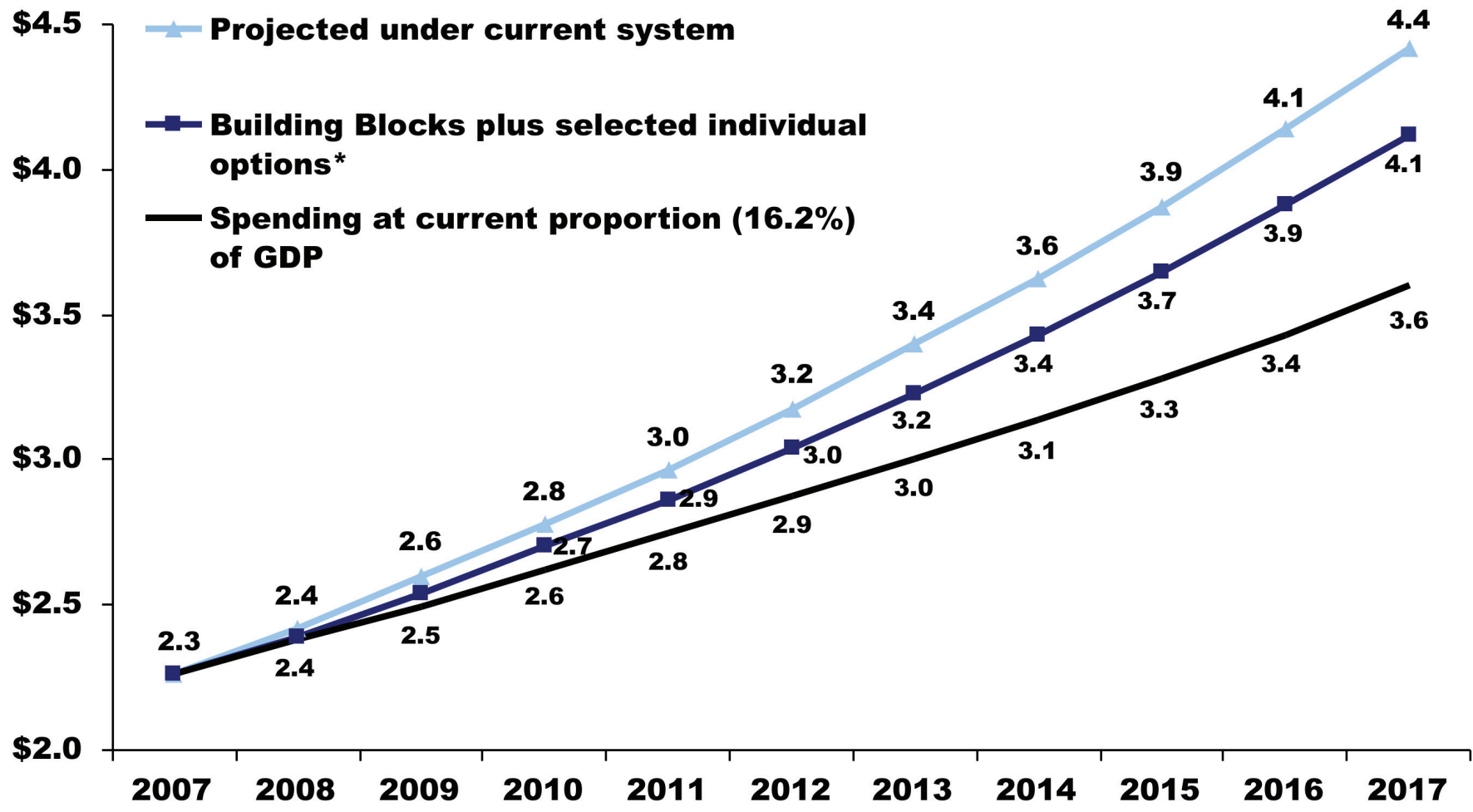
Exhibit 9. Features of Building Blocks + System Reform and Presidential Candidates' Approaches to Health Care Reform

	Building Blocks/ System Reform	Clinton	McCain	Obama
Coverage Expansion				
Aims to cover everyone	X	X		X
Individual requirement to have insurance	X	X		Children only
Employer shared responsibility	X	X		X
Group insurance “connector”	X	X		X
Medicare/public plan option for < 65	X	X		X
Subsidies/tax credits for low- to moderate income families	X	X	X	X
Regulation of insurance markets	X	X		X
Improves Medicare benefits for > 65 and buy-in for older adults	X			
Medicaid/SCHIP expansion	X	X		X
System Improvements				
Expanded use of Health IT	X	X	X	X
Medical effectiveness research	X	X	X	X
Pay providers for performance	X	X	X	X
Reduced Medicare Advantage payments	X	X		X
Negotiated Medicare Rx prices	X	X		X
Primary care and care coordination	X	X	X	X

Source: S. R. Collins and J. L. Kriss, *Envisioning the Future: The 2008 Presidential Candidates' Health Reform Proposals*, The Commonwealth Fund, January 2008.

Exhibit 10. 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.