



THE
COMMONWEALTH
FUND

How the ACA impacts the 50-64

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How the ACA impacts the 50-64

THE PROBLEM TODAY

Challenges TODAY for older Adults in the Individual Market

Can you get coverage now?

- In most states, insurers can refuse based on pre-existing conditions
- Industry's own 2008 survey found 20% - 29% of 50-64 refused

Where can you get coverage now?

- State high-risk pool often only option (35 states have pools)
- By state law, risk pool rates generally set at 150% to 200% of standard rates

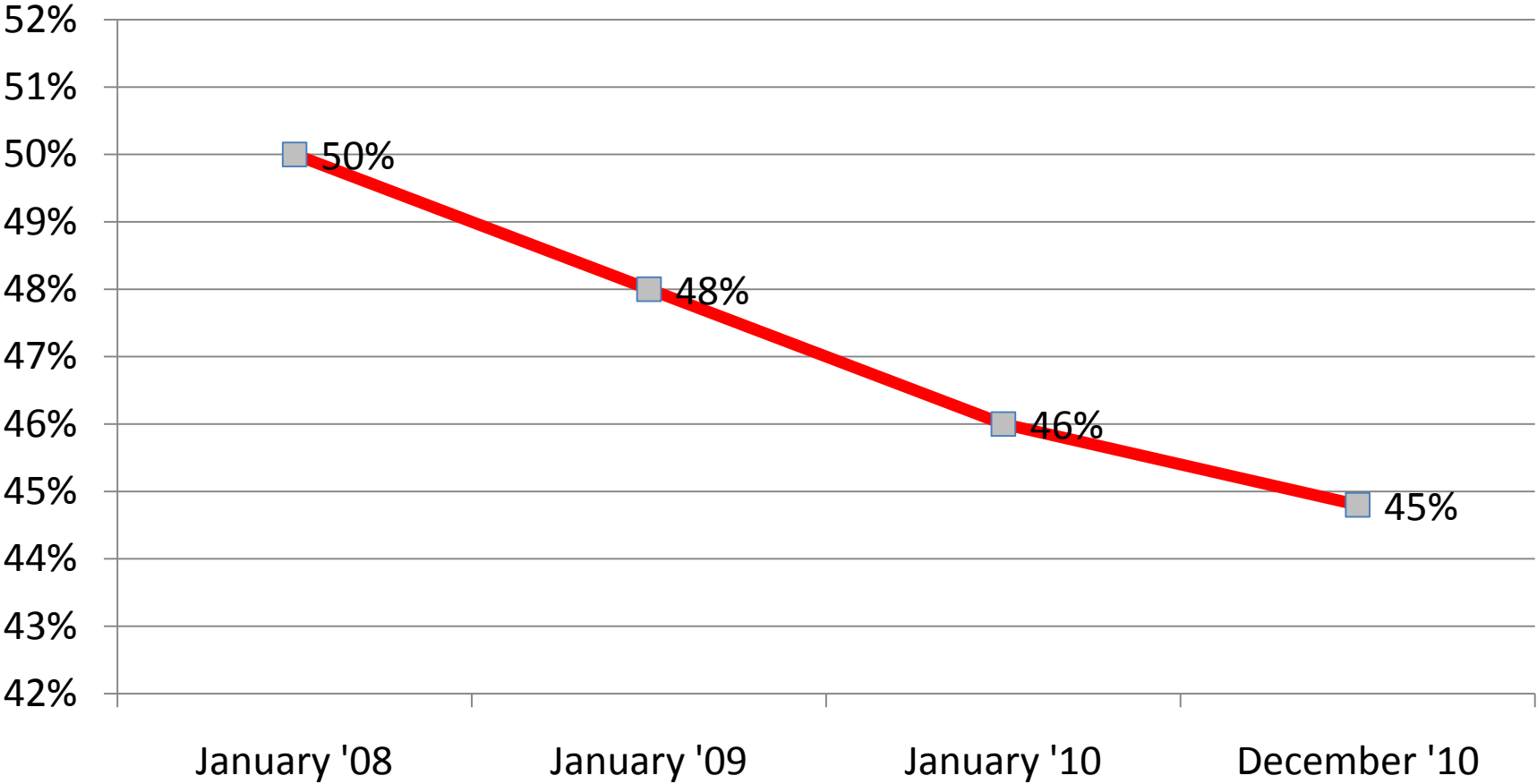
Challenges TODAY for older Adults in the Individual Market

What does the coverage you can get now look like?

- Premiums: If *accepted*, premiums vary by health & age
 - Average premiums for early 60's commonly four times early 20's
 - Due to premium variations based on applicant's health, about 1 in 4 offered coverage with even *higher* than average premiums
- Deductible: Average (from industry data) for single PPO/POS plans approximately \$2,500
 - Near a third of plans had deductibles of \$3,000 or more
- Cost-sharing: Two-thirds of those 50-64 in individual market spend 10% or more of income on premiums plus out-of-pocket costs

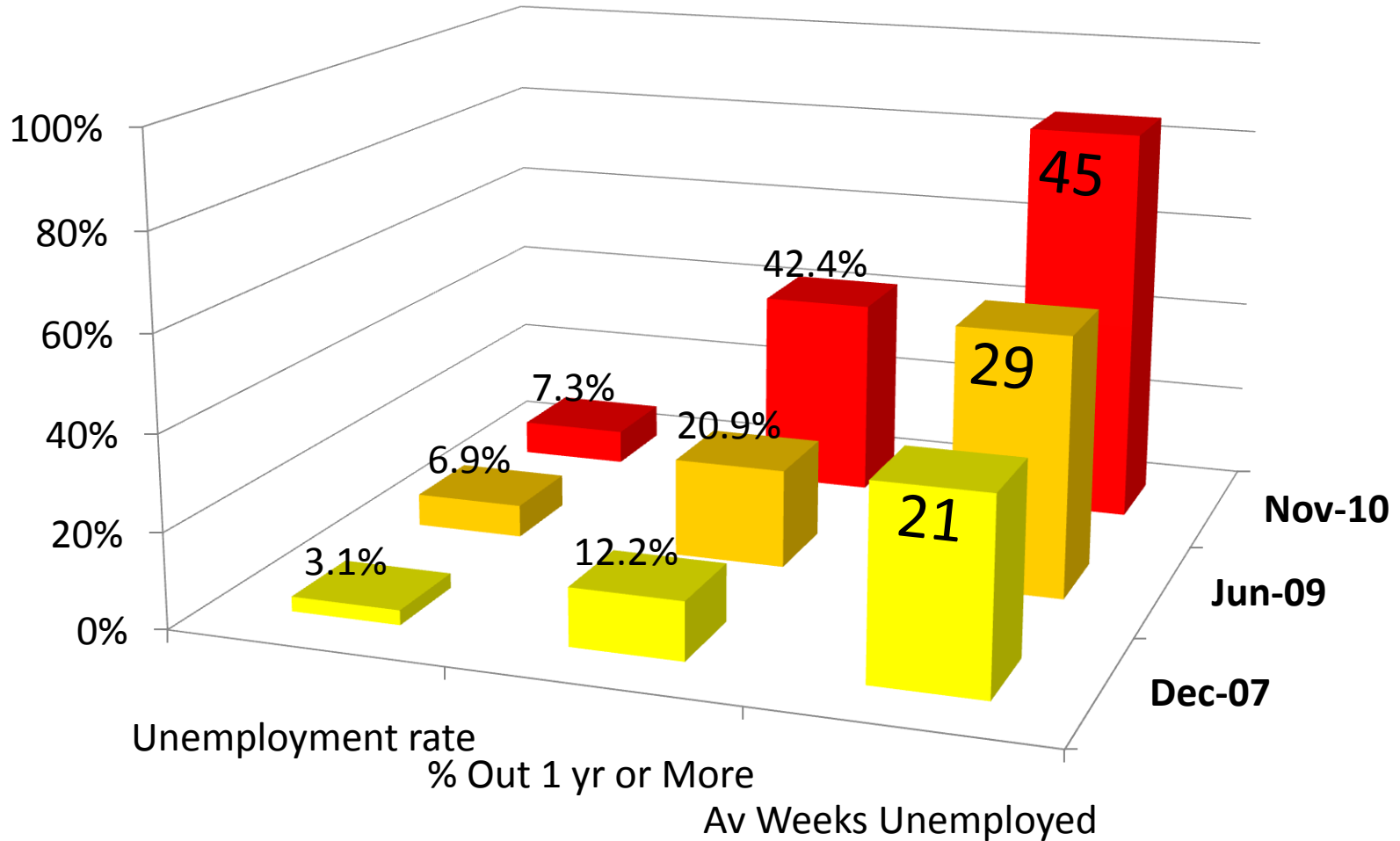
Declining Numbers have Employer Coverage

Percentage of Population with Employer-based Insurance



Source: <http://www.gallup.com/poll/145277/New-Low-Healthcare-Employer.aspx?version=print>

Recent Unemployment Rates of the 50-64



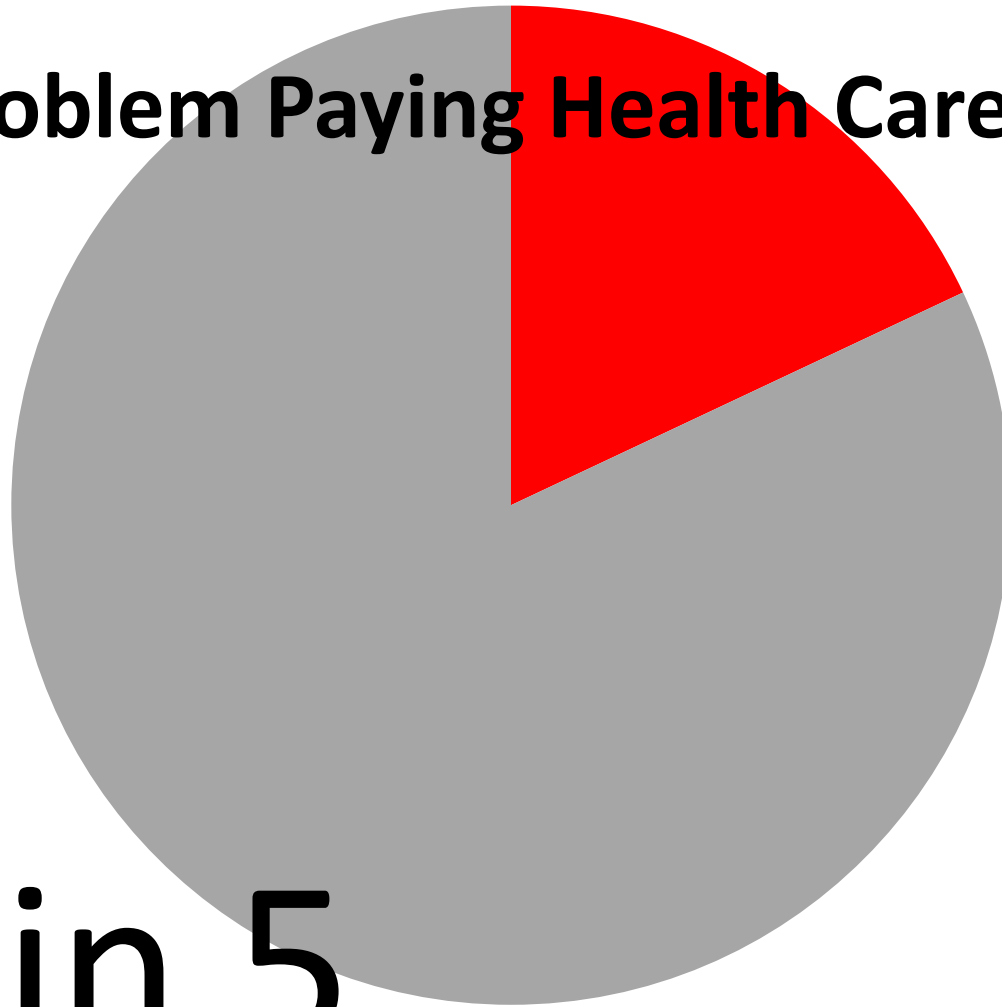
Source: U.S. Bureau of Labor Statistics at <http://data.bis.gov:8080/PDQ/outside.jsp?survey=In>
U.S. Bureau of the Census, Current Population Survey, calculated using DataFerrett for Dec 2007, June 2009, Nov 2010

Impact of Recession on ACCESS to HEALTH CARE INSURANCE

- Loss of job often means loss of health coverage
- Part-time workers less likely to get employer coverage
- 50-64 generally do not qualify for Medicaid, the limited-income program, unless disabled
- Individual market may be only option
- Loss of income means affordability of COBRA or individual coverage a challenge
 - Unless self-employed, non-group premiums are paid from taxable income

Impact of Recession on 50-64 PAYMENT for CARE

“Problem Paying Health Care Bills”

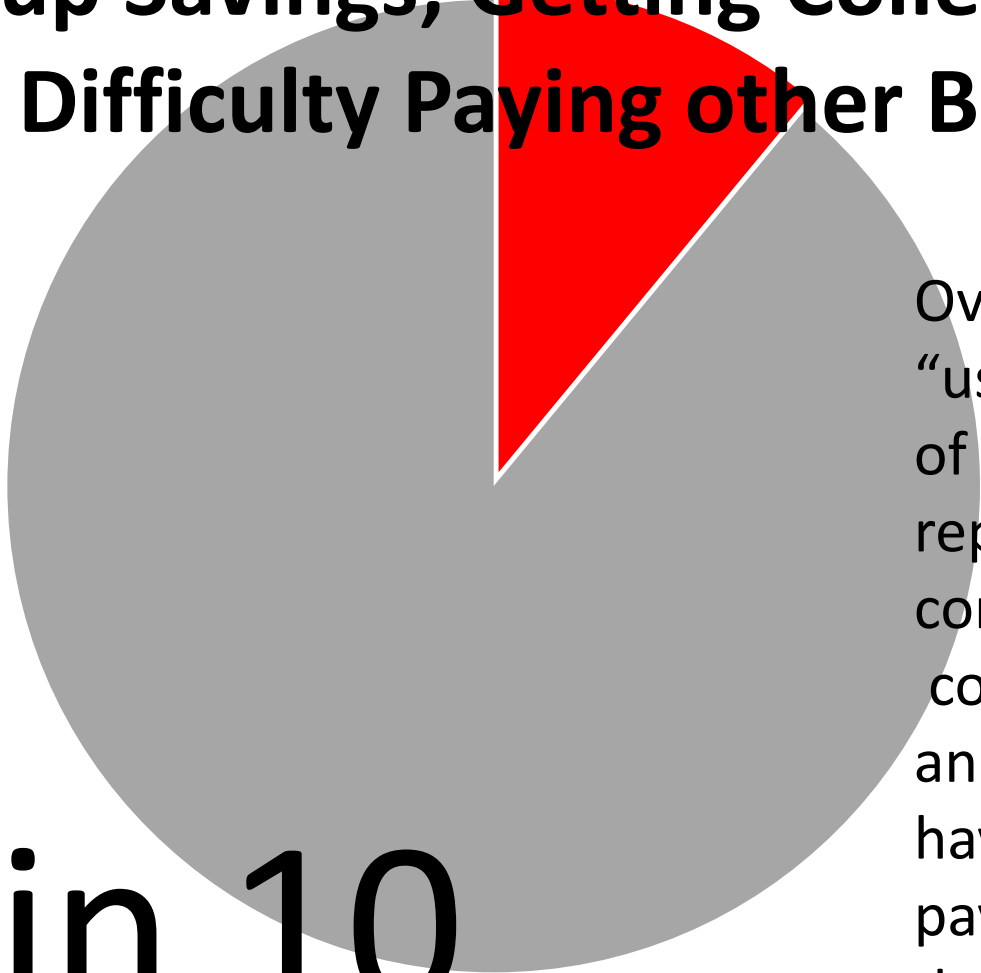


1 in 5

Impact of Recession on 50-64 PAYMENT for CARE

“Used up Savings; Getting Collection Calls; Difficulty Paying other Bills”

1 in 10



Over 1 in 10
“used up all or most
of their savings,”
reported being
contacted by a
collection agency,
and/or reported
having difficulty
paying other bills
due to medical costs

Impact of Recession on 50-64 ACCESS to CARE

“Delayed or Skipped Care”

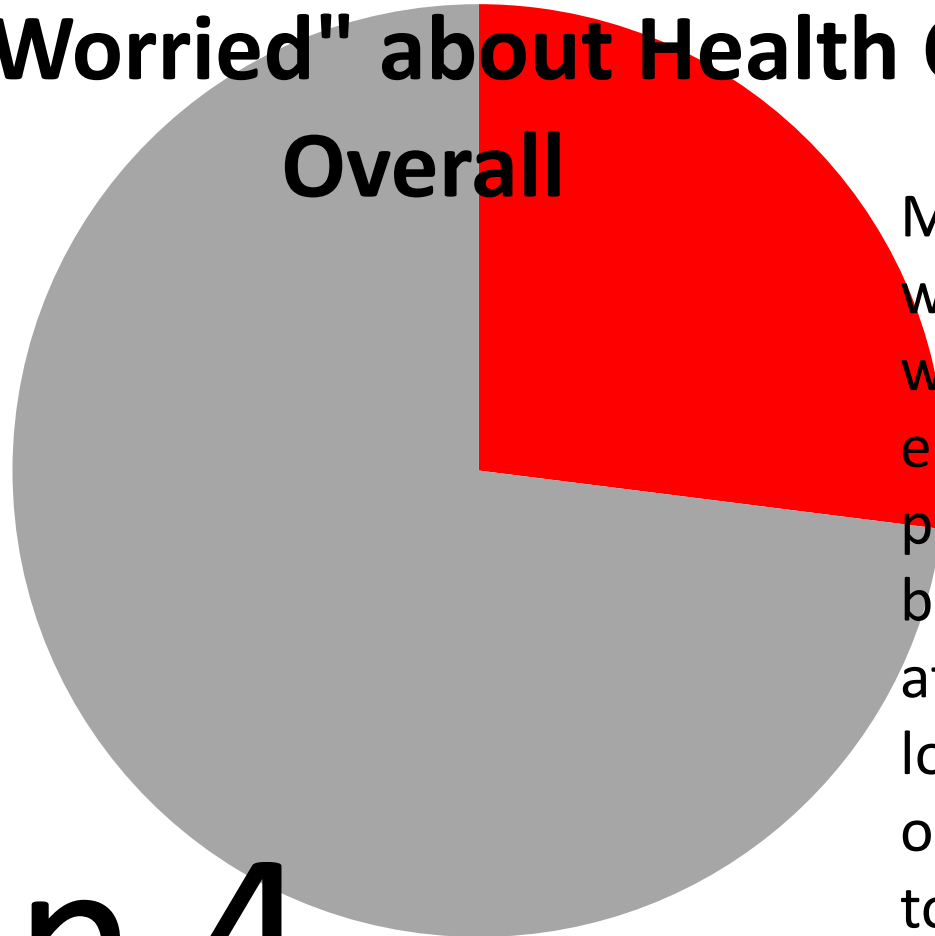
Included relying on home remedies or over-the-counter drugs instead of seeing M.D., putting off getting needed care, and skipping dental care or checkup

4 in 10

Impact of Recession on 50-64 ACCESS to CARE

"Very Worried" about Health Care

Overall



More than 1 in 4 were "very worried" about either having to pay more, not being able to afford services, losing insurance, or staying in a job to keep health benefits

1 in 4

How the ACA impacts the 50-64

Help under the ACA

How ACA changes Accessibility and Affordability for 50-64

Better Access and Cost

- No coverage denial for pre-existing conditions (2014)
- Lower ratio for premiums based on age **3:1** (2014)
- 35%-50% tax credits to small employers (under \$50,00 payroll) for providing Health Insurance and paying 50% or more of cost of coverage (2010)



How ACA changes Accessibility and Affordability for 50-64

Better Access and Cost

- Immediate (2010) availability of state **High Risk Pools** for the uninsured
- Provides increased ability to find and afford insurance until state Exchanges operate in 2014



How ACA changes Accessibility and Affordability for 50-64

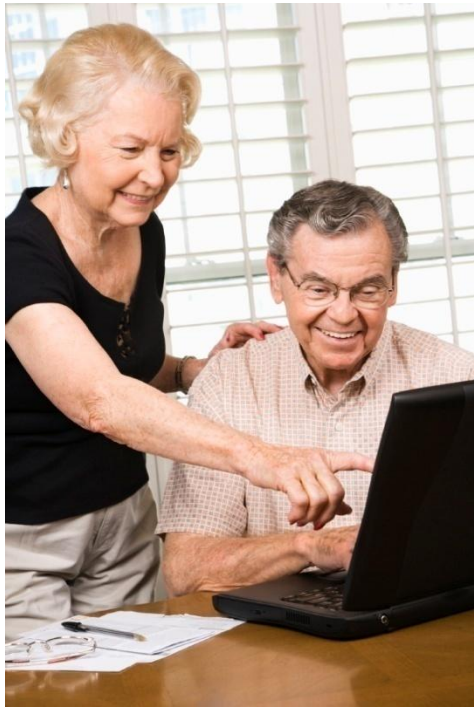
Better Coverage

- ACA bans caps on lifetime coverage (2010)
- Bans caps on annual coverage (2014)
- Bans dropping coverage when seriously sick (2010)
- Individual buyers can purchase through their “Exchange” with subsidies based on income (2014)
- Rebates begin in 2011 to participants if plans’ spending on health quality improvement and clinical services do not exceed 85% of expenditures



How ACA changes Accessibility and Affordability for 50-64

Help for Early Retirees



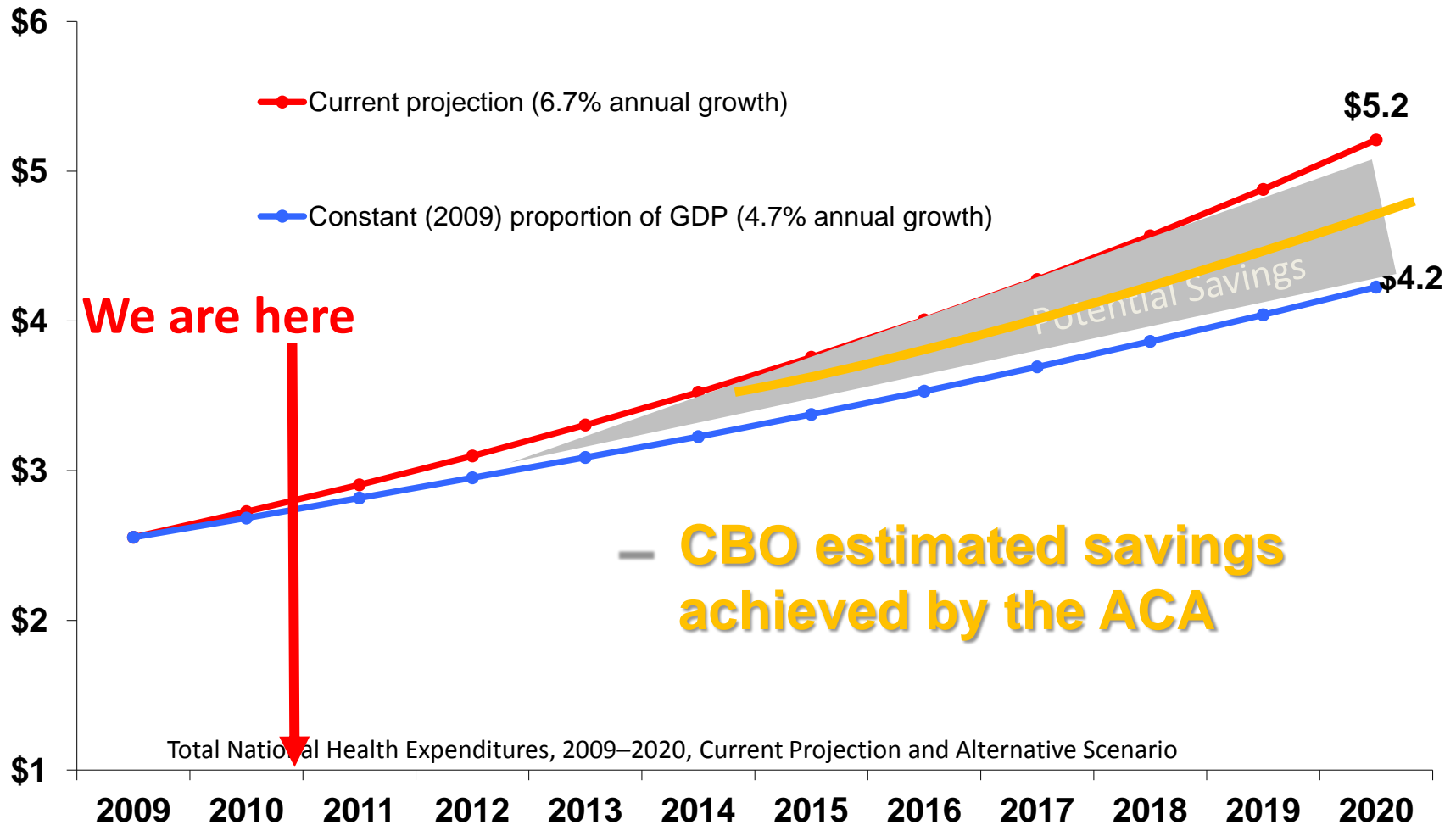
- \$5 billion re-insurance fund for employers covering retirees ages 55-64
- Fund encourages former employers to maintain retiree health care coverage

How the ACA impacts the 50-64

OVERALL REDUCTION IN RISE OF
HEALTH CARE COSTS
IN NEXT DECADE HELPS ALL OF US

Potential half a \$ trillion a year SAVED as USA “bends the curve” of Health Care Spending

NHE in trillions



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