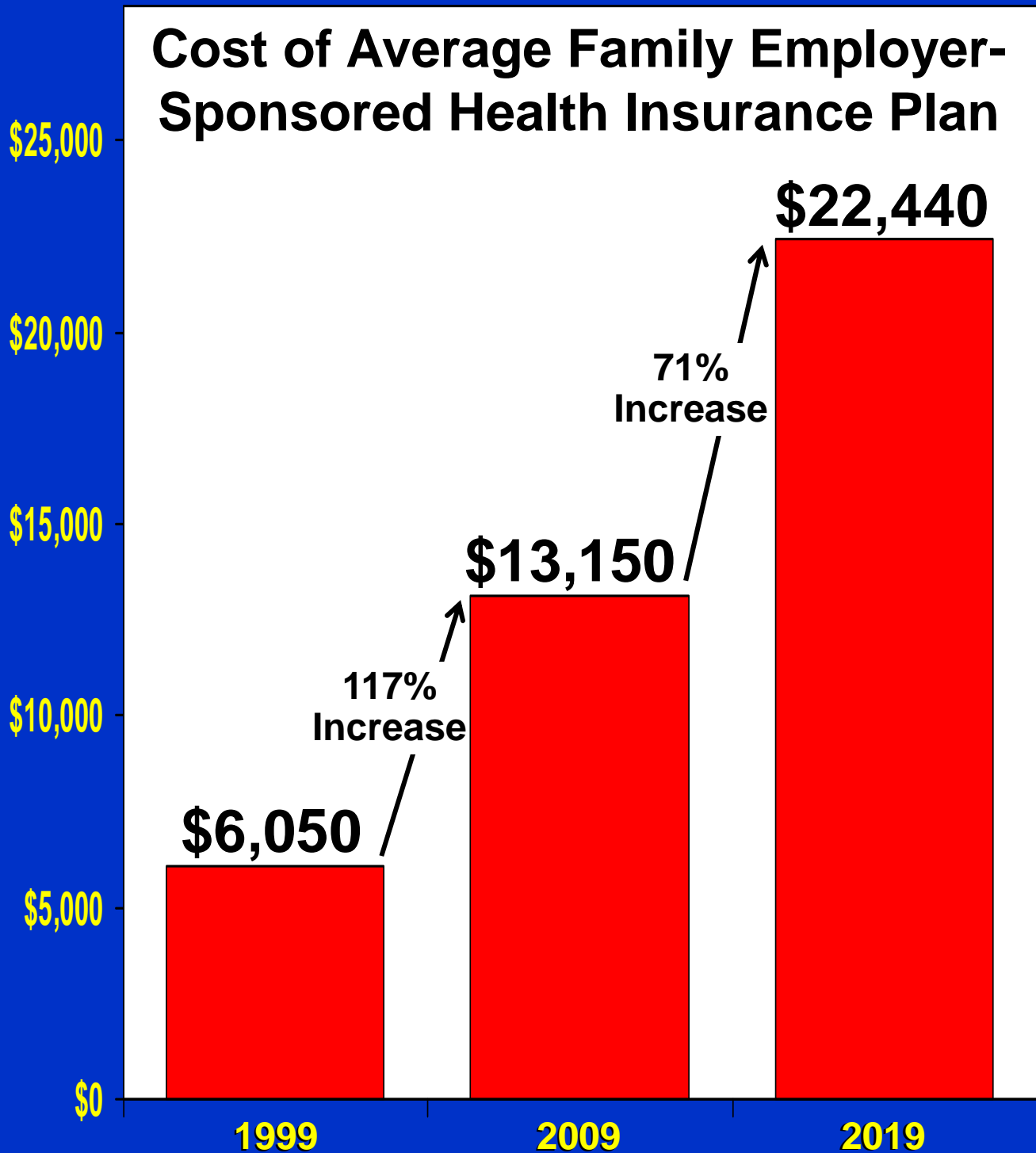


# Senate Plan Meets Key Health Reform Benchmarks

- Fully paid for ✓
- Reduces short- and long-term deficits ✓
- Expands coverage to 94% of Americans ✓
- Contains insurance market reforms ✓
- Contains delivery system reforms ✓

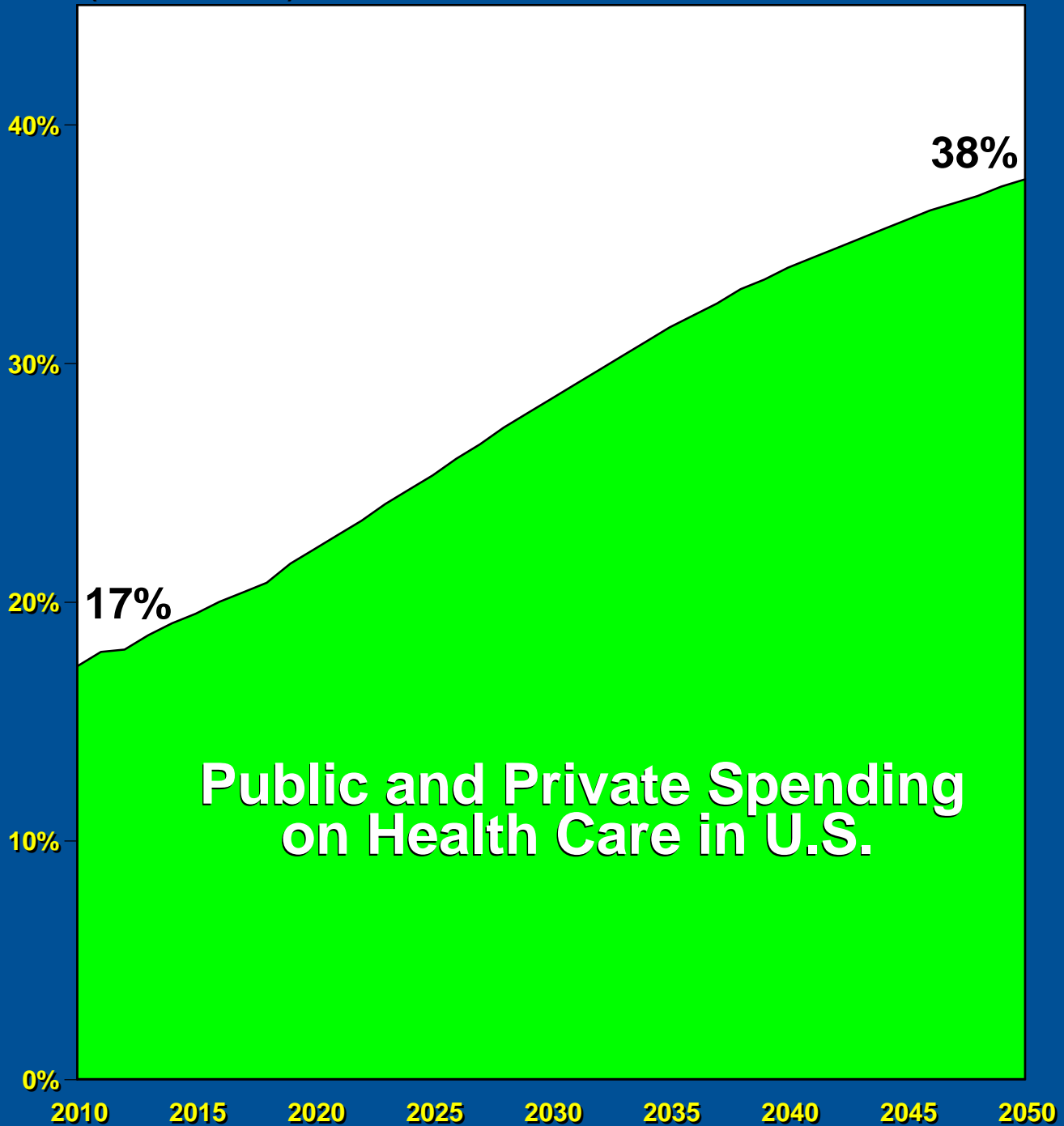
# Premiums Projected to Continue Rising on American Families



Sources: HHS Agency for Healthcare Research and Quality; David Cutler, Harvard University  
Note: Total employee and employer contribution.

# Total Health Expenditures as Percent of GDP

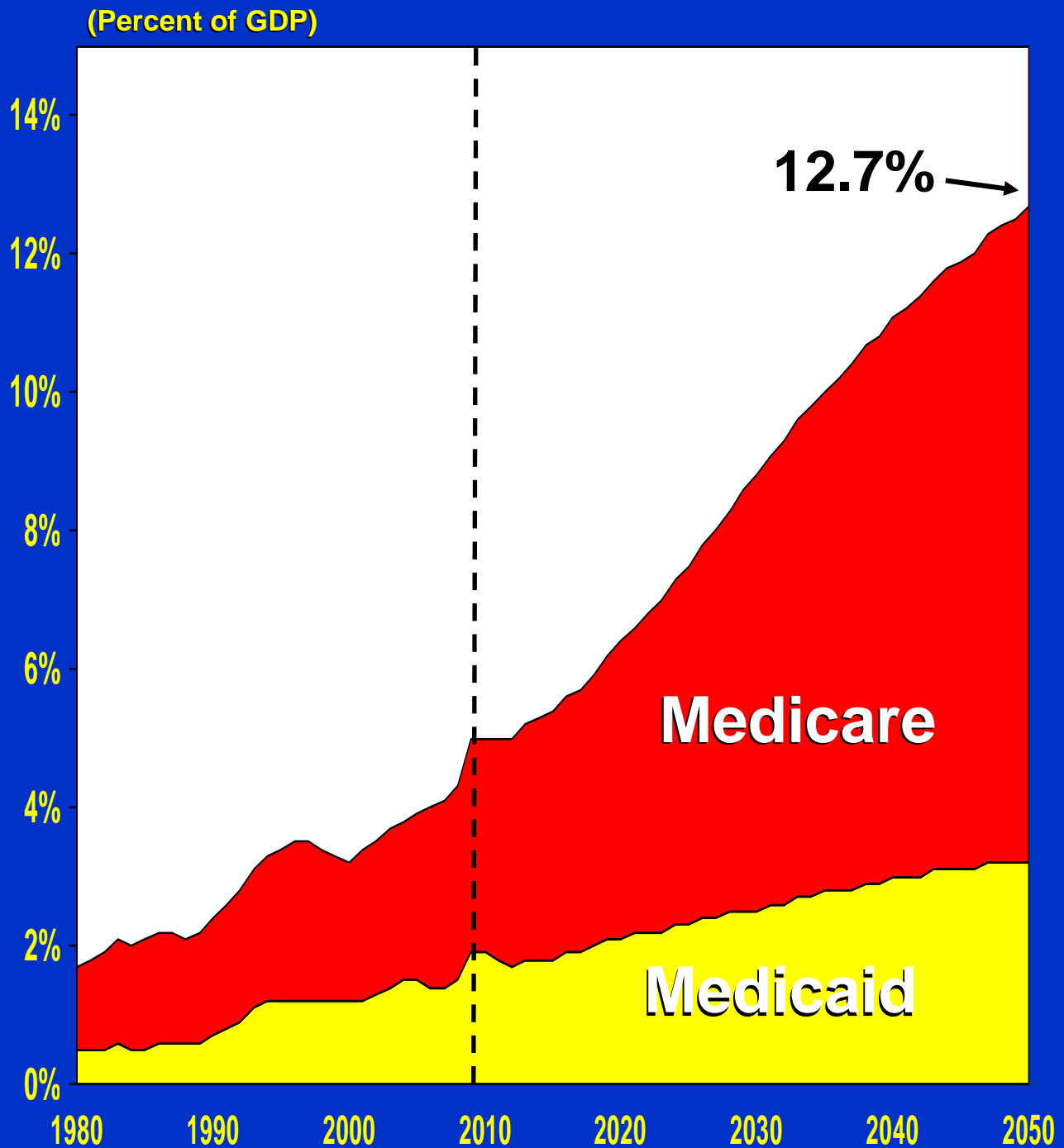
(Percent of GDP)



Source: CBO Long-Term Budget Outlook, June 2009

Note: Health spending under CBO's alternative fiscal scenario.

# Medicare and Medicaid Spending as a Percent of GDP 1980-2050

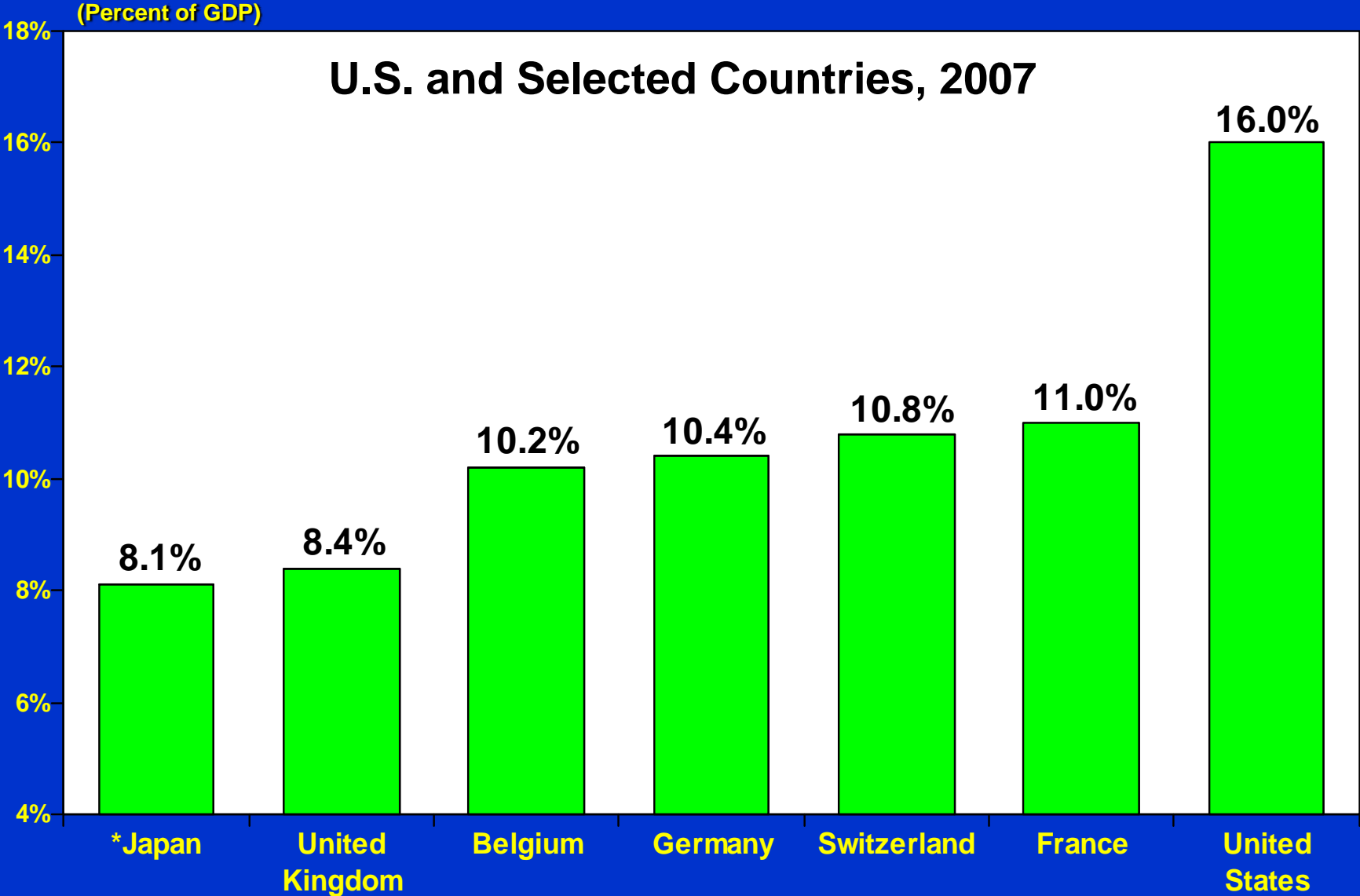


Source: CBO Long-Term Budget Outlook, June 2009.  
Note: CBO alternative fiscal scenario.

# **Medicare is Going Bankrupt**

- **Went cash negative in 2008**
- **Insolvent in 2017 – 2 years earlier than forecast last year**

# Health Expenditures as Share of GDP



\*Japan data for 2006, latest year available.  
Source: Organization for Economic Co-operation and Development

# CBO Estimate of Senate Health Plan

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By Fiscal Year, in Billions of Dollars

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2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
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## NET CHANGES IN THE DEFICIT<sup>1</sup>

Net Increase or Decrease (-) in the Budget Deficit	5	-8	-20	-54	-35	-12	10	3	-7	-16	-111	-132
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Sources: Congressional Budget Office and staff of the Joint Committee on Taxation (JCT).

# **CBO on Senate Health Plan Reducing Long-Term Deficits**

**“...CBO expects that the legislation, if enacted, would reduce federal budget deficits over the decade after 2019 relative to those projected under current law – with a total effect during that decade that is in a broad range between one-quarter percent and one-half percent of GDP.”**

**– CBO Analysis of Senate Health Reform Plan  
December 20, 2009**



# **Senate Health Plan – Reforms Insurance Market**

- **Prohibits insurers from denying coverage for pre-existing conditions**
- **Prohibits insurers from rescinding coverage**
- **Bans insurers from lifetime caps and annual limits on health benefits**
- **Prevents insurers from charging more based on health status**

# **Senate Health Bill Embraces Choice and Competition**

- **Sets up new health exchanges where consumers can shop for the best value**
- **Creates consumer run co-op health plans**
- **Creates new national plans with not-for-profit competitors**
- **Allows for insurance sales across state lines to further increase competition**

# **Senate Health Plan – Expands Coverage**

- **Covers 94 percent of Americans by building off of existing employer-based system**
- **Creates state-based exchanges for individuals and small businesses**
- **Provides tax credits to help individuals and small businesses buy insurance**
- **Expands Medicaid eligibility, with assistance to states**

# **30 Percent of Health Spending May Not Contribute to Better Health Outcomes**

**“Although many Americans believe more medical care is better care, evidence indicates otherwise. Evidence suggests that states with higher Medicare spending levels actually provide lower quality care....**

**“We may be wasting perhaps 30% of U.S. health care spending on medical care that does not appear to improve our health.”**

**– Dr. Elliott Fisher, Dartmouth Medical School  
“More Care is Not Better Care,”  
NIHCM Foundation’s *Expert Voices*  
January 2005**

# Delivery System Reform Comparison

<u>Reform</u>	<u>Senate</u>	<u>House</u>
Accountable Care Organizations	✓	Pilot
Primary Care Payment Bonus	✓	✓
Readmissions	✓	✓
Hospital Value-Based Purchasing	✓	
Comparative Effectiveness Research	✓	✓
CMS Innovation Center	✓	✓
Independent Payment Advisory Board (IPAB)	✓	
Bundling	✓	Pilot