



Was “Health Insurance Reform” Supposed to Include Higher Costs?

	Families and Individuals	Employers, Small Businesses
H.R. 3962, “America’s Affordable Health Care for America Act.” Passed House 220-215, November 7, 2009.	49% to 50% increase in individual market premiums over 5-year period (Oliver Wyman & PwC). ¹	19% to 28% increase in premiums (Oliver Wyman & PwC). ²
	Family of four would see increased costs between \$3,024 - \$4,536 due to provider cost shifting (<i>Health Affairs</i>). ³	2.5 million fewer individuals will be insured through small employer policies (Oliver Wyman). ⁴
	Government plan would typically have premiums that are somewhat higher than average premiums for private plans in the exchange (CBO). ⁵	12 million individuals will lose their employer-sponsored health coverage as a result of the bill (CMS). ⁶
	National health expenditures would increase from 17% of current GDP to 21.1% (CMS). ⁷	5.4% income tax surcharge on individuals making over \$500,000 per year. ⁸
Amendment to text of H.R. 3962, offered by House Republican Leader John Boehner (R-OH)	GOP plan would reduce premiums for individuals by 5% to 8% in 2016 (CBO & JCT). ⁹	GOP plan would reduce premiums for small group policies by as much as 10% in 2016 (CBO & JCT). ¹⁰
	Would reduce the deficit by as much as \$68 billion over 10 years (CBO & JCT). ¹¹	Would reduce premiums for large group policies by up to 3% in 2016 (CBO & JCT). ¹²
H.R. 3590 (Reid) – “Patient Protection and Affordable Care Act”	Would raise premiums by 10% to 13% for individuals purchasing their own coverage without a government subsidy by 2016 - \$300 for an individual policy (CBO). ¹³	Would raise premium costs as much as 1%; possible decrease of up to 2% (CBO & JCT). ¹⁴

	49% to 50% increase in individual premiums over five- year period (Oliver Wyman & PwC). ¹⁵	19% - 28% increase in premiums (Oliver Wyman & PwC). ¹⁶
	Will increase family annual health premiums by \$3,100 over status quo (CBO & JCT). ¹⁷	One in eight in small group market would benefit from small business tax credit in 2016, resulting in approximately 10% savings (CBO & JCT). ¹⁸
	One in five workers could lose their current coverage (CBO & JCT). ¹⁹	Large group employers: Average premium per person would be 0% - 3% lower in 2016 (CBO & JCT). ²⁰
	Average American family would pay more than \$20,000 per year for healthcare premiums (CBO & JCT). ²¹	
	“User fees” for biologics would be largely passed through to consumers in the form of higher premiums for private coverage (CBO & JCT). ²²	
S. 1796 (Baucus), Passed by committee, 14-9, on October 13, 2009.	Imposes a 35% excise tax on health insurance plans offering benefits in excess of \$8000 for individuals and \$21,000 for families (<i>Washington Post</i>). ²³	Cuts in payment rates to providers in public programs could increase cost shifting to businesses and consumers that would offset the potential reduction from providing coverage to the uninsured (CBO & PwC). ²⁴
	Cost of individual coverage expected to increase by 18% over current system by 2019 - \$1,500 for an individual and \$4,000 per family (PwC). ²⁵	Nearly one in five workers with employment-based coverage will be negatively affected by the excise tax in 2016 due to employers discontinuing coverage due to cost (Oliver Wyman). ²⁶
	Individual premiums could rise as high as 79% to 111% over current system by 2019 (AHIP). ²⁷	
	\$6.7 billion annual fee on health insurers beginning in 2010, which would increase family premiums by around \$500 per year (Oliver Wyman). ²⁸	
	“Our judgment is that that piece of the legislation would	

	raise insurance premiums by roughly the amount of the money collected.” – Douglas Elmendorf, Director, CBO ²⁹	
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¹ Oliver Wyman. *Insurance Reforms Must Include a Strong Individual Mandate and Other Key Provisions to Ensure Affordability*, available at http://www.oliverwyman.com/ow/pdf_files/Importance_of_Strong_Individual_Mandates_-_Public_Memo.pdf. 14 October 2009; PricewaterhouseCooper's. *Potential Impact of Health Reform on the Cost of Private Health Insurance Coverage*, available at http://media.washingtonpost.com/wp-srv/politics/documents/pwc_report_on_Costs_final_101109.pdf. October 2009.

² See Wyman *supra* note 1; see PwC *supra* note 1.

³ Dobson, et al. *How a New 'Public Plan' Could Affect Hospitals' Finances and Private Insurance Premiums*. *Health Affairs*, 2009; 0: hlthaff.28.6.w1013v1.

⁴ See Wyman *supra* note 1.

⁵ Congressional Budget Office and Joint Committee on Taxation. *Letter to Congressman Charles Rangel*, available at <http://www.cbo.gov/ftpdocs/106xx/doc10688/hr3962Rangel.pdf>. 29 October 2009.

⁶ Centers for Medicare and Medicaid Services. *Estimated Financial Effects of the "America's Affordable Health Choices Act of 2009" (H.R. 3962) As Passed by the House on November 7, 2009*, available at http://republicans.waysandmeans.house.gov/UploadedFiles/OACT_Memorandum_on_Financial_Impact_of_H_R_3962_11-13-09_.pdf. 13 November 2009.

⁷ See CMS *supra* note 6.

⁸ U.S. House of Representatives. *H.R. 3962, "America's Affordable Health Care for America Act," Section 551*. Passed 4 November 2009.

⁹ Congressional Budget Office and Committee on Joint Taxation. *Letter to Congressman Boehner*, available at <http://www.cbo.gov/ftpdocs/107xx/doc10705/hr3962amendmentBoehner.pdf>. 4 November 2009.

¹⁰ See CBO and JCT *supra* note 9.

¹¹ See CBO and JCT *supra* note 9.

¹² See CBO and JCT *supra* note 9.

¹³ Congressional Budget Office and Committee on Joint Taxation. *An Analysis of Health Insurance Premiums under the Patient Protection and Affordable Care Act*, available at <http://cbo.gov/ftpdocs/107xx/doc10781/11-30-Premiums.pdf>. 30 November 2009.

¹⁴ See CBO and JCT *supra* note 13.

¹⁵ Grau, Jason and Giesa, Kurt. *Impact of the Patient Protection and Affordable Care Act on Costs in the Individual and Small-Employer Health Insurance Markets*, available at www.bcbs.com/issues/.../patient-protection-affordable-care-act.html. 1 December 2009; see PwC *supra* note 1.

¹⁶ See Grau and Giesa *supra* note 15; see PwC *supra* note 1.

¹⁷ See CBO and JCT *supra* note 13.

¹⁸ See CBO and JCT *supra* note 13.

¹⁹ See CBO and JCT *supra* note 13.

²⁰ See CBO and JCT *supra* note 13.

²¹ See CBO and JCT *supra* note 13.

²² See CBO & JCT *supra* note 13.

²³ Klein, Ezra. *The Baucus Bill: Taxing Insurers*, available at http://voices.washingtonpost.com/ezra-klein/2009/09/the_baucus_bill_taxing_insurer.html. 16 September 2009.

²⁴ Congressional Budget Office. *Letter to Chairman Max Baucus*, available at http://www.cbo.gov/ftpdocs/106xx/doc10642/10-7-Baucus_letter.pdf. 7 October 2009; See PwC *supra*, note 1.

²⁵ See PwC *supra*, note 1.

²⁶ See Grau and Giesa *supra* note 15.

²⁷ See PwC *supra* note 1.

²⁸ See Grau and Giesa *supra* note 15; see PwC *supra* note 1.

²⁹ Elmendorf, Douglas. Testimony before the Senate Committee on Finance. 22 September 2009.

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