

Numerous Government and Private Studies Have Confirmed that Premiums and Costs Will Go Up Under the Majority's Health Care Plans

1. CBO Letter to Sen. Baucus on September 22, 2009, on premiums
http://cbo.gov/ftpdocs/106xx/doc10618/09-22-Analysis_of_Premiums.pdf

Additional, Updated CBO table sent October 9, 2009

http://www.cbo.gov/ftpdocs/106xx/doc10642/SFC_Subsidies_Penalties_10-09.pdf

- “Premiums in the new insurance exchanges would tend to be higher than the average premiums in the current-law individual market.”
 - “People with low expected costs for health care, however, would generally pay higher premiums (all else being equal).”
2. JCT Memorandum on the high cost plans excise tax, September 29, 2009
(no link; memo attached)
 - “The staff of the Joint Committee on Taxation estimates that the excise tax would be mainly passed along through increases in premiums, and that many consumers respond by reducing their demand for insurance above the excise tax cap.”
 - “The imposition of the excise tax on insurers can be expected to lead health insurance providers and consumers to take measures to minimize their burden from the tax. As insurers pass along the cost to the consumer by increasing price, the cost of employer provided insurance will increase.”
 3. CMS Office of the Actuary Memorandum, October 21, 2009
http://republicans.waysandmeans.house.gov/UploadedFiles/OACT_Memorandum_on_Financial_Impact_of_H_R_3200_.pdf
 - “In aggregate, we estimate that for calendar years 2010 through 2019 national health expenditures would increase by \$750 billion, or 2.1 percent, over the updated baseline projection that was released on June 29, 2009. As a result, the NHE share of GDP is projected to be 21.3 percent in 2019, compared to 20.8 percent under current law.”
 4. Oliver Wyman Analysis, October 14, 2009
<http://www.bcbs.com/issues/uninsured/background/Oliver-Wyman-Report-Showing-Impact-of-Healthcare-Reform-on-Premiums-pdf.pdf>

- Assuming 89 percent of the total population has health insurance, Oliver Wyman expects:
 - Claims in the individual market could be 50 percent higher than they are today; claims are expected to be even higher in some states, ranging between 60-73 percent higher than today.
 - This translates into premium increases of roughly \$1,500 a year for single coverage and premium increases of roughly \$3,300 a year for family coverage.
 - Premiums for small businesses could be 19 percent higher.

- Will federal subsidies help individuals and families afford the premium increases?
 - **YES**, for the 8 million current individual market members and 25 million uninsured earn between 100 and 400 percent of poverty and will have access to subsidies in the exchange which will help offset these cost increases.
 - **NO**, for the 18 million people, including currently uninsured and existing individual market members, are NOT eligible for subsidies through the exchange.

- The bills before Congress require certain minimum benefit levels that are higher than the average of what people are purchasing in the market today. Experts estimate 50 percent of the individual market policies purchased today and about 20 percent of the small business policies purchased today have actuarial values that are lower than what the bills mandate, which means all of those Americans will be forced to buy richer plans.

- Compliance with just these “actuarial value” benefit requirements could cause premiums for Americans purchasing coverage on their own to increase by about 10 percent; premiums for small businesses will increase by about 3 percent.

Additional analysis released by Oliver Wyman on age rating analysis, September 28, 2009

http://www.oliverwyman.com/ow/pdf_files/OW_En_HLS_PUBL_2009_AgeRatingAnalysisFinal.pdf

- The bills restrict the ability of health plans to provide age discounts to young members by specifying certain age bands. Oliver Wyman estimates that in most states, premiums for the youngest-healthiest third of individuals would increase by 69% in Year 1 compared to reform with 5:1 age bands.
- “Age rating is widely used by insurers in setting premiums today to encourage young individuals to purchase insurance. A substantial number of young individuals do not purchase coverage even at premiums that are often under \$100 per month in states that permit flexibility in age rating. Over 40% of all the uninsured are ages 18-34. Young people ages 21-24 have uninsured rates more than triple those of people aged 55-64. Too often young people think they are healthy and invincible and do not need insurance.”

5. PriceWaterhouseCoopers Report, October 2009

<http://americanhealthsolution.org/assets/Reform-Resources/AHIP-Reform-Resources/PWC-Report-on-Costs-Final.pdf>

- Eventually the “Cadillac Plans” tax will start hitting Chevys and Buicks—not just Cadillac’s. PWC estimates that in many metropolitan areas, the lowest option “bronze” plan under the Finance Committee bill would be considered a so- called Cadillac plan as early as 2016.
- Public programs such as Medicare and Medicaid reimburse less than the cost of care for hospitals. The net effect of the bills before Congress will make the cost shift even more severe, raising the cost of private insurance premiums for large employers by \$255 a year between 2015 and 2019. (This statistic only estimates the impacts of cost shifting from hospitals; including the impact on physicians will make the increased cost shifting even more severe.)

6. HayGroup Analysis, October 5, 2009

<http://www.weeklystandard.com/weblogs/TWSFP/Impact%20of%20Proposed%20Health%20Care%20Reform%20Bill%20on%20the%20Nongroup%20Market%20-%20Hay%20Group.pdf>

- Proposals such as the various excise tax provisions on various industries that raise average premiums in the market. Because of these taxes would be non-deductibility (rare for excise taxes), for every \$1.00 in tax more than \$1.00 would need to be passed to consumers.

7. Milliman Analysis, July 13, 2009

(no link; study attached)

8. Wellpoint Data on State Specific Premium Increases
http://www.wellpoint.com/newsroom/stats_facts.asp
9. Office of the Actuary at CMS Memorandum, November 13, 2009, estimate of HR 3962
<http://thehill.com/images/stories/news/2009/november/weekend111309/cmsactuarynumbers.pdf>
 - Speaker Pelosi's bill would bend the cost curve in the wrong direction: National Health Expenditures would increase by a net 1.3 percent in 2019. The coverage provisions increase NHE by 3.4 percent in 2019 and the Medicare/Medicaid cuts reduce NHE by 2.1 percent in 2019. (Of course, the net 1.3 percent may be greater because the Actuary later notes that the reality of the Medicare cuts happening may be "unrealistic.") While America spends 17 percent of our GDP on health care today—more than any other country in the world—the Pelosi bill increases that to 21.1 percent by 2019.
 - Speaker Pelosi's purported cost-savings policies won't work: "...we estimate that most of the provisions of H.R. 3962 that were designed, in part, to reduce the rate of growth in health care costs would have a relatively small savings impact."
 - Speaker Pelosi's bill could increase costs and hurt access to care: "The additional demand for health services could be difficult to meet initially with existing health provider resources and could lead to price increases, cost-shifting, and/or changes in providers' willingness to treat patients with low-reimbursement health coverage."
 - Speaker Pelosi's \$1.2 trillion bill could increase the deficit because her offsets are "unrealistic": OACT notes that the net \$571 billion in cuts to the Medicare program would increase the solvency of the Trust Fund until 2022. Then OACT quickly points out that the estimated savings may be "unrealistic," and "In addition, the longer term viability of the Medicare update reductions is doubtful."
10. Long-Term Cost of the America's Healthy Future Act of 2009; As Passed by the Senate Finance Committee, October 30, 2009.
http://www.lewin.com/content/publications/Peterson_Finance_Report.pdf
 - "the cost of the excise tax payments will be passed on to employers and consumers in premiums"
 - "...most of the cost of the new excise taxes is passed back to employers and consumers in the form of higher premiums. In 2011, this would add \$13.4 billion to premiums for private firms that continue to offer coverage."