

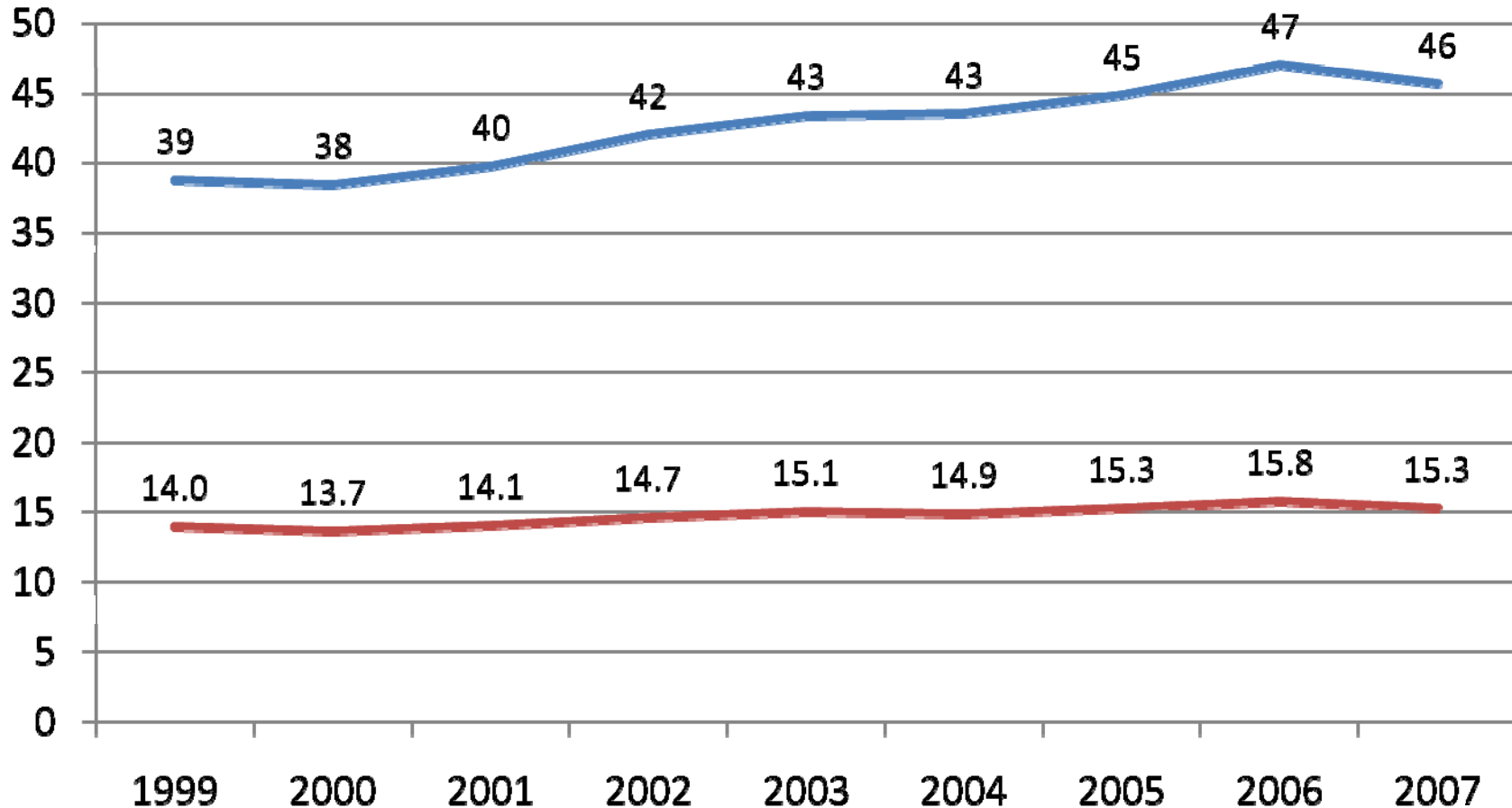
The Uninsured

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Number of Uninsured and Uninsured Rate

Numbers in Millions, Rates in Percent



Note: Full year uninsured

Source: US Census Bureau, Current Population Survey, 2000-2008 Annual Social and Economic Supplements

<http://www.census.gov/hhes/www/hlthins/historic/index.html>

Approach to Coverage

McCain/Palin

“The key to health care reform is to restore control to the patients themselves.”

Obama/Biden

“The Obama-Biden plan provides affordable, accessible health care for all Americans, builds on the existing health care system, and uses existing providers, doctors and plans to implement the plan.”

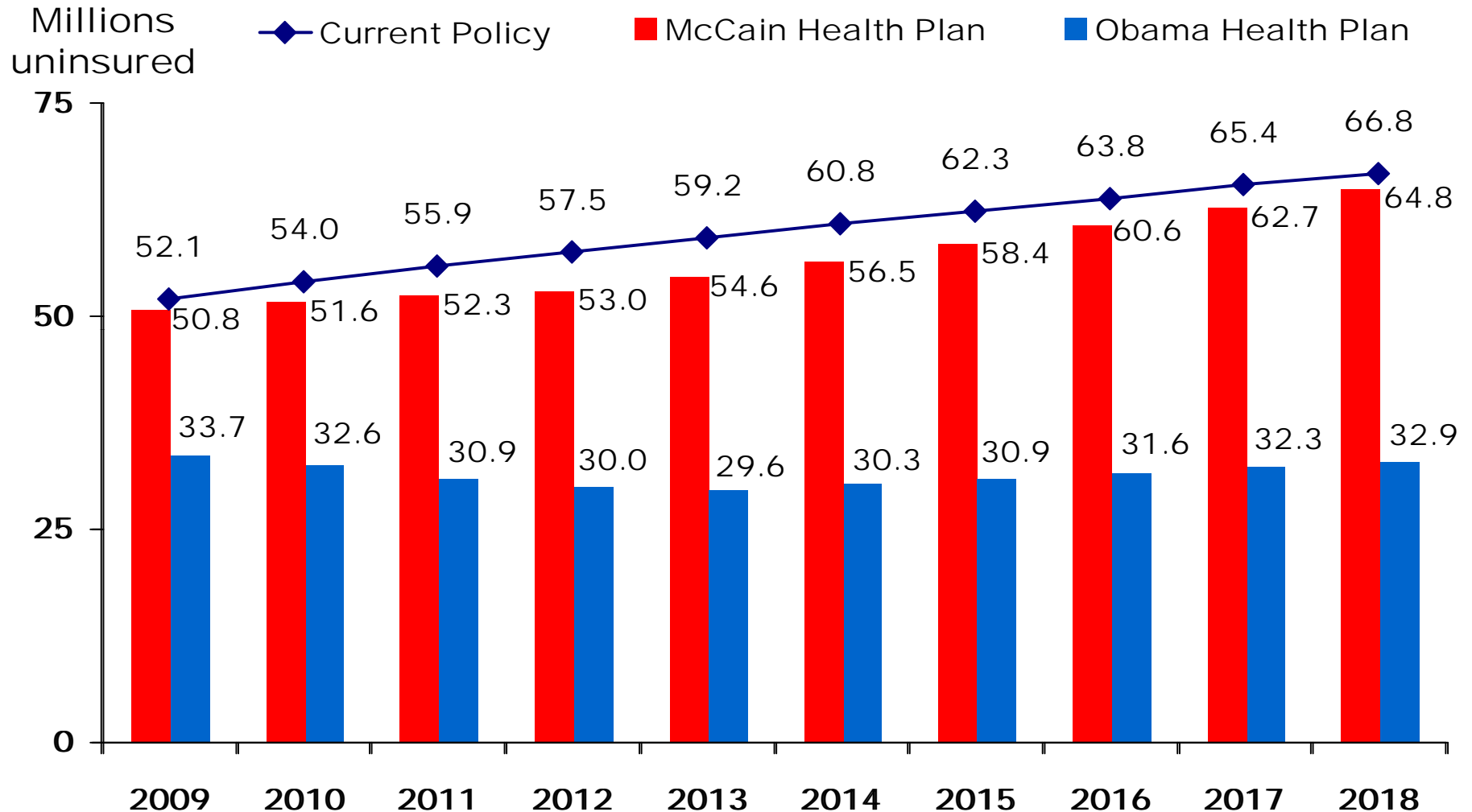
Coverage-Related Features of the McCain/Palin Plan

- ✓ Replace income tax exemption of employer-paid benefits (\$169 billion) with a refundable tax credits (\$5,000 families, \$2,500 individuals) for purchase of coverage
- ✓ Substantially deregulate private health insurance by allowing insurance to be sold across state lines
- ✓ Promote and subsidize state “Guaranteed Access Plans” for people denied private coverage
- ✓ New low-cost multi-year policies
- ✓ Unused tax credit deposited in Health Savings Accounts
- ✓ Financing: Repeal employer health benefits tax exemption

Coverage-Related Features of the Obama/Biden Plan

- ✓ Coverage mandate for children
- ✓ Large employer play-or-pay mandate, small employer tax credit, reinsurance for qualified plans, dependents up to 25
- ✓ Increase eligibility for Medicaid and S-CHIP
- ✓ National Health Insurance Exchange and new public plan
- ✓ Guaranteed issue, no risk rating of premiums
- ✓ Sliding-scale subsidies for qualifying private coverage
- ✓ Financing: Let tax cuts for wealthy expire, repeal Medicare Advantage “overpayment”, savings from HIT, disease management, etc.

Estimated Number of Uninsured Under Current, McCain and Obama Health Plans



Note: Point-in-time uninsured

Source: L. Burman, S. Khitatrakun, G. Leiserson et al., *An Updated Analysis of the 2008 Presidential Candidates' Tax Plans*, Urban Institute–Brookings Institution Tax Policy Center, Updated September 12, 2008. Chart by the Commonwealth Fund.

Analysis of the McCain/Palin Plan

- Little impact on uninsured
- Many will switch from employer to non-group plans
 - Higher admin costs, greater out-of-pocket cost
- Risk segmentation will increase
 - Less employer-based pooling
 - Preempts state regulations: guaranteed issue/renewal, limits on premiums, mandated benefits, consumer protections
 - Many older and less healthy individuals will be denied coverage, others will face unaffordable premiums
- Guaranteed Access Plans not likely to fill gap for high risk people
 - Subsidies insufficient, track record of state high-risk pools poor
- Initially tax credit relatively generous, but value will likely erode over time

Analysis of the Obama/Biden Plan

- Covers most children and about half of uninsured adults
- Broadens risk pooling
 - Guaranteed issue and no risk rating in private plans
 - Subsidies, child mandate
- Coverage more affordable
 - Especially for older, sicker, and low-income populations
- Increase in federal government role and spending
 - New and expanded programs and subsidies
 - Shift some private costs to federal government
- Possible job and wage reductions due to employer mandate
- Many details yet to be specified, significant implementation challenges, financing uncertain