



Our members provide health benefits to more than 200 million Americans

« AHIP Home

AHIP Center for Policy and Research

Ideas, research and policy solutions from America's Health Insurance Plans

Policy News and Resources

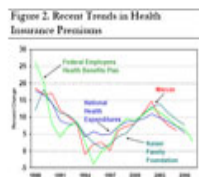
Center for Studying Health System Change reports [growth in health costs stable at 7-8 percent](#)
--October 3, 2006

Kaiser Family Foundation/HRET 2006 [survey of employers](#) shows 7.7% growth in premiums
- September 26, 2006

OPM reports [federal employees premiums to grow by less than 2 percent in 2007](#)
--September 19, 2006

CBO March 2006 "Fact Sheets" [Medicare baseline](#) [Medicaid/SCHIP baseline](#)
- May 1, 2006

GAO [report on Consumer Directed Health Plans \(CDHPs\)](#)



10.18.2006

Health Cost Trend Remains Stable at 7-8 Percent

The Center for Studying Health System Change (HSC) estimates that growth in prescription drug costs declined to about 5 percent in 2005. Meanwhile, costs for hospital care and outpatient surgical and diagnostic services grew by 9 percent.

09.25.2006 Small Group Health Insurance in 2006: A Comprehensive Survey of Premiums, Consumer Choices, and Benefits (Full Report; Slides)

A comprehensive survey of member companies offering coverage in the small group health insurance market, with premium and benefit data from more than 650,000 small groups covering 4 million workers and 3.2 million dependents.

06.28.2006 HSAs and Account-Based Health Plans

An Overview of Preliminary Research

05.25.2006 An Updated Survey of Health Care Claims Receipt and Processing Times

Electronic submission of health insurance claims more than tripled in the last decade, reducing administrative costs and allowing 98 percent of claims to be processed within 30 days of receipt.

03.09.2006 January 2006 Census Shows 3.2 Million People Covered By HSA Plans (Full Report; Summary; Slides)

A census of AHIP members shows enrollment in Health Savings Account (HSA) Plans tripled in ten months

Jump to Topic

Select Topic Go

Web Links

American Enterprise Institute - Health Policy Studies

Cato Institute - Health Care Studies

Centers for Medicare and Medicaid Services Research



STATE HEALTH FACTS

9% Uninsured

Average Annual
Medicaid Payment
Per Enrollee \$6,657

STATE RANKINGS

6th in uninsured rate*

3rd in Medicaid payment per
enrollee

7th in % of residents covered by
private insurance

3rd in % of employers offering
health insurance

*Data from the U.S. Census Bureau, includes state
premium tax collected from all types of insurance
companies, including health insurance.

†Data from the U.S. Census Bureau, NAICS is part.
Direct jobs include those specifically found in the
health insurance industry; other insurance-related
jobs consist of those found in all insurance
industries, including the health insurance industry.
(see page 10 for full description of job
categories.)

‡A ranking of 1 indicates the lowest percentage of
uninsured.

PEOPLE WITH PRIVATE HEALTH INSURANCE COVERAGE

► People Covered by Private Insurance 2,639,000

52% Self-
Insured

48% Fully-
Insured

PERCENT OF EMPLOYERS OFFERING HEALTH INSURANCE

99% Large
Employers

54% Small
Employers

AVERAGE ANNUAL HEALTH INSURANCE PREMIUMS

► Individual Market Single \$3,326

► Individual Market Family \$7,749

► Small Group Market Single \$4,848

► Small Group Market Family \$12,708

► Total State Premium Taxes Collected
from Insurance Companies' \$238,284,000

JOBS IN HEALTH INSURANCE INDUSTRY²

22,106 Direct
Jobs

14,879 Other Insurance-
Related Jobs

36,985 Total
Jobs

► Payroll Direct Jobs \$2,281,558,000³

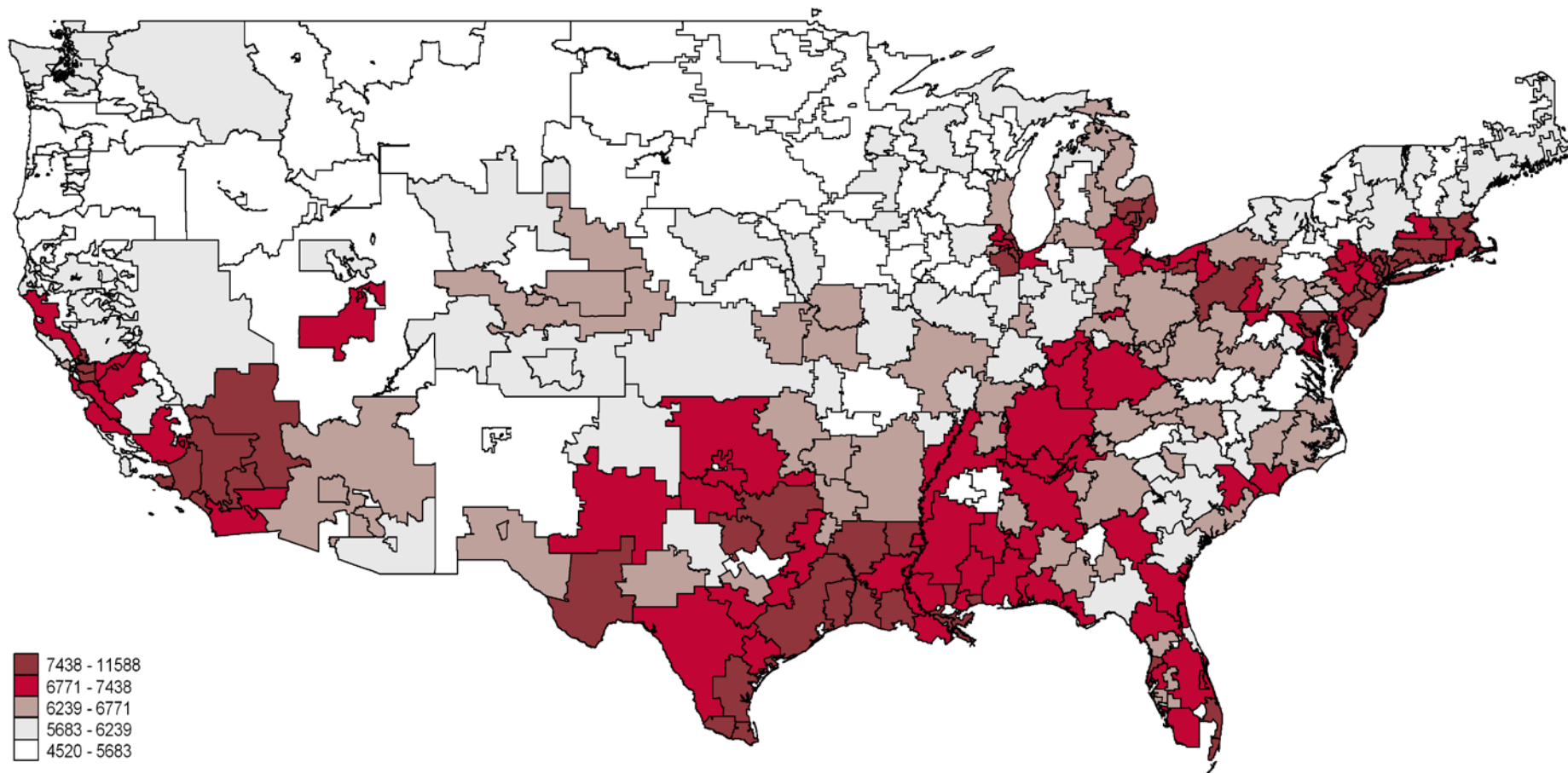
► Payroll Other Insurance-Related Jobs \$1,333,174,000

► Average Wage Direct Jobs \$103,257

► Average Wage Other Insurance-Related Jobs \$89,601

Variation in Medicare Spending

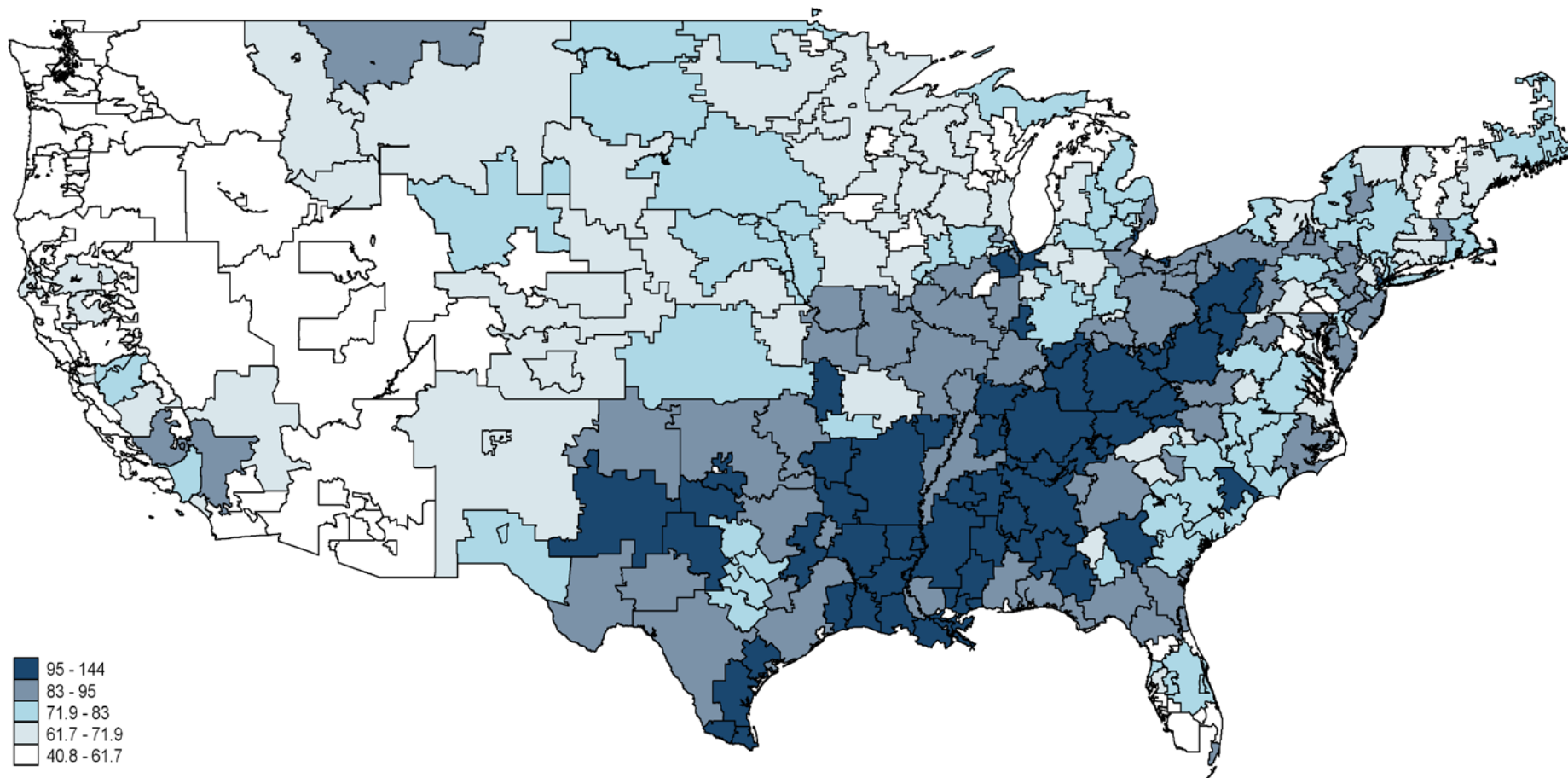
Total Medicare Reimbursement
Parts A and B Reimbursement in 2003



Source: Dartmouth Atlas of Health Care

Quality Variation Even within Medicare

Discharges for Ambulatory Care Sensitive Conditions
per thousand Medicare beneficiaries in 2003



Source: Dartmouth Atlas of Health Care

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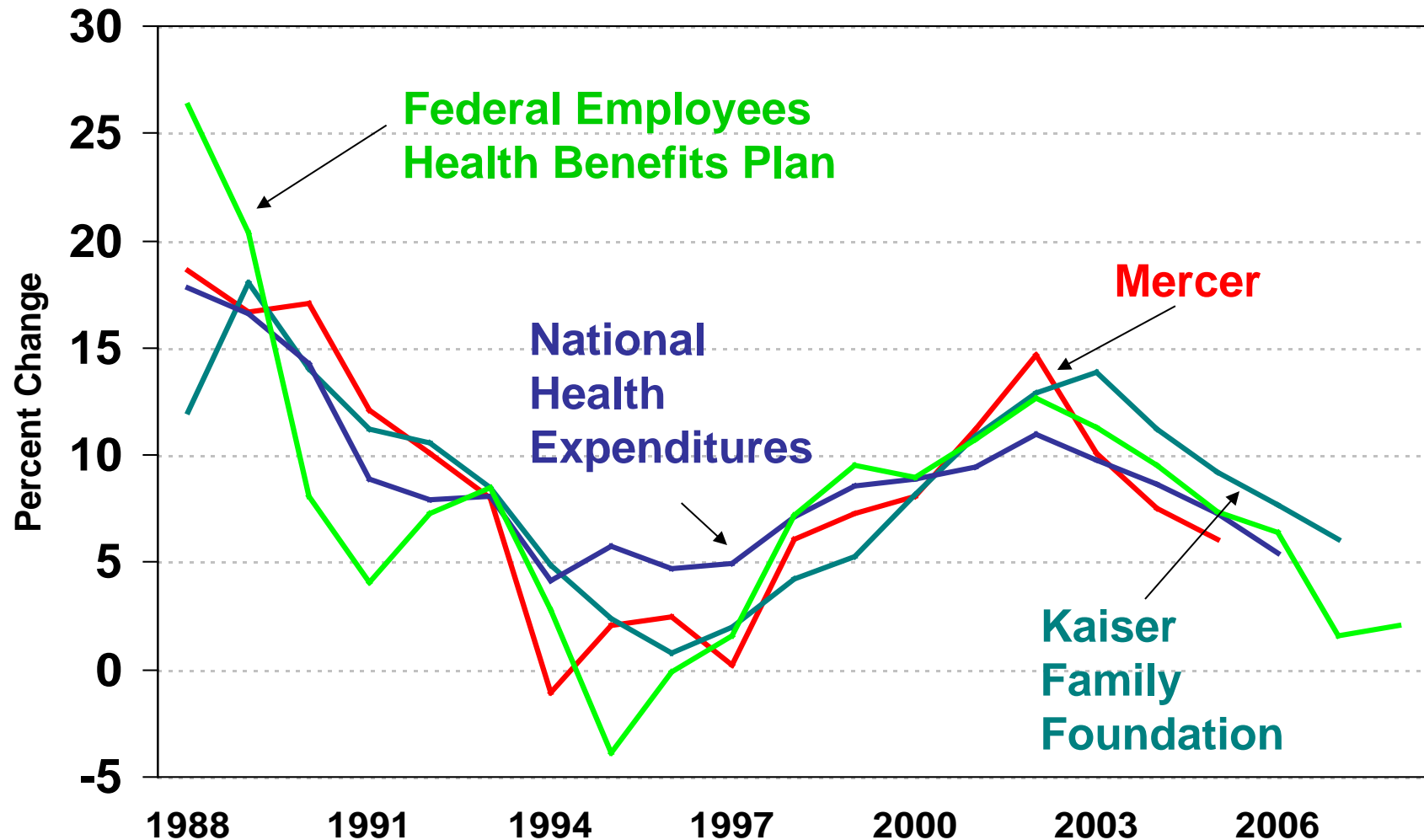


Premiums for Selected States, AHIP Small Group Survey, 2006

	Average Monthly Premium	
	Single	Family
New York	\$419	\$1,097
Connecticut	\$404	\$1,059
New Hampshire	\$377	\$989
United States	\$311	\$814
Iowa	\$285	\$747
Arizona	\$281	\$736
Virginia	\$246	\$645

Source: America's Health Insurance Plans, Small Group Survey, 2006.

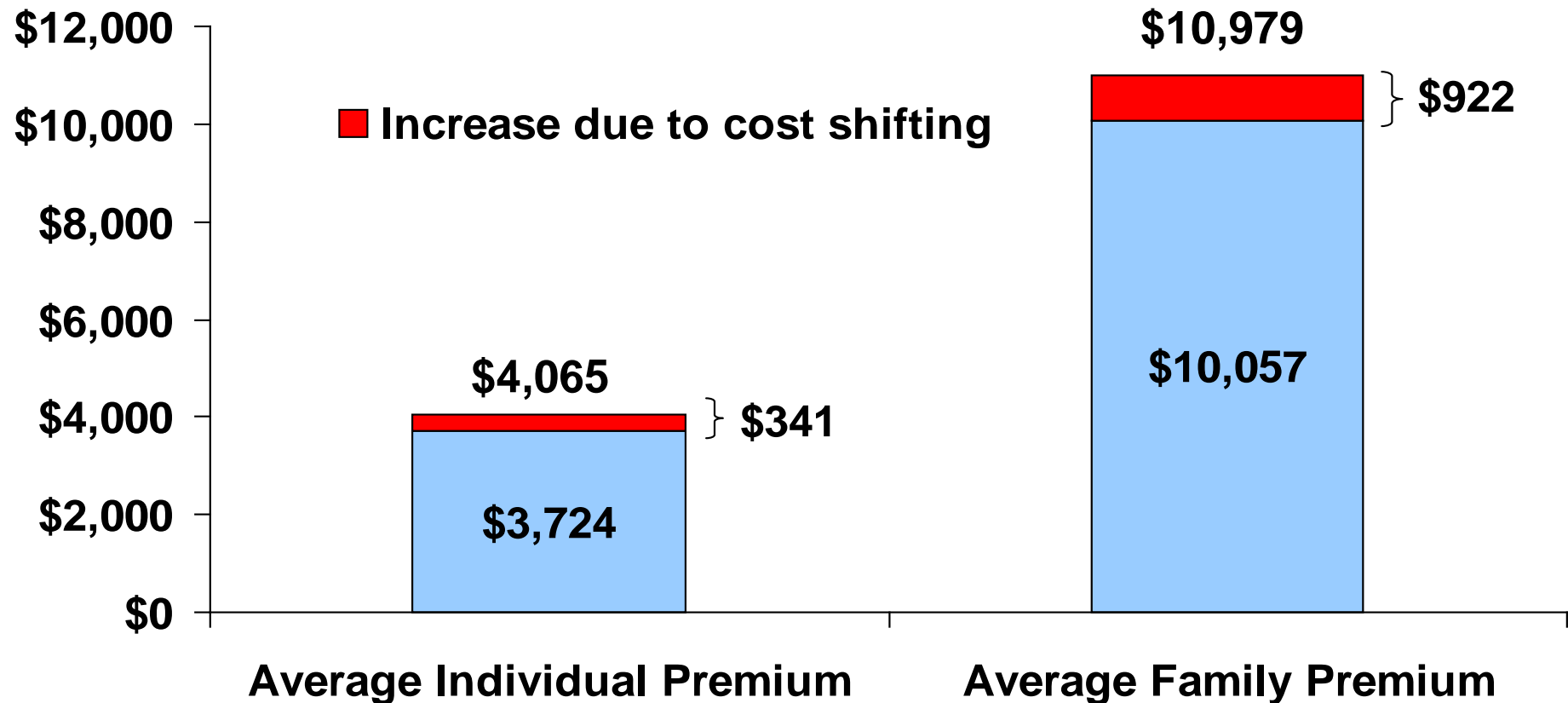
Recent Trends in Health Insurance Premiums



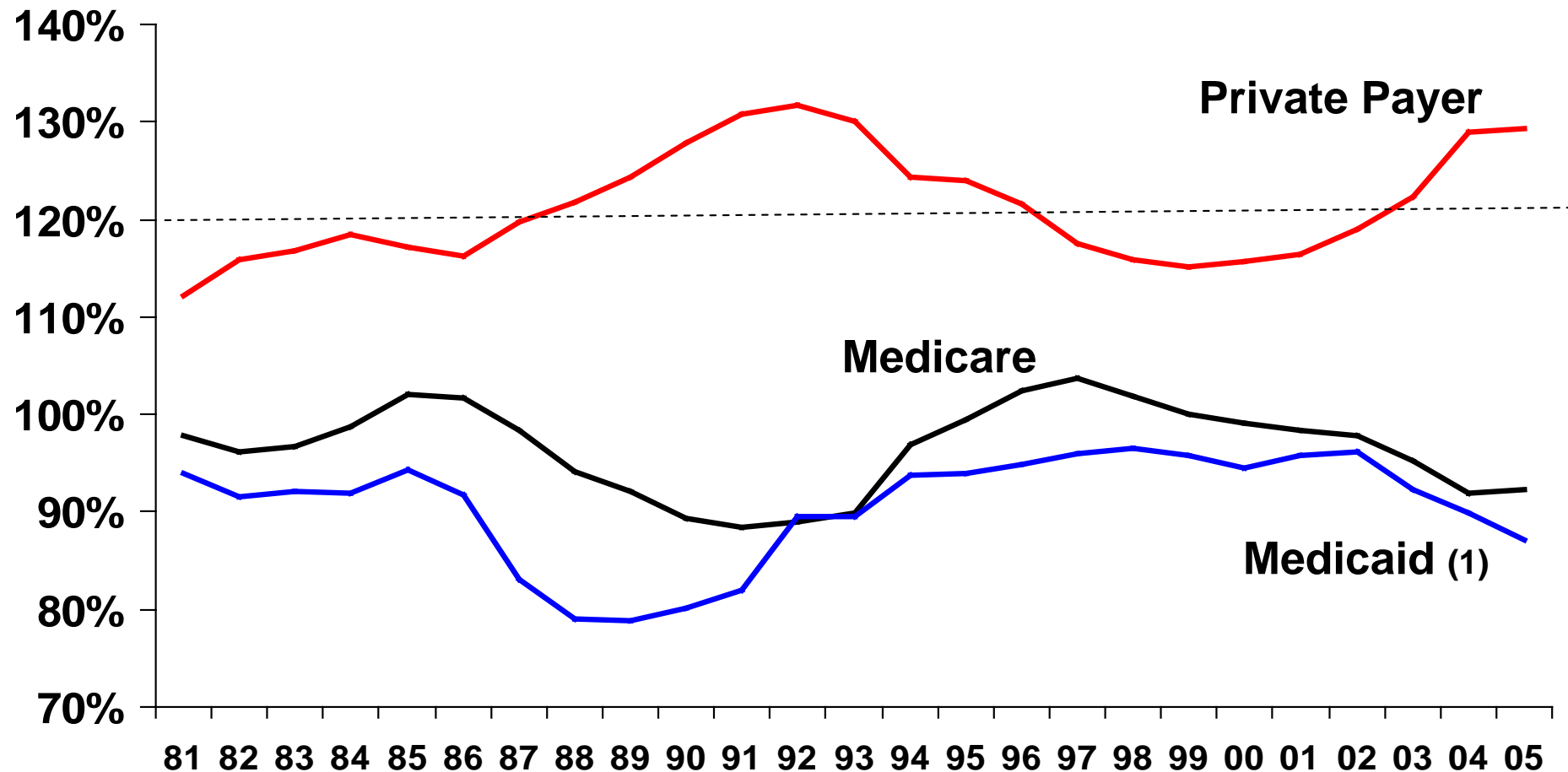
Growth In Uninsured: Low, Moderate, Middle and High Incomes

	2004	2005	2006
	Uninsured (millions)		
Total Population	43.5	44.8	47.0
Children	7.7	8.1	8.7
	Uninsured rates		
Total Population	14.9%	15.3%	15.8%
Low Income (<\$25k)	24.1%	24.2%	24.9%
Low-Moderate (\$25-50k)	19.2%	20.1%	21.1%
Middle Income (\$50-75k)	12.3%	13.3%	14.4%
High Income (\$75k+)	7.3%	7.7%	8.5%

Impact of Cost Shifting from Uncompensated Care, 2005

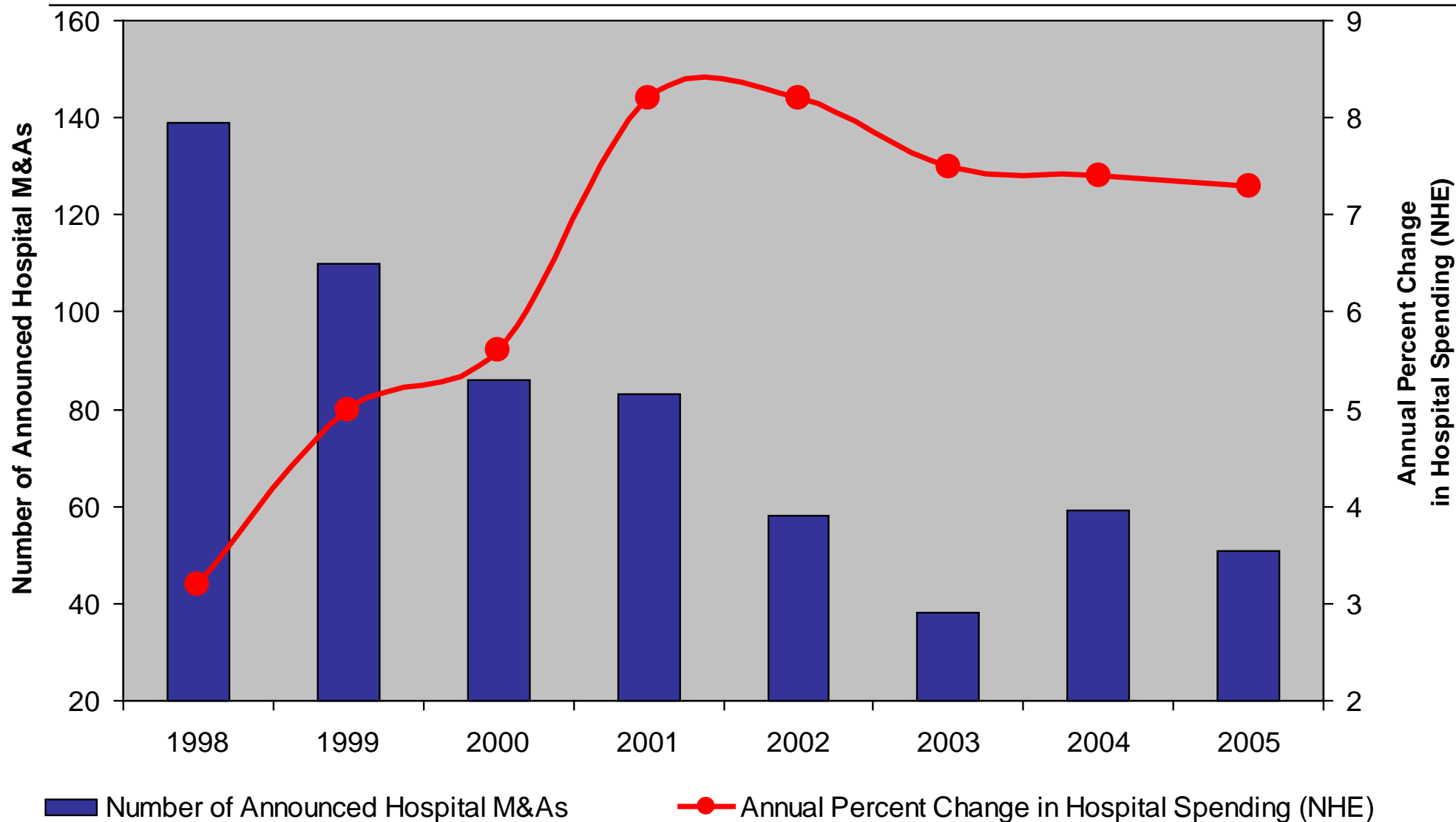


Indications of Under-compensated Care



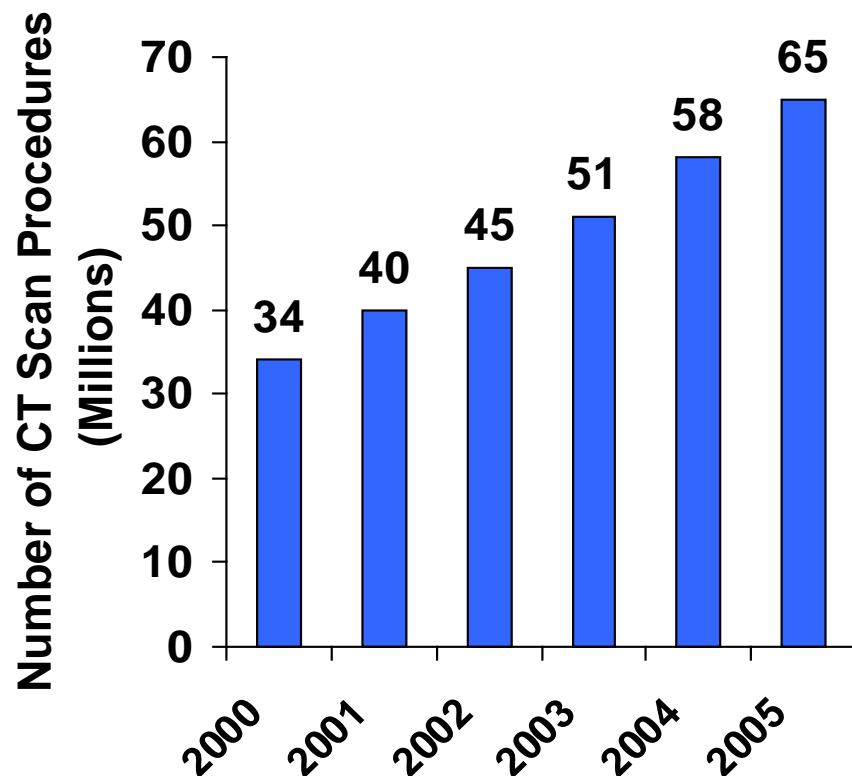
Source: 2007 Chartbook, Trends Affecting Hospitals and Health Systems, April 2007. American Hospital Association. Data by Avalere Health, analysis of AHA Annual Survey data, 2005, for community hospitals.
(1) Includes Medicaid Disproportionate Share payments.

Number of Announced Hospital Mergers & Acquisitions Compared to Annual Percent Change in Hospital Spending (NHE), 1998-2005

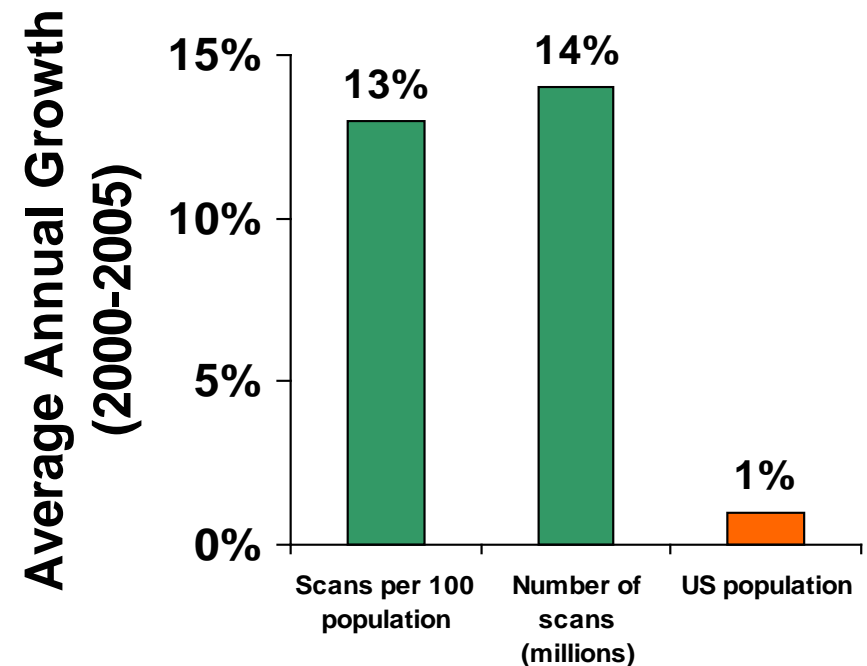


Technological Progress Without Clear Studies of Appropriate Use

**Utilization of CT Scans,
Total, U.S. (2000-2005)**

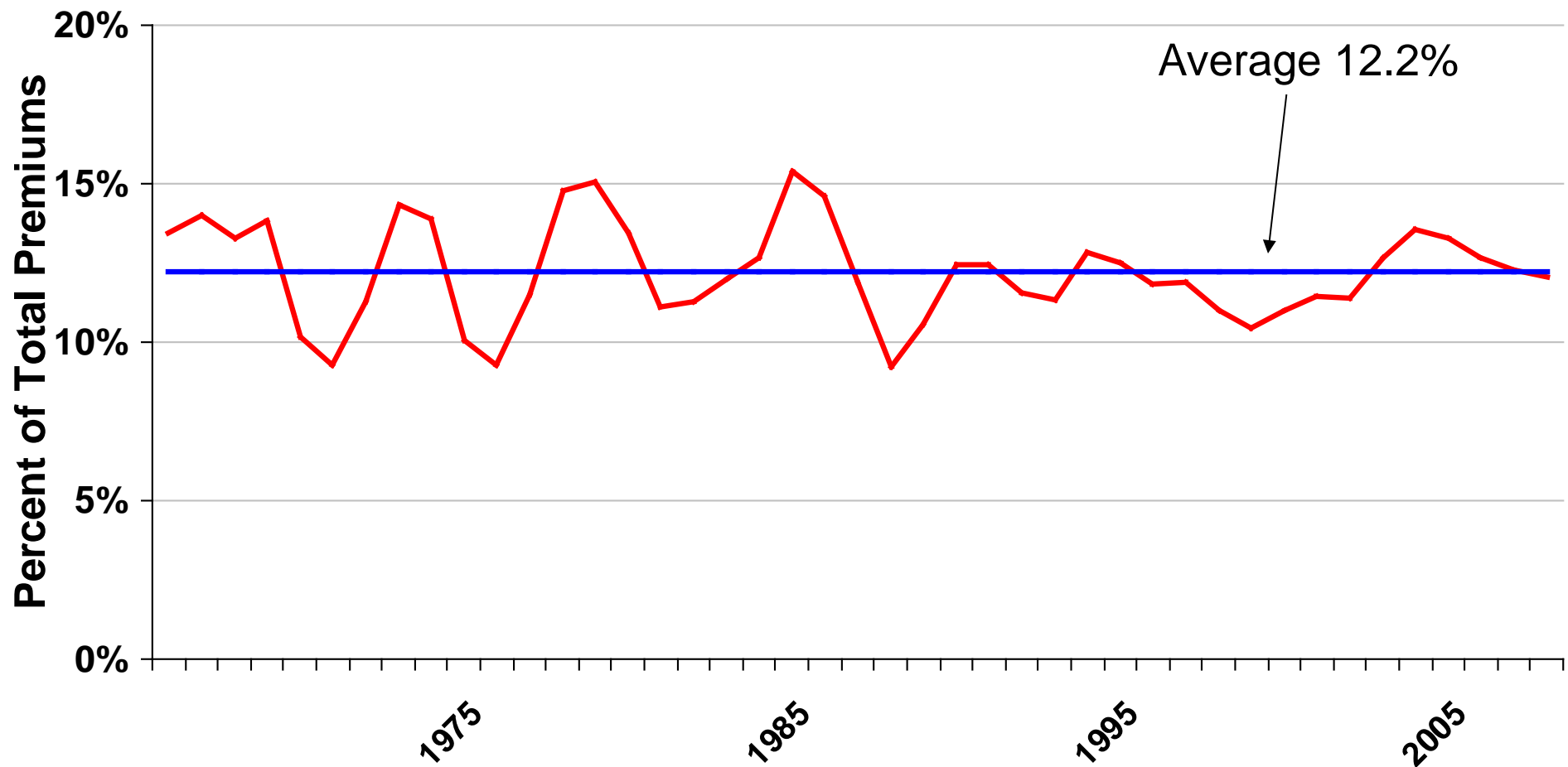


**Average Annual Growth in
Utilization of CT Scans
Compared to Growth in US
Population (2000-2005)**



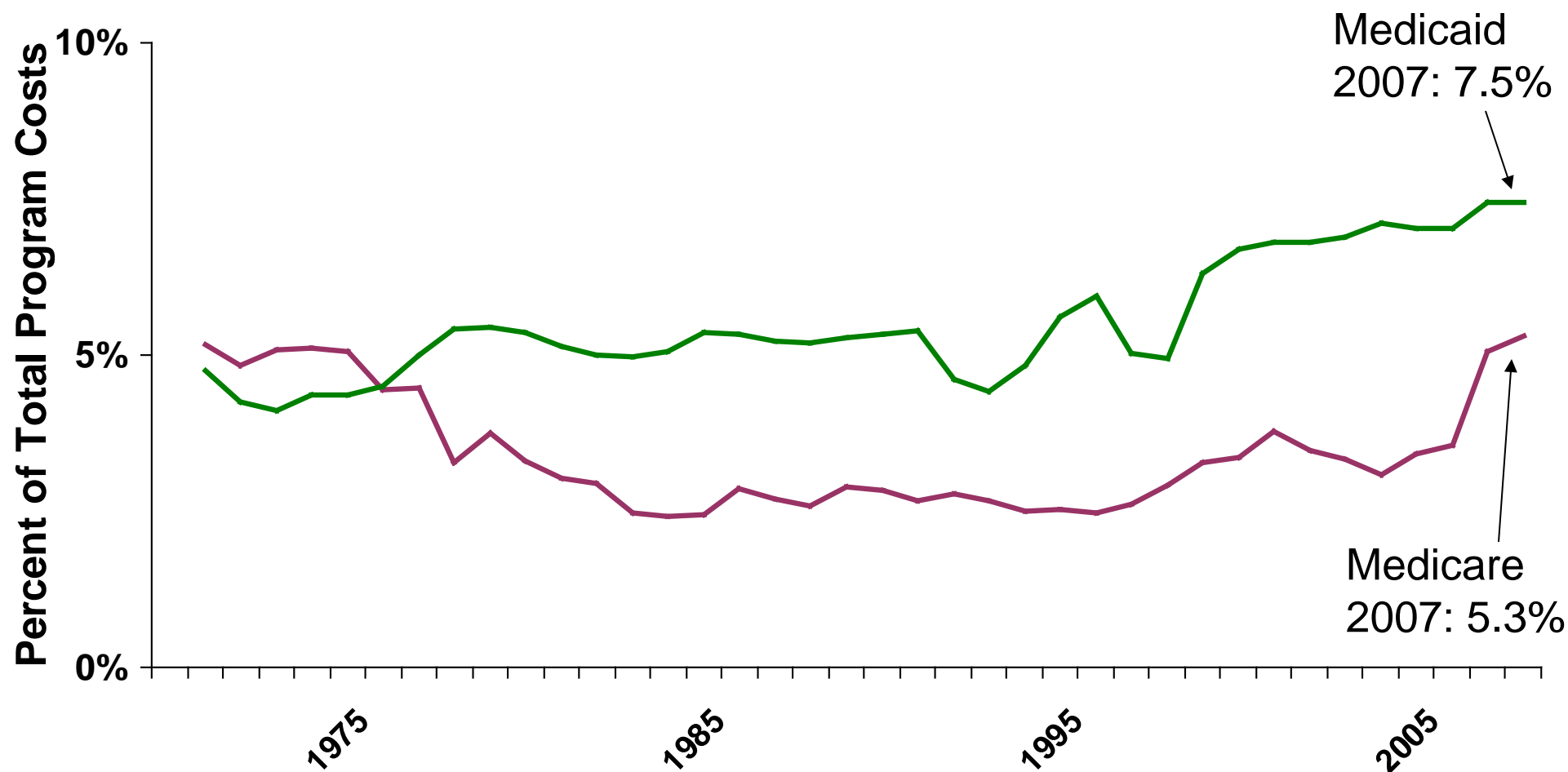
Source: McKinsey & Company: Accounting for the Cost of Health Care in the United States, January 2007 (OECD; Frost & Sullivan; MGI analysis)

Administrative Costs and Taxes: All Private Health Insurance



Source: CMS Office of the Actuary, January 2008

Administrative Costs: Medicare and Medicaid



Source: CMS Office of the Actuary, January 2008



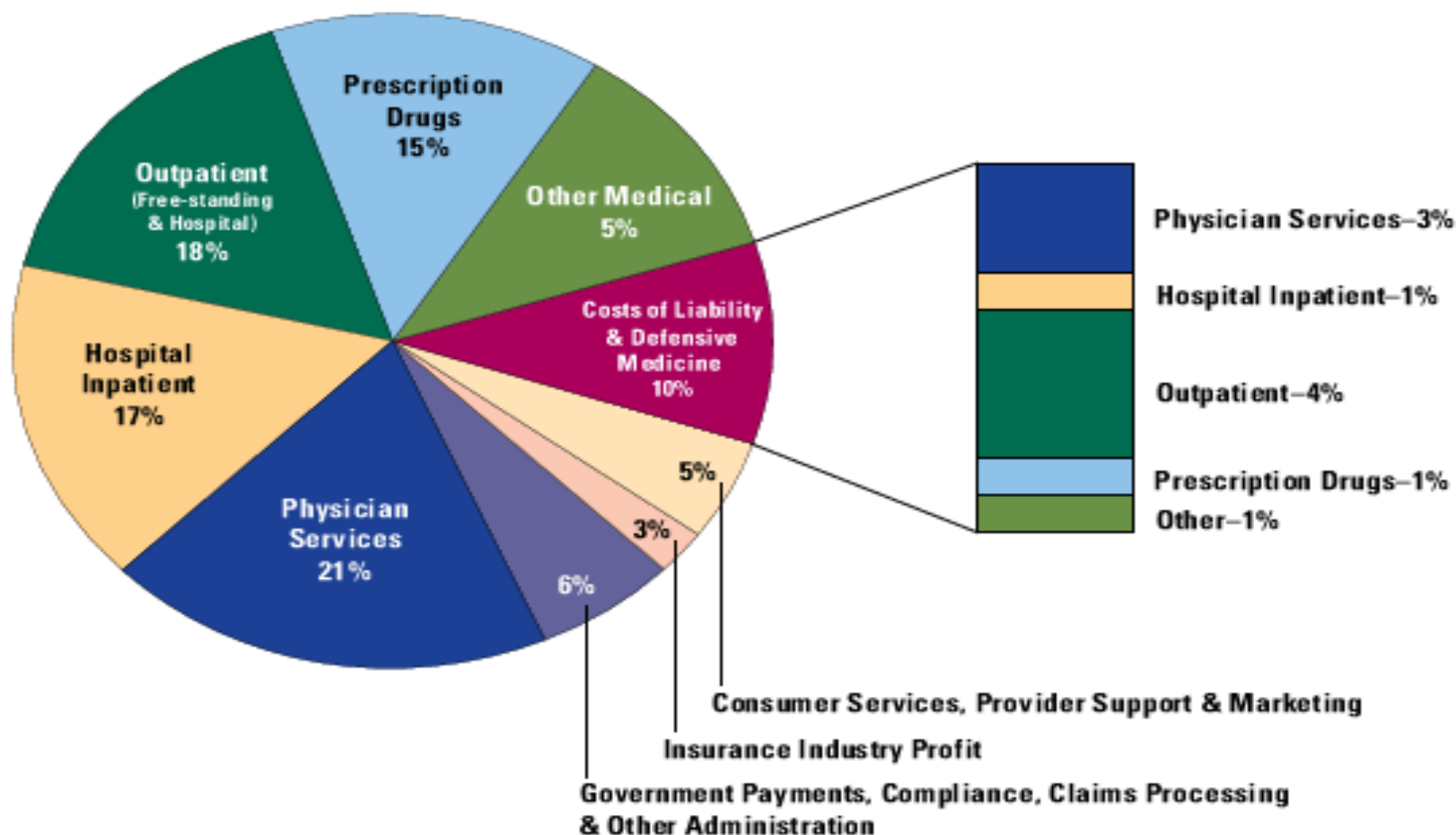
Breaking Down Health Care Cost Increases

Increase in Premium Costs by Component, 2005		
Components	Share	Total Share
Total Premium	8.8%	8.8%
General Inflation	2.4%	2.4%
Healthcare Price Increases in Excess of Inflation (Above CPI)		2.6%
Cost Shifting	0.5%	
Higher Priced Technologies	1.0%	
Broader-Access Plans/Provider Consolidation	1.1%	
Increased Utilization		3.8%
Aging	0.5%	
Lifestyle	0.3%	
New Treatments	1.0%	
More Intensive Diagnostic Testing/Defensive Medicine	0.8%	
Increased Consumer Demand	1.2%	

Source: PricewaterhouseCoopers.

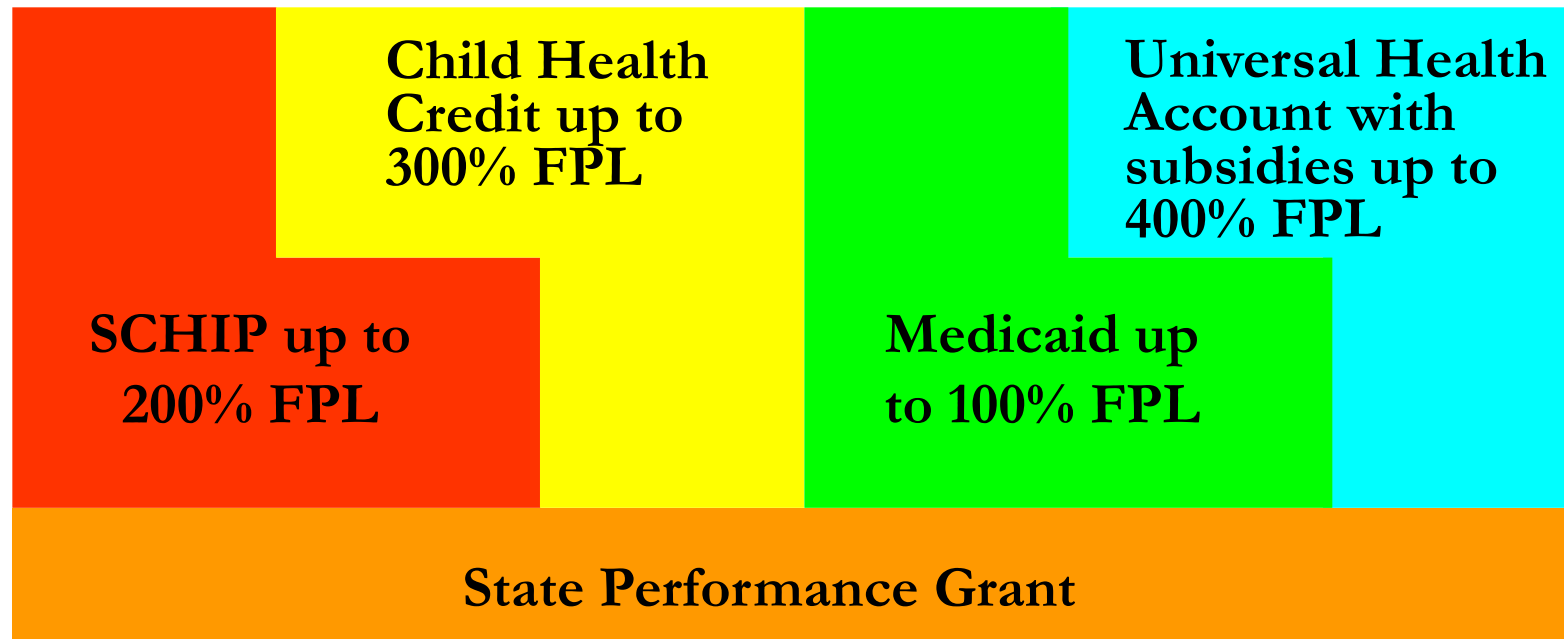
How is the Premium Dollar Spent?

**Estimated Breakdown of Insurance Premiums With Medical Liability
and Defensive Medicine Extracted, 2005**



Source: PricewaterhouseCoopers. Adapted from Centers for Medicare & Medicaid Services, National Health Accounts, 2005 and Midwest Business Group on Health, April 2003.

AHIP Proposal to Expand Health Insurance to All Americans



AHIP: Reauthorize and Expand SCHIP



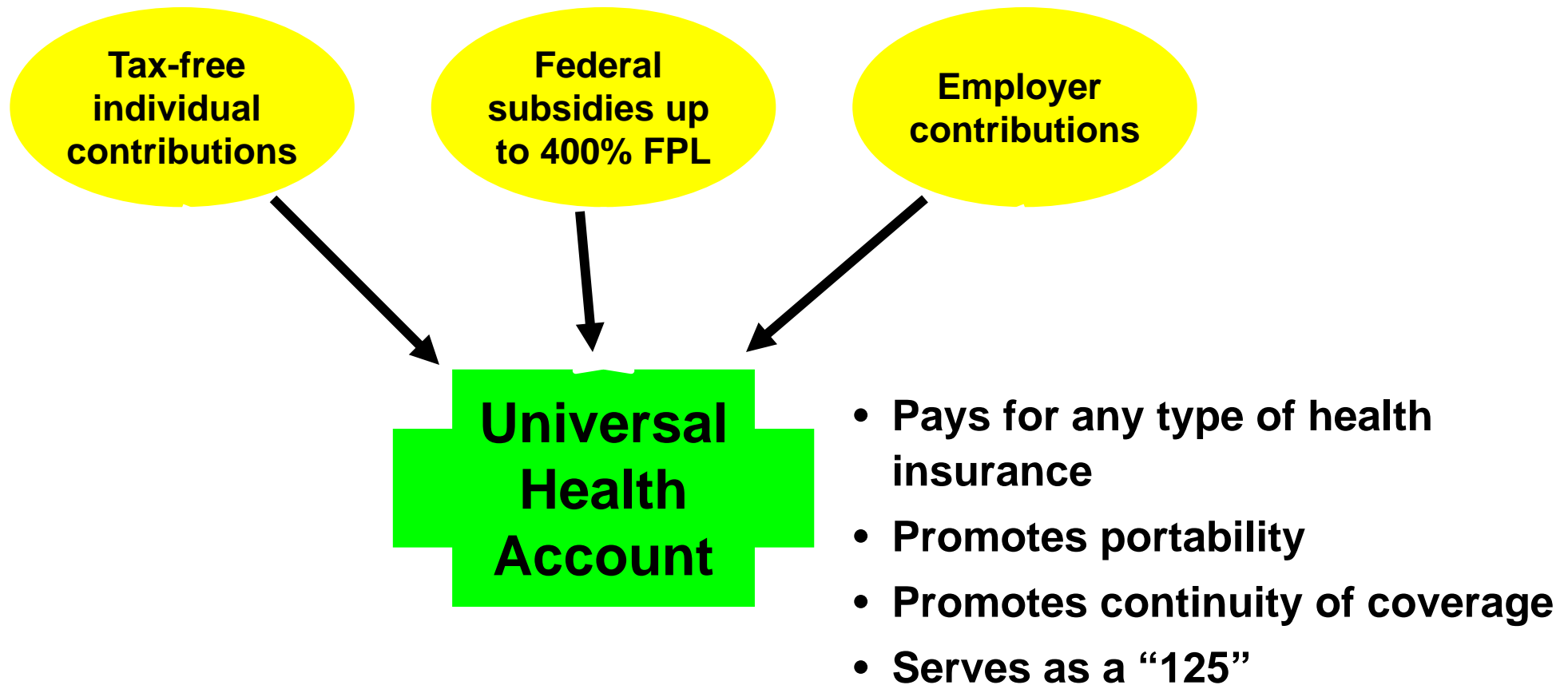
- Increase SCHIP funding to help states cover projected shortfalls (at minimum funding to cover all children to 200 percent of FPL)
- Improve the environment for Premium Assistance
- Provide incentive funding for improving quality

AHIP: New Health Tax Credit for Children



- Encourage parents to maintain coverage for their children
- Proposal: \$200 per child / \$500 per family

AHIP: Tax-Free Universal Health Account



AHIP: State Performance Grant Program

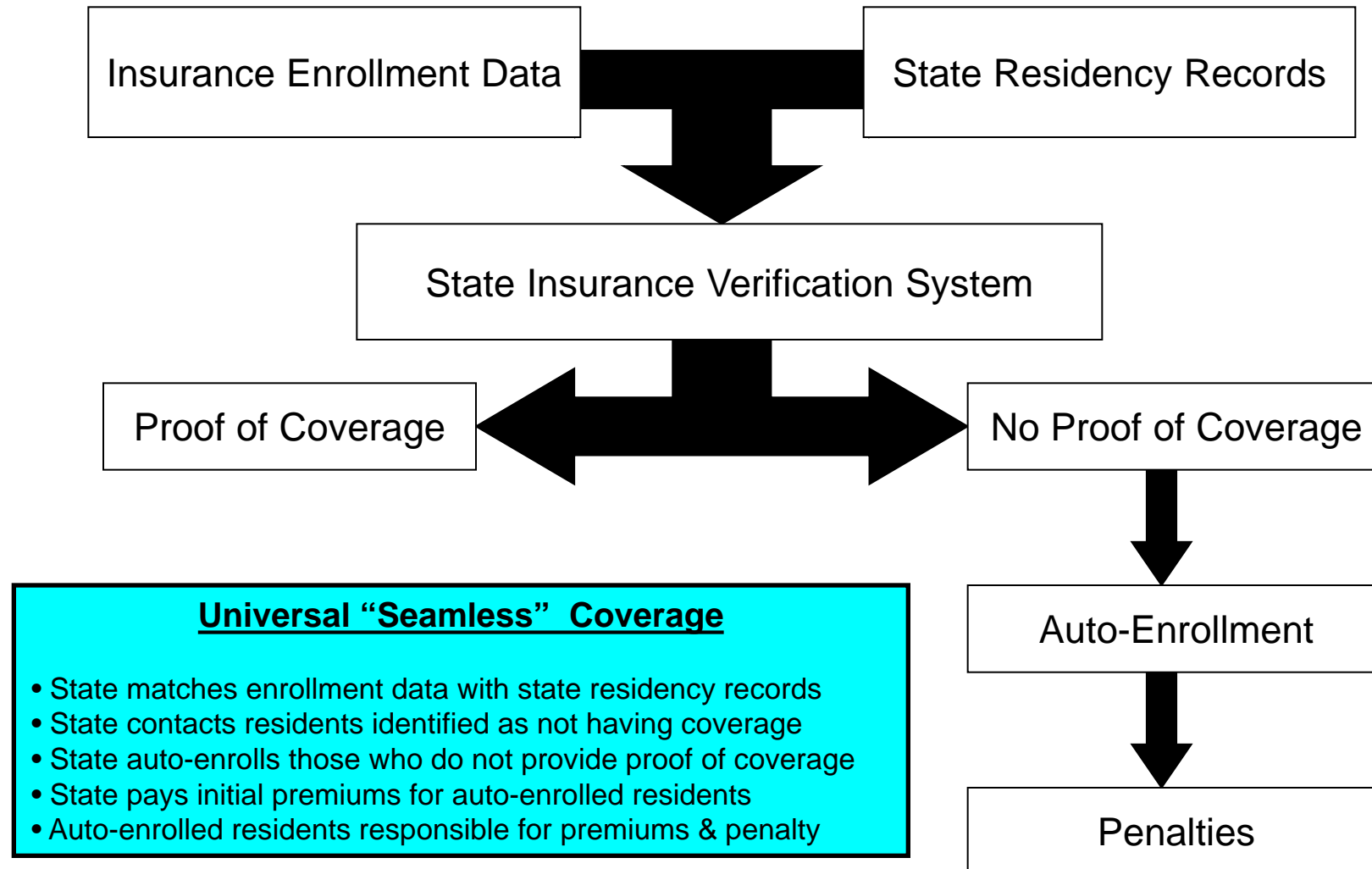
- \$50 billion seed money over 10 years to assist states in expanding access
- States would submit plans to achieve coverage goals:
 - Ensure affordable coverage
 - Ensure availability of coverage
 - Establish Medicaid to FPL
 - Improve quality and reducing costs
 - Establish healthy living incentives

For each proposal, majority support extends to Americans of each party.

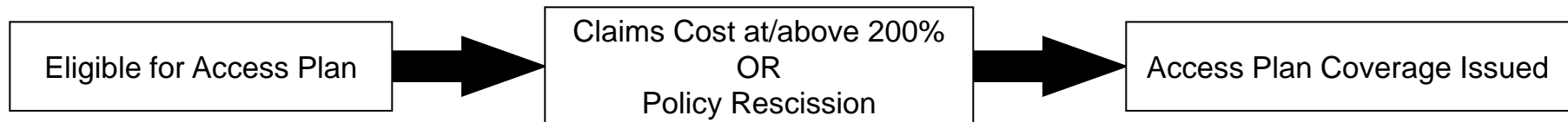
<i>Ranked by Percent "Support"</i>		<i><u>Rep</u></i>	<i><u>Ind</u></i>	<i><u>Dem</u></i>
Giving a federal tax credit to low and moderate income parents	85%	83%	83%	88%
Increasing funding for health insurance program for children	77%	65%	75%	89%
Providing grants from the federal government	71%	59%	69%	82%
Having the federal government match contributions	69%	63%	67%	77%
Giving federal tax deduction for purchase of private insurance	69%	75%	69%	68%
Expanding the federal government's Medicaid program	69%	54%	67%	82%
Establishing a tax-free Health Account for all Americans	65%	66%	64%	65%

Question: Now I am going to read some different ideas that some people have proposed for providing health care coverage for people who are currently uninsured. Would you please tell me if you support or oppose each idea.

Responding to State Universal Participation Proposals



State Guarantee Access Plans



Guarantee Access Plan Coverage

- Premium is 150% of standard market rate
- One-time open enrollment with no pre-existing condition exclusions
- No pre-existing condition exclusions if continuous coverage
- One-time agent compensation fee
- Providers paid Medicare rates
- Range of deductibles and cost-sharing amounts
- Rating factors and benefit package mirror the private market

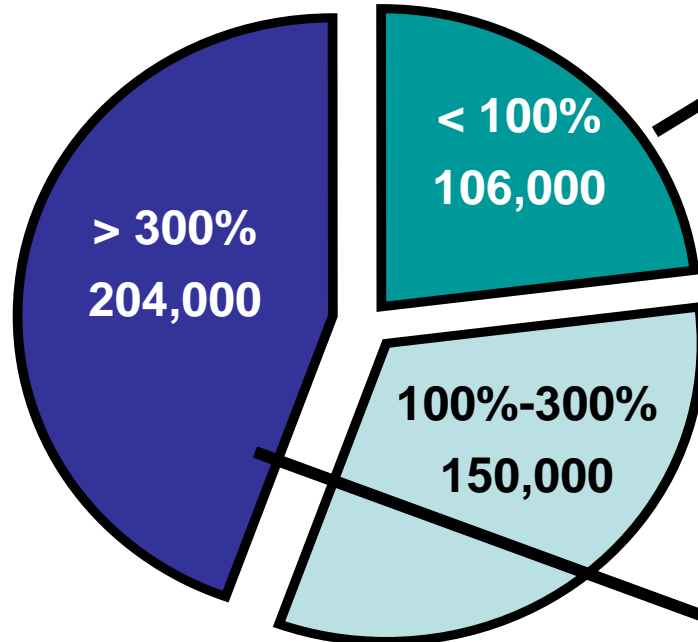


Private Market Guaranteed Coverage

- Premium capped at 150% of standard market rate
- Health plans accept up to specified threshold - after all reach threshold, it is reset
- Benefit package similar to access plan and other private market coverage

State-Based Reform: Massachusetts

**Massachusetts
Uninsured by Income
(as a % of poverty)**



Total Uninsured Population = 460,000 (7.2% of total)
Total Population = 6,400,000

- Medicaid-eligible but not enrolled
- Outreach
- Mandatory enrollment

- Affordable Products
- Sliding Scale Premium Subsidies
- Insurance Connector

- Affordable Products
- Insurance Connector

**Individual
Mandate to
Carry
Health
Insurance**

Governor Schwarzenegger

Original Proposal

- Individual Mandate with Subsidies
 - Medi-Cal or SCHIP to 300% of Poverty for Kids
 - Subsidies under 250% of Poverty
 - Purchasing Pool for Subsidized People
- Employers With 10+ Workers: Coverage or “In Lieu” Fee of 4% of Payroll
- Increased Medi-Cal Reimbursement
- “Coverage Dividend:” 4% of Revenues for Hospitals
- Section 125 and HSA Contribution Improvements
- Cost, Quality, Wellness Provisions