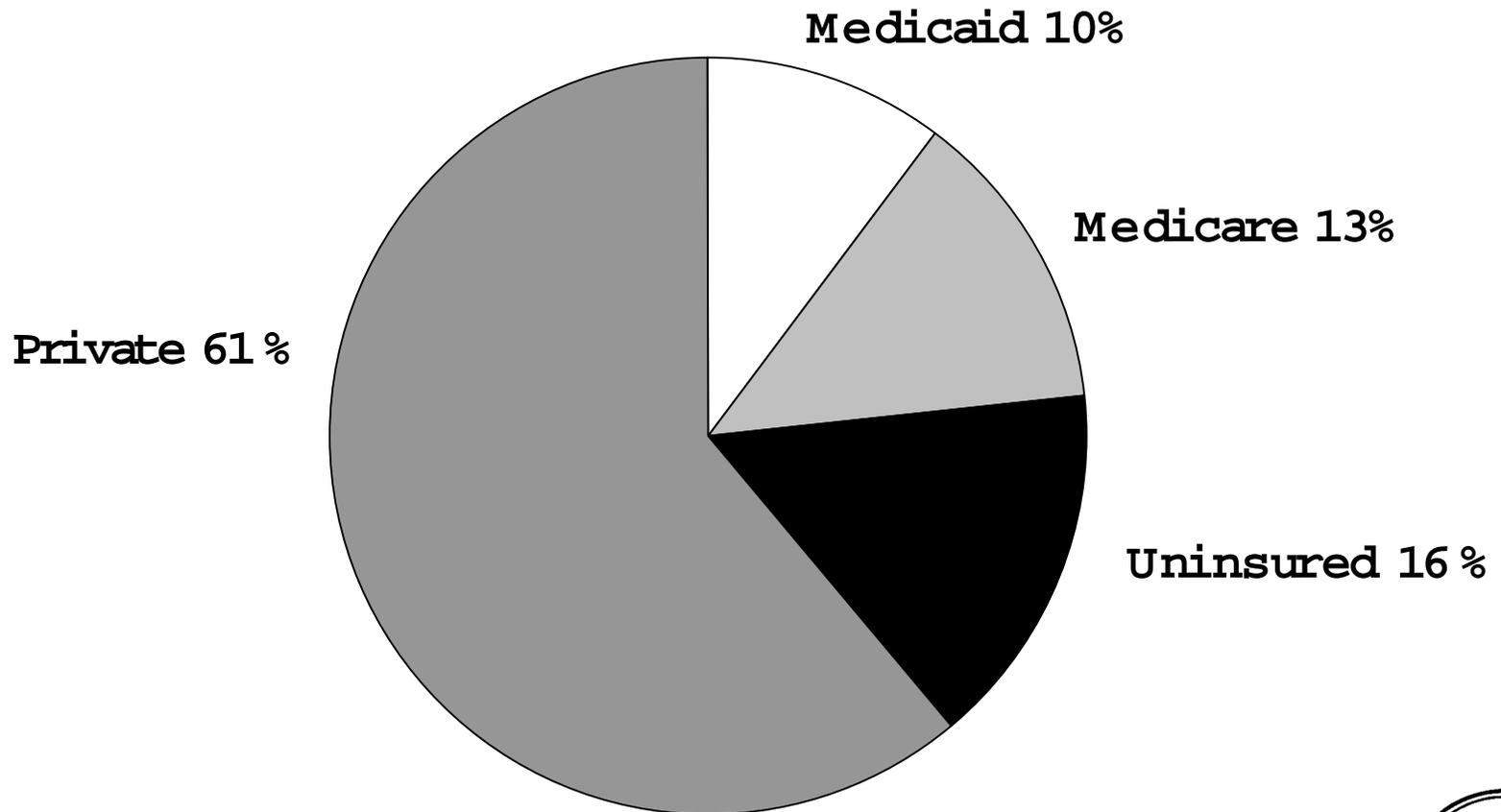


Health Insurance Coverage, 1999

42.6 million uninsured



Source: U.S. Census Bureau, March 2000 Current Population Survey.



Source of Primary Health Insurance by Poverty Level, 1999

In Millions, Under Age 65

	Total	Em ployer- Based Coverage	Public Coverage	Individual Coverage	Uninsured
Total	241 .4	157 .7	27 .4	14 .2	42 .1
Under 100% of Poverty	36 .7	6 .3	13 .5	2 .7	14 .2
100% -199% of Poverty	42 .8	19 .4	7 .7	3 .2	12 .4
200% -399% of Poverty	72 .8	54 .6	4 .1	4 .3	9 .8
400% of Poverty of Higher	89 .1	77 .3	2 .0	4 .0	5 .7

Source: Estimates for The Commonwealth Fund Task Force by S Glied, Columbia University based on March 2000 Current Population Survey. If more than one source in year, classified as employer first, then public, then individual.



Number of Uninsured by Age and Poverty Level, 1999

(In Millions)

	Total	Under 100% of Poverty	100% - 199% of Poverty	200% - 399% of Poverty	400% of Poverty or Higher
Total	42.1	14.2	12.4	9.8	5.7
Under age 19	10.8	3.7	3.4	2.5	1.2
Ages 19-44	23.0	8.0	7.1	5.3	2.7
Ages 45-54	4.9	1.4	1.2	1.2	1.0
Ages 55-64	3.4	1.0	0.8	0.8	0.3

Source: Estimates for The Commonwealth Fund Task Force by S Glied, Columbia University based on March 2000 Current Population Survey.



Number of Uninsured by Health Status and Poverty Level, 1999

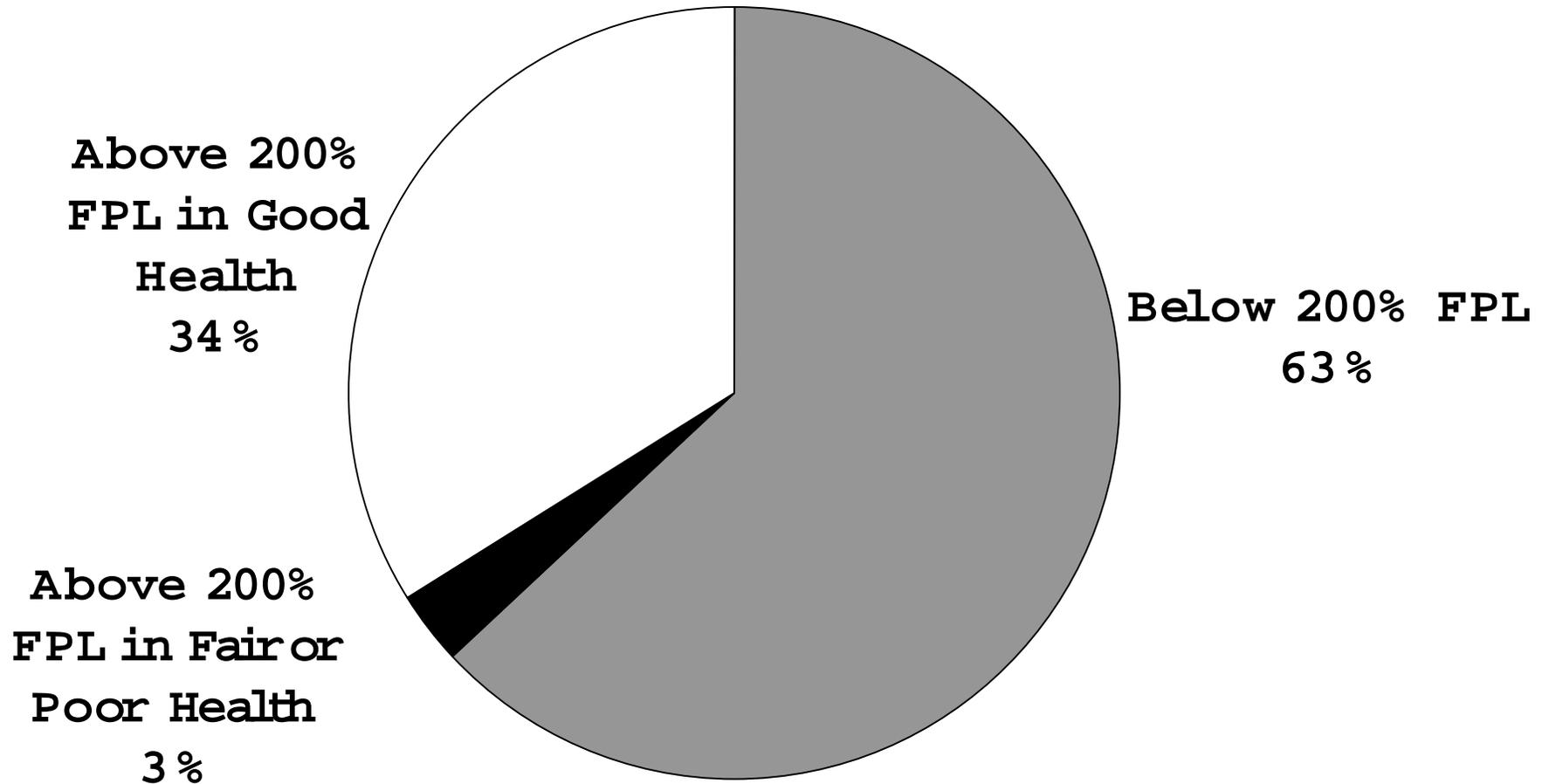
(In Millions)

	Total	Under 100% of Poverty	100% - 199% of Poverty	200% - 399% of Poverty	400% of Poverty or Higher
Total	42.1	14.2	12.4	9.8	5.7
Excellent	13.1	3.8	3.8	3.3	2.2
Very Good	13.4	4.2	4.1	3.2	1.9
Good	11.4	4.3	3.4	2.6	1.2
Fair or Poor	4.2	1.9	1.2	0.8	0.4

Source: Estimates for The Commonwealth Fund Task Force by S Glied, Columbia University based on March 2000 Current Population Survey.



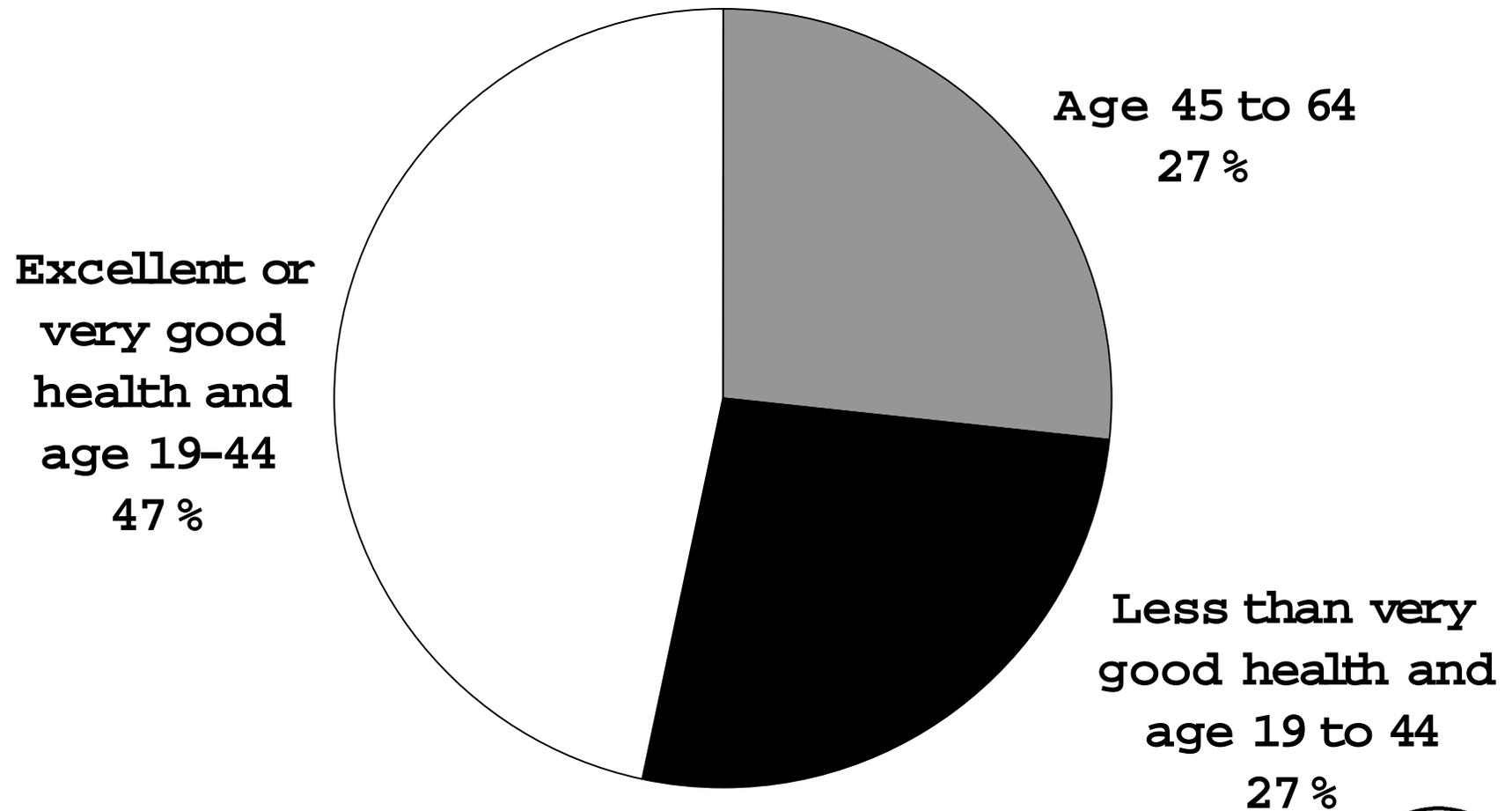
Two-Thirds of Uninsured Adults Are at Risk Due to Low Income or Poor Health



Source: Commonwealth Fund Task Force estimates by S. Glied et al. Columbia University, based on March 2000 CPS.



Most Uninsured Adults Are at Risk Due to Age or Health



Source: Commonwealth Fund Task Force estimates by S. Glied et al. Columbia University, based on March 2000 CPS.



Public Programs Work

- Makes coverage affordable for elderly, disabled, and low-income families
- Pools risks — Medicare's social insurance feature provides automatic cross-subsidies from rich to poor, well to sick
- Medicare is well-liked by beneficiaries and allows a choice of fee-for-service or managed care options
- Medicare and Medicaid administrative costs are low — less than 2 percent
- Medicare has been a leading innovator in provider payment reform and quality standards for managed care plans



Public Programs Cover the Poor, Elderly, Disabled, and Sick

- Medicare and Medicaid cover over 70 million people — one-fourth of all Americans
- Government programs account for 44 percent of \$1 trillion health care outlays
- Medicare and Medicaid accept the highest risk patients often excluded from private coverage
- Removing the sickest two percent from individual coverage reduces premiums by over 20 percent — public programs help private insurance market work

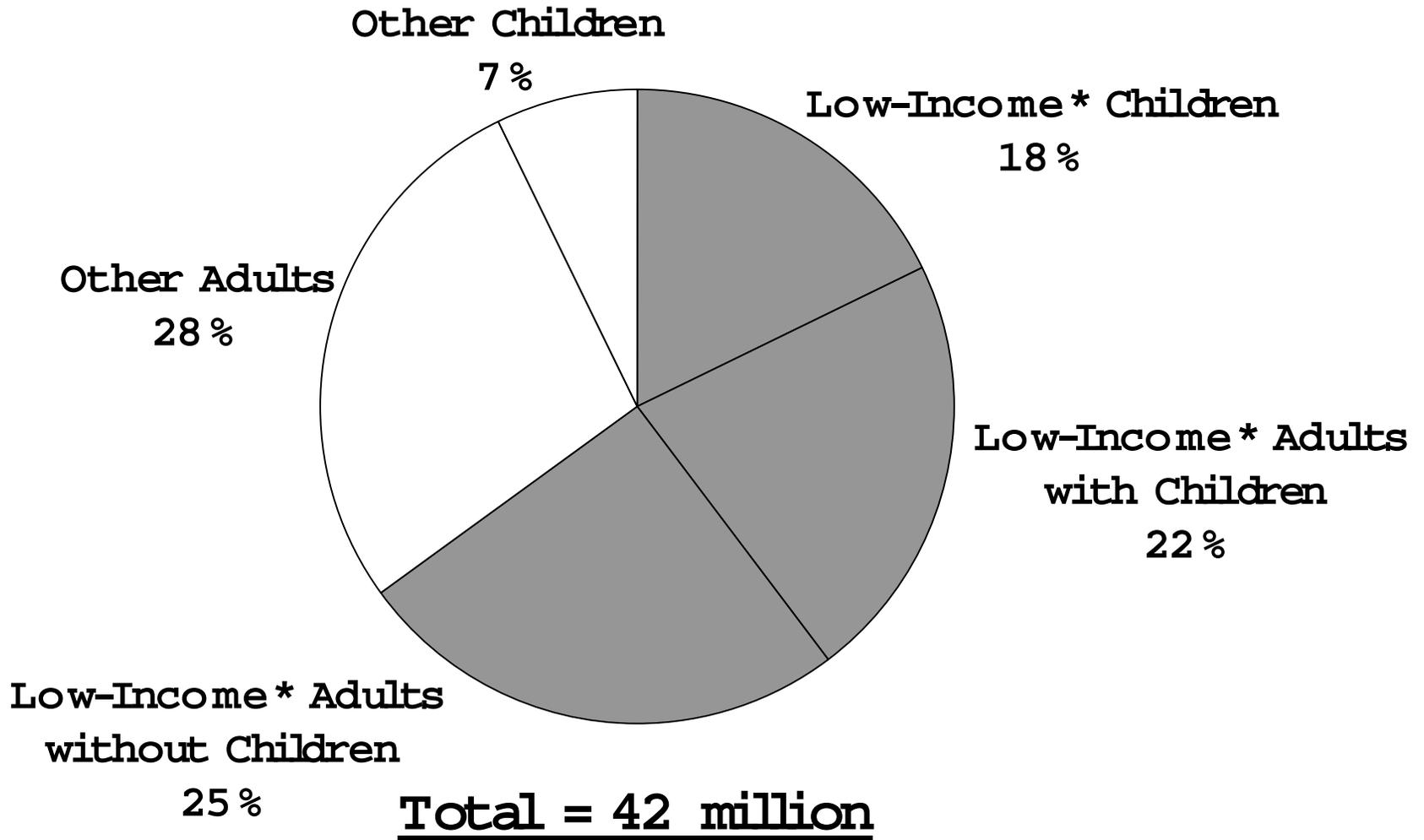


Individual-Based Insurance

- Weakest and smallest part of current health insurance system
- Only 6 percent of Americans under age 65 rely primarily on individual coverage
- High premium costs relative to group insurance — 30-50 percent higher premiums, high loading factor
- Screens out high-risk and sick individuals or charges substantially higher premiums for coverage
- Premiums vary by age, geographic location, and health status; hard to adjust tax credits for these factors



The Uninsured Population, 1999



*Low-income defined as < 200 % of poverty level, or \$26,580 for a family of three in 1999.

Source: Rowland, et. al., *Building on Medicaid to Cover the Low-Income Uninsured*, The Kaiser Commission on Medicaid and the Uninsured, December 2000.



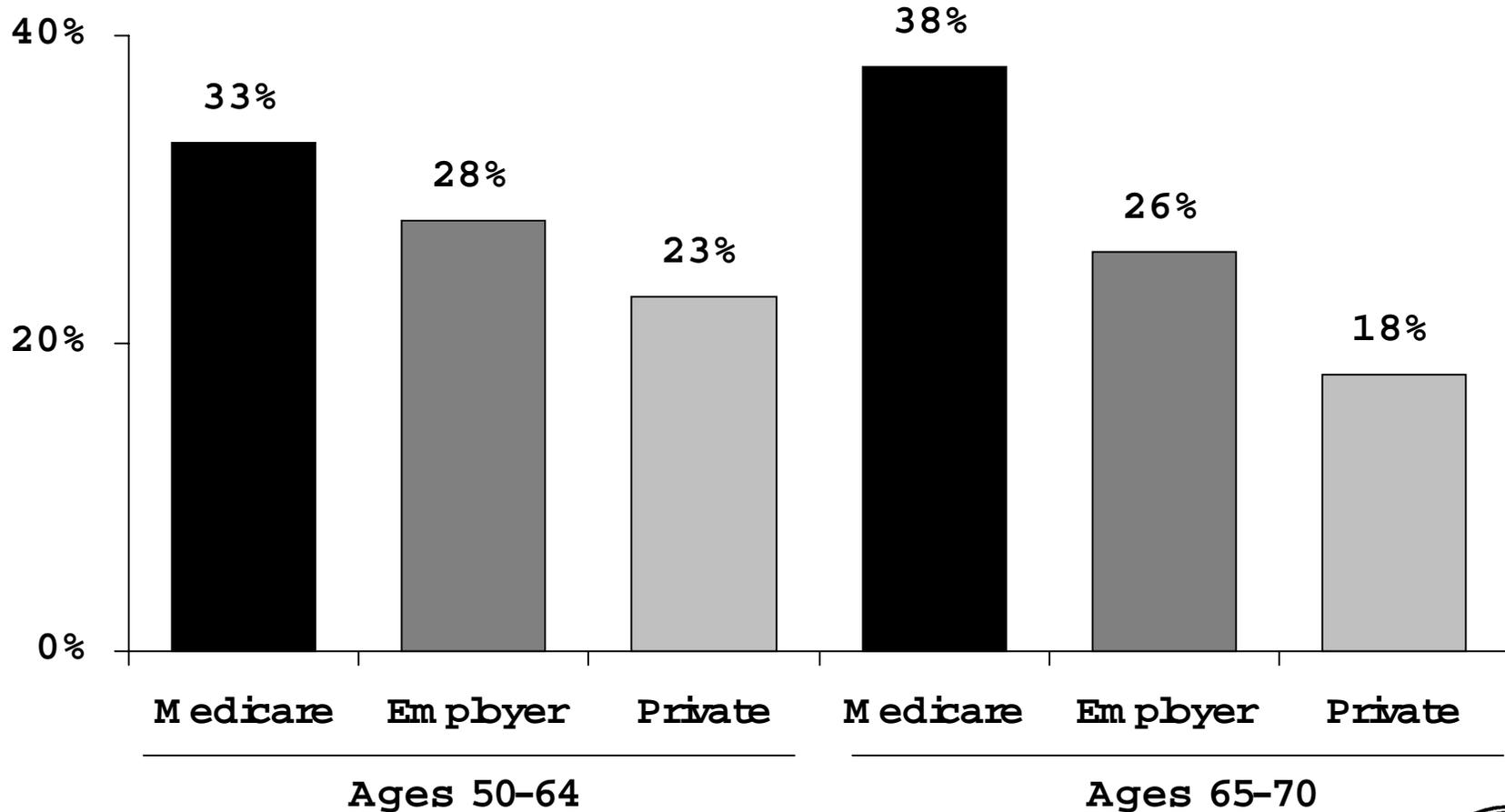
Expand Medicaid-CHIP

- Cover parents where children are covered
 - 3.2 million newly covered parents below 100% poverty, including 2.2 million currently uninsured
- Expand Medicaid to uninsured family members of Medicaid-disabled (special needs children and disabled adults)



Which Would You Trust More to Insure Adults Age 50-64?

Percent of adults who said they would trust...

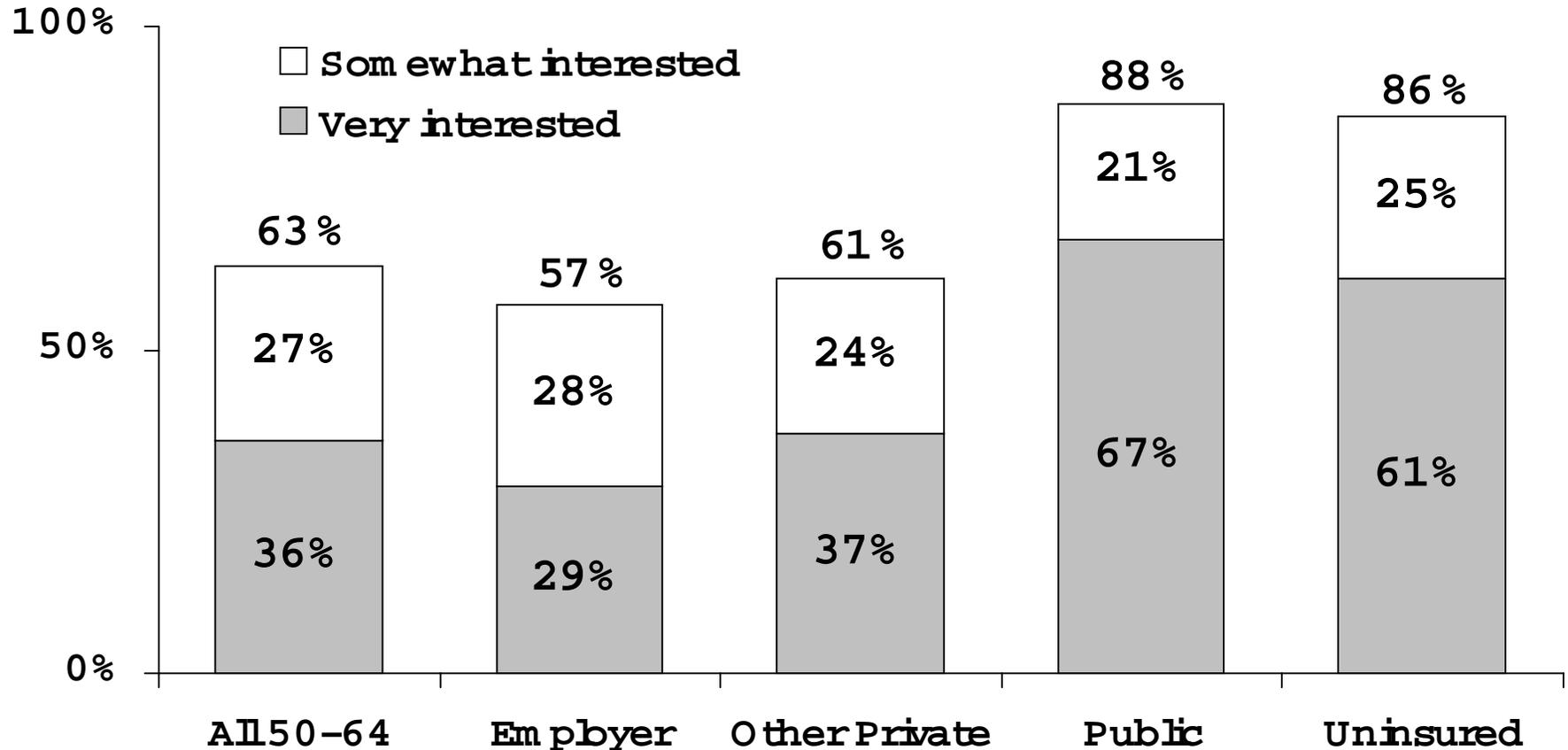


Source: Commonwealth Fund 1999 Health Care Survey of Adults Ages 50 to 70.



Many Older Adults Are Interested in Getting Medicare Before Age 65

Percent of adults ages 50 to 64* interested in coming into Medicare early



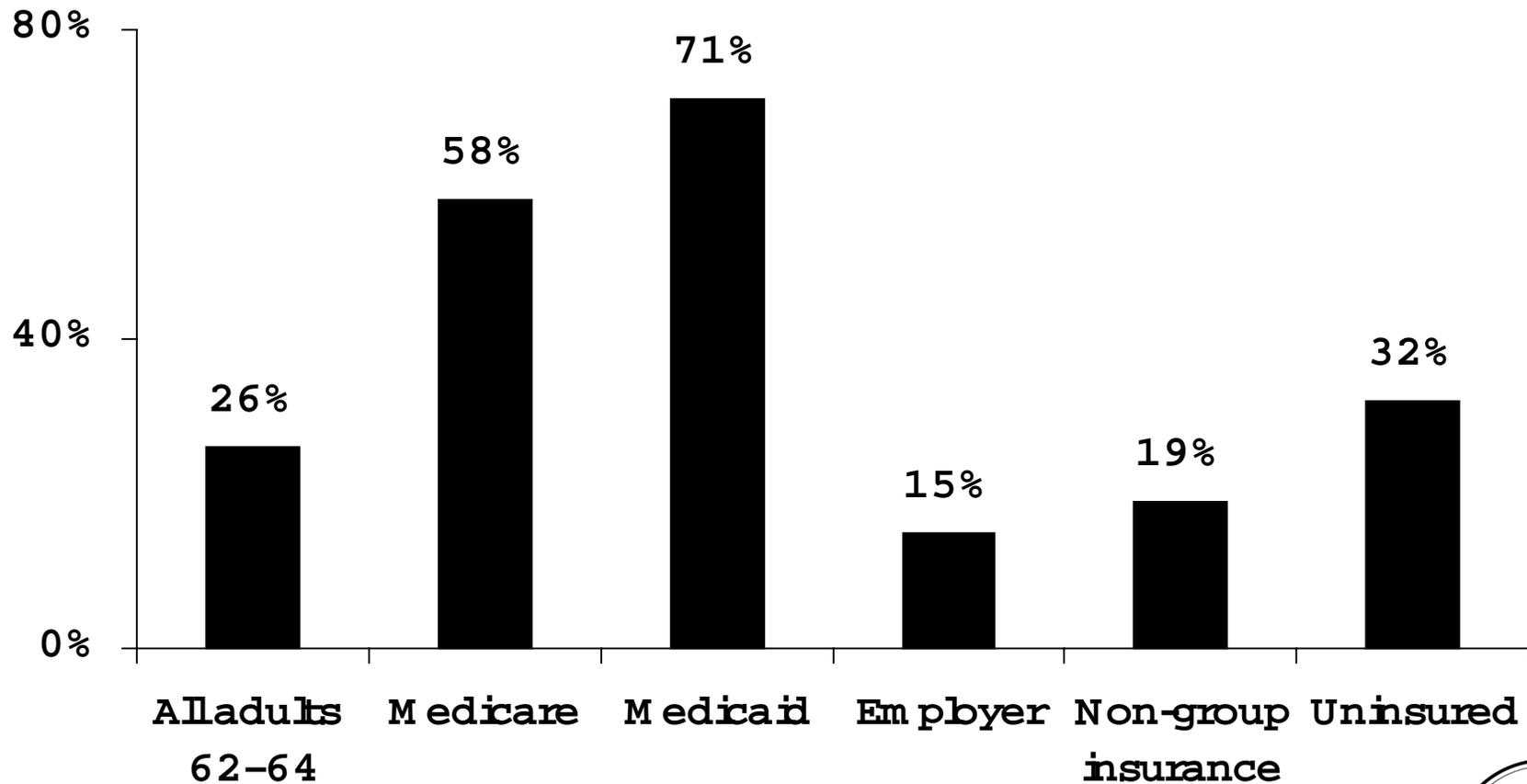
* Not currently on Medicare.

Source: Commonwealth Fund 1999 Health Care Survey of Adults Ages 50 to 70.



Adults Ages 62 to 64 in Fair or Poor Health by Primary Insurance Source

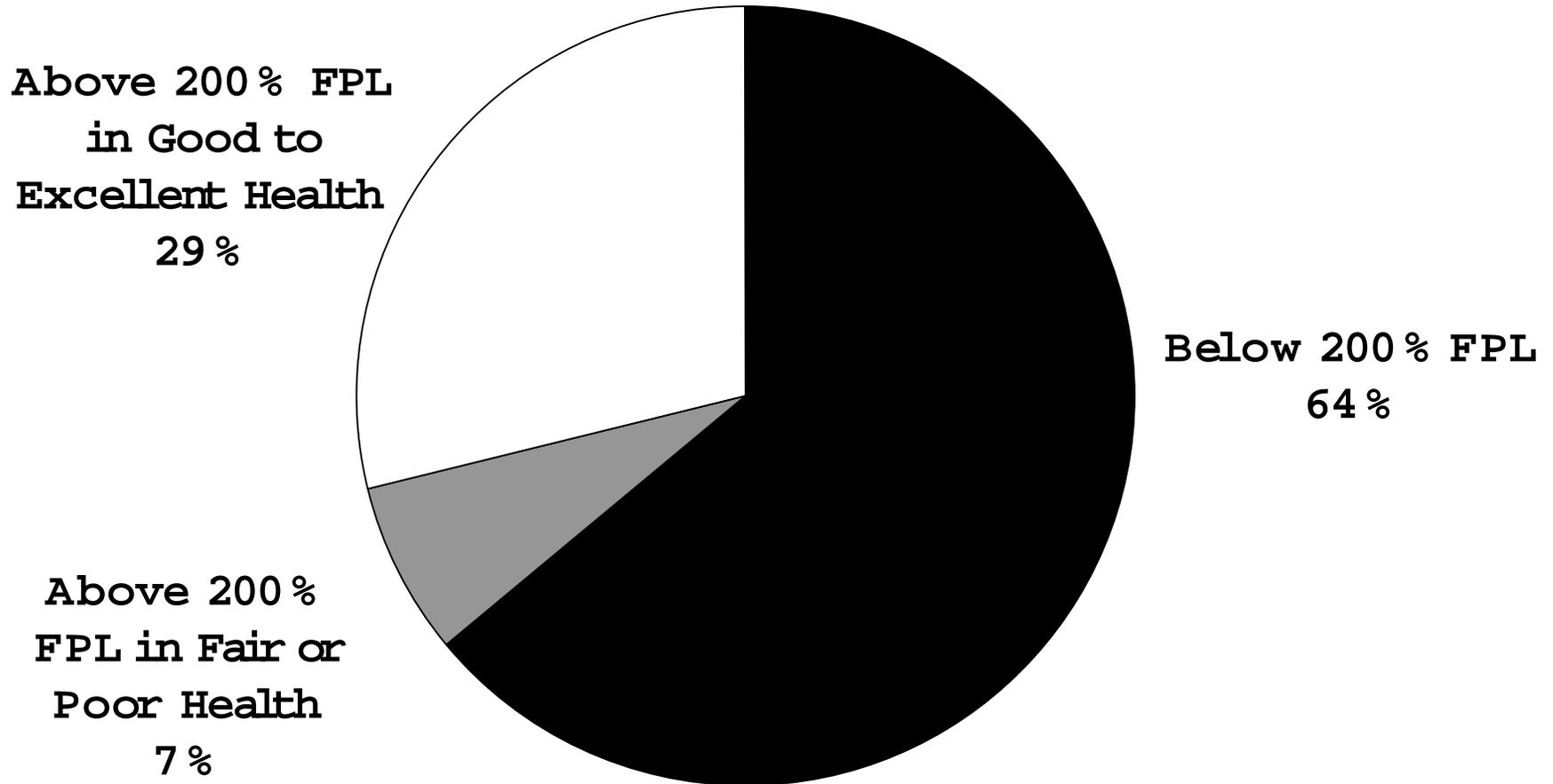
Percent who reported their health to be fair or poor



Source: Shields and Chen, *Medicare Buy-in Options: Estimating Coverage and Costs*, The Commonwealth Fund, March 2001.



Uninsured Adults Ages 62 to 64 by Income and Health Status



864.4 thousand uninsured

Source: Shields and Chen, *Medicare Buy-in Options: Estimating Coverage and Costs*, The Commonwealth Fund, March 2001.



Expand Medicare

- Premium assistance to cover older and sicker uninsured under Medicare
 - Uninsured adults age 55 and over (3.4 million)
 - Dependents of elderly Medicare beneficiaries (600,000 uninsured spouses and dependent children)
 - Uninsured family members of disabled-Medicare beneficiaries
 - Uninsured sick and disabled not now covered by Medicare including elimination of two-year waiting period and broadening disability eligibility to those who can't obtain or afford private coverage (3.7 million)



Employer Sponsored Insurance: Current Role

- Insures 2 out of 3 people under 65 — 158 million people
- Accounts for 30 % of all personal health expenditures;
50 % of physician expenditures
- Employer sponsored coverage pays \$300 billion of the
\$1 trillion health bill
- Employers pay 86 percent of single employee
premiums and 73 percent for family coverage on
average
- Important source of retiree supplemental coverage for
34 percent of Medicare beneficiaries

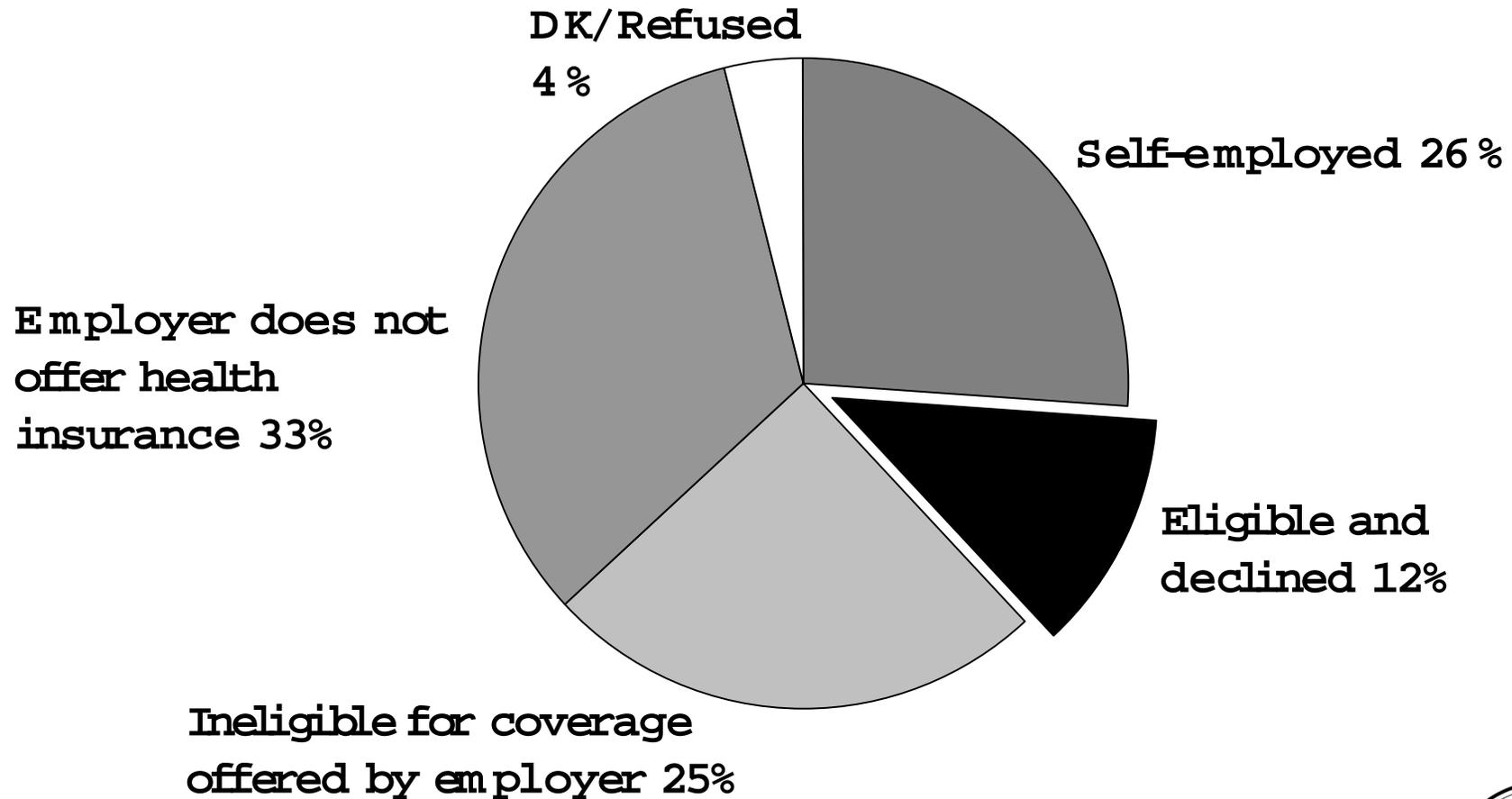


Employer Sponsored Insurance: Major Strengths

- **Affordability:** employer share of premium makes coverage affordable for most workers
- **Best buy:** employer coverage is 30-50 percent less expensive than individual coverage
- **Risk pooling:** pools risk across age and health status, a natural group not based on health
- **Participation:** payroll deduction makes signing up and participating "easy", leading to high participation rates
- **Administrative costs:** group coverage lowers administrative costs compared to individual market
- **Employee agent:** employers sponsor and oversee plans; intervene in disputes
- **Quality:** fosters quality innovations and choice



12 Percent of Uninsured Workers had an Opportunity to Get Employer-Based Coverage and Declined Largely Because Unaffordable



Uninsured Workers



Source: The Commonwealth Fund 1999 National Survey of Workers' Health

Improving Link between Public Programs and Employer Coverage

- Permit low-wage employers to buy into Medicaid and CHIP or use Medicaid/CHIP funds to pay premiums for low-wage workers and dependents under employer plans
- Open up Federal Employees Health Benefits Plan option to self-employed and small businesses
- Open up Medicare to employers with older workers or early retirees
- Make enrollment in employer plans automatic for all workers and their dependents and provide premium assistance to employers to cover part of premiums for low-wage workers
- These options could expand coverage to 5 to 13 million uninsured workers and family members

