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PRESS RELEASE

SENATE FINANCE COMMITTEE HEALTH PLAN FALLS FAR SHORT OF CLAIMS, NEW STUDY FINDS

LESS THAN 25% IMPROVEMENT OVER TODAY'S CRISIS

The Senate Finance Committee's health care reform bill would fall far short of its stated goals, with 1.8 million Americans losing health insurance each month, according to a report issued today by the consumer health advocacy organization Families USA. This would be less than a 25% improvement over the current 2.25 million who lose insurance each month.

Middle class working families would be hardest hit by the weaknesses of the Finance Committee bill, according to the report.

Some members of the Senate Finance Committee have claimed that their bill is designed to make sure that at least 95 percent of the country has insurance by the year 2002. The Families USA report is the first to assess whether that goal is realistically achieved by the Committee's bill, and it found that, at best, the bill would leave 23 million Americans without health insurance, primarily in middle class working families.

According to the report, the Committee's bill falls far short of its goals even if the bill is fully financed. In fact, the bill has an apparent shortfall of $80 billion to $100 billion over the next five years. The legislation would automatically require cuts in subsidies if this shortfall occurs, causing additional millions of additional people to lose insurance, according to the report.

The report concludes that the Finance Committee bill might provide significant help to the poor and near-poor, but would provide very little help to middle class families. Only ten percent of the middle class who don't have insurance would receive insurance by the year 2002, according to the study's findings.

"Calling this a 95% solution is just false advertising. It's no better than a 25% solution, that would guarantee full security to no one, and would leave most of those at risk today still at risk tomorrow," Pollack said.

"It's a hollow promise that would leave the middle class unprotected. Why shouldn't Congress just give all Americans the high quality health security Congress has voted for itself?" Pollack said.

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SPECIAL REPORT

A Publication of Families USA, July, 1994

SENATE FINANCE BILL: No Help for the Middle Class

The health reform legislation passed by the Senate Finance Committee establishes a national goal of achieving universal health insurance coverage, defined as coverage of 95 percent of the U.S. population, by the year 2002. At that time, a national commission would assess whether the goal had been met and, if not, make fast-track recommendations to Congress on how to achieve the goal.

The Finance bill is likely to fall far short of its goal. By the year 2002 under the Finance reforms (assuming no fiscal shortfall resulting from the bill), a minimum of 1.8 million Americans would lose their health insurance each month. This would leave an estimated 23 million Americans without insurance, on average, each month. Today, 2.25 million Americans lose their insurance each month and 31 million are without insurance, on average, each month. At best, the Finance reforms get the nation only one-fourth of the way to universal coverage.

The Finance reforms would likely leave many more millions without health insurance, since the bill has a funding shortfall of about $100 billion over five years and the bill specifies that the provisions designed to expand coverage be delayed if federal spending for health programs is expected to exceed the anticipated savings and revenues from the bill.[1] Without taking into account this likely funding shortfall, the Finance bill would cover only 91.6 percent of the population by 2002.

The Finance reforms would help many of the poor gain insurance coverage, but would do little to guarantee health insurance for middle class Americans with incomes above poverty. Not only would few Americans with incomes above poverty benefit from these reforms, but some Americans will be newly vulnerable to losing their insurance as a result of specific provisions in the bill.

COVERING SOME OF THE UNINSURED

Under the Senate Finance reforms, the primary mechanism for increasing the number of Americans with health insurance is subsidies that would help low-income individuals and families afford insurance. As of 1996, individuals and families with incomes up to 100 percent of poverty would be eligible for subsidies that cover the cost of the average insurance plan in the area with the standard benefit package. Between 1996 and 2000, individuals and families with incomes between 100 and 200 percent of poverty could become eligible for some subsidies. These subsidies would be based on the percentage of the average insurance premium in the area that their income is between 100 and 200 percent of poverty. A family with

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Families USA FOUNDATION

PRESS RELEASE

FOR RELEASE
THURSDAY, JULY 21, 1994

NEW STUDY SHOWS GREAT FINANCIAL AND EMOTIONAL SACRIFICE ON THE FAMILIES THAT PROVIDE HOME CARE

"There is a pain in every line of these new statistics, pain and sacrifice. Wherever families face long term care crises at home, the pain and sacrifice are almost overwhelming," according to Ron Pollack, executive director of Families USA.

Families USA today released a new in-depth study of the sacrifices American families make to provide home care to elderly parents, spouses and other relatives.

Two-thirds of older Americans who need long term care at home get no paid help at all, depending entirely on relatives and friends. On average, they get 27 hours of unpaid help a week; those with the most severe disablities get an average of 47 hours a week of help, according to the Families USA report.

"To understand how great a sacrifice is involved, you have to understand that fully half of the caregivers themselves are elderly and the vast majority of them provide care for more than a year, sometimes at risk of their own health," Pollack said. The study found one-third of the caregivers are themselves in less than good health.

"The fact is that we as a society have not figured out how to help families cope with the enormous cost of long term care, and we pay for that failure in pain and sacrifice," Pollack said.

- more -

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"A lot of families are watching carefully to see whether Congress includes home care in health care reform, as President Clinton recommended," Pollack said.

Even the majority of disabled Americans who can afford some paid home care must rely on help from families and friends, 31 hours a week on average, 39 hours a week for those with the most severe disabilities.

Approximately one-third of those who receive paid home care pay for it entirely out-of-pocket for an average annual cost of approximately $4,000.

The Families USA report was funded by grants from the United States Administration on Aging and the Open Society Institute. Data was based on large government surveys, analyzed and updated by Lewin VHI, Inc. Families USA is the national nonprofit, nonpartisan consumer health advocacy group which has been leading the fight for long term health reform.

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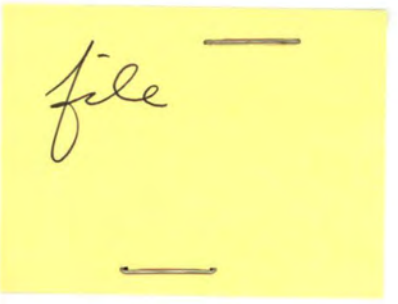
FAMILIES USA REPORT TEN DOLLARS

DOING WITHOUT

THE SACRIFICES FAMILIES MAKE TO PROVIDE HOME CARE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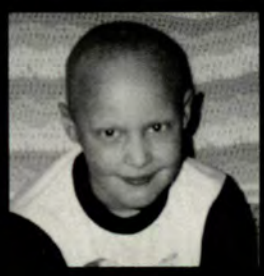
FAMILIES USA REPORT

TEN DOLLARS

THE HUMAN IMPACT OF HEALTH REFORM



CLINTON VS. COOPER VS. CHAFEE

Families USA FOUNDATION

PRESS RELEASE

FOR RELEASE 11 AM
MONDAY, JANUARY 31, 1994

NEW REPORT COMPARES IMPACT OF COMPETING HEALTH PLANS ON TYPICAL AMERICAN FAMILIES

CONSUMER GROUP CHALLENGES COOPER, BREAUX, CHAFEE ON THEIR HOME TURF

How will health reform affect your family? It may depend on which reform passes. There are dramatic differences between the Clinton health reform and two leading substitutes in Congress, according to the health consumer group Families USA.

At press conferences today in Tennessee, Louisiana, and Rhode Island, Families USA released a report showing how ordinary families would be helped by the Clinton reform, but not by the plans put forward by Tennessee Rep. Jim Cooper, Louisiana Sen. John Breaux, and Rhode Island Sen. John Chafee.

"American families get real security from the Clinton reform. But under the Cooper and Chafee bills, the real winners are the insurance companies, not the American family," said Ron Pollack, Executive Director of Families USA.

"Every Member of Congress has guaranteed comprehensive employer-paid health insurance. President Clinton's bill extends that same protection to America's families. The Cooper and Chafee bills do not," Pollack said.

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The release of the report in Nashville, New Orleans and Providence is part of a Families USA effort to bring the health reform debate to people beyond the Beltway.

"We're letting the folks back home know what their representatives are doing in Washington. The insurance company lobbyists know what's going on. We're going to make sure ordinary citizens know too," Pollack said.

"When you look at the fine print in the Cooper and Chafee bills, you see they are hollow imitations of reform. They don't guarantee comprehensive protection and security to middle class families," Pollack said.

The Families USA report compares the impact of the Clinton reform and two health reform substitutes on problems faced today by ten families with typical health insurance problems.

The report examines the family impact of three health plans: President Clinton's reform, the Cooper Bill, introduced by Rep. Jim Cooper (D-TN) and Sen. John Breaux (D-LA), and the Chafee Bill, introduced by Sen. John Chafee (R-RI).

In each of the ten cases, the President's reform offers better protection for the families than the Cooper bill or the Chafee bill, according to the consumer group.

"The Clinton reform is good for American families and bad for the insurance companies. The Cooper and Chafee plans protect the profits of the big insurance companies, but put American families' wallets and health at risk," Pollack said.

"When casting their health reform votes, Members of Congress need to decide whether they're on the side of big insurance companies, or on the side of American families," Pollack said.

The report examines the impact of each reform proposal on families who will lose their insurance in coming months, have inadequate insurance or high prescription drug costs. It also examines the impact on early retirees who lose their health benefits, working people who are locked into a job for health benefits, families that own a small business, and older Americans who need long term care at home.

The report also deals with the impact of reform on Americans who are vulnerable to arbitrary limits on insurance benefits or who have skyrocketing insurance premiums, as well as Medicaid beneficiaries.

For families who worry that they will lose their health insurance, only the Clinton plan offers real protection. Neither the Cooper plan nor the Chafee plan guarantees that families would no longer have to worry about losing insurance.

Families who have insurance policies riddled with loopholes can find help in the Clinton reform, which guarantees comprehensive protection. Neither the Cooper plan nor the Chafee plan guarantees comprehensive health benefits.

One of the most important differences between the Clinton, Cooper and Chafee plans has to do with the price of health insurance.

For employers who face skyrocketing health insurance premiums under the current health system, only the Clinton reform absolutely guarantees relief.

Under the Clinton reform, health insurance premiums could rise no faster than inflation. Under the Cooper and Chafee substitutes, no limits would be set on how fast insurance premiums could go up. "The Clinton reform protects consumers by cracking down on skyrocketing insurance premiums. The Cooper and Chafee substitutes protect the insurance companies by letting them boost your premiums as fast and high as they want," Pollack said.

For elderly Americans with high prescription drug costs, the Clinton reform offers the only financial protection against the high cost of medicine. Under the Clinton reform, older Americans would have to pay no more than $1,132 a year for prescription drugs. Under each of the substitutes, there is no limit to how much the elderly could be forced to spend for medicine.

For early retirees who lost their health insurance when their companies eliminated their health benefits, only the Clinton reform offers major protection.

Under the Clinton reform, the federal government would pay 80 percent of these early retirees' health insurance premiums until they are eligible for Medicare. Under the Cooper and Chafee bills, early retirees who lose their company health benefits would have to pay the full price of their health insurance premiums out of their pockets.

The President's reform guarantees that workers will never be locked in a job for health benefits, because all employers would offer comprehensive benefits. Under the Cooper and Chafee bills, workers could be locked in a job because many jobs will still deny health benefits.

For small business owners and their families, only the Clinton reform spells out their benefits and costs. Under the Clinton reform, small business owners and their families would get comprehensive benefits, premiums that won't rise faster than inflation, and a limit on out-of-pocket costs. The premiums, other out-of-pocket costs, and benefits for small business owners are not spelled out under the other plans.

For Americans who need long term care at home, only the Clinton reform offers assistance. Under the Cooper and Chafee plans, Americans who need help caring for a family member at home would remain ineligible for assistance.

Under all three plans, employees will no longer be vulnerable to arbitrary benefit limits on their health insurance. However, what services will be covered and how much you will have to pay are not spelled out under the Cooper and Chafee plans.

"The Cooper and Chafee plans are offering us a pig-in-a-poke. They say 'trust us, we'll let you know later what you've bought,'" Pollack said.

Medicaid recipients would continue to get health coverage under each of the plans. The Clinton reform, however, offers advantages in choice of health plans available.

Copies of the report are available by calling Families USA. Families USA is the consumer group working for health and long term care reform.

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Families USA FOUNDATION

PRESS RELEASE

EMBARGO - FOR RELEASE THURSDAY DEC. 16, 1993 10:00 AM (EST)

FOR RELEASE 10:00 AM
THURSDAY, DECEMBER 16, 1993

MOST INSURED AMERICANS WILL GET BETTER BENEFITS UNDER CLINTON HEALTH REFORM

Most Americans who now have health insurance will get better benefits under the Clinton Health Reform, according to a report released today by the consumer group Families USA.

"Insured Americans are BIG winners under the Clinton Reform," said Ron Pollack, executive director of Families USA.

"Most Americans with private insurance will get better benefits and more security under President Clinton's Health Reform," Pollack said.

The new report looks at the number of insured Americans in every state to get improved coverage in five benefit areas under the Clinton Reform--prescription drugs, long term care, vision services, dental care, and mental illness or substance abuse treatment. The report also calculates the number of insured Americans who will pay less in deductibles and copayments, and the number of insured Americans who will get strong new protection against insurance company discrimination.

- more -

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The report finds that 53 million insured Americans will gain new or improved coverage for prescription drugs by 1998, 121 million currently insured Americans will gain dental benefits by 2001, 139 million will gain new vision protection by 1998, 153 million will gain improved benefits for mental illness and substance abuse by 2001, 2.6 million will be eligible to receive new long term care services at home by 2003, 37 million will pay lower amounts in deductibles and copayments in 2001, and 31 million will gain protection against insurance company discrimination by 1998.

The Families USA report does not count those on Medicaid or the uninsured, most of whom will also benefit.

Four out of five elderly use prescription drugs, yet fewer than half have private insurance coverage for drugs. Medicare does not now cover prescription drugs. Under the Clinton Reform, 22 million older Americans will gain new coverage for prescription drugs under an expanded Medicare by 1998, according to the report.

"Under the President's Reform, our grandparents will no longer have to choose between buying groceries and buying their medicine," Pollack said.

The prescription drug benefit will also help 32 million Americans under age 65.

The greatest numbers of Americans of all ages will gain new or improved drug coverage under the Reform in California (5.6 million), New York (3.9 million), Texas (3.1 million), Florida (3.1 million), Pennsylvania (3 million), Illinois (2.5 million), Ohio (2.3 million), New Jersey (1.8 million), Michigan (1.8 million), and North Carolina (1.4 million).

The insurance most Americans have today does not cover dental care. Under the Clinton Reform, 121 million privately insured Americans will gain dental benefits by 2001, according to the study. Of those, 87 million will be adults and 34 million will be under 18.

The greatest numbers of privately insured Americans will gain dental benefits by 2001 in California (12.3 million), Texas (8.4 million), New York (8.3 million), Florida (6 million), Pennsylvania (5.9 million), Illinois (5.8 million), Ohio (5.5 million), Michigan (4.7 million), New Jersey (3.9 million), and Virginia (3.5 million).

Most insured Americans now have policies that exclude vision coverage. American consumers pay for the vast majority of vision products and services out-of-pocket. Under the Clinton Reform, 139 million privately insured Americans will gain new vision protection by 1998, according to the report.

The greatest numbers of privately insured Americans will gain vision benefits in California (14.2 million), Texas (9.9 million), New York (9.1 million), Florida (7 million), Illinois (6.7 million), Pennsylvania (6.6 million), Ohio (6.4 million), Michigan (5.4 million), New Jersey (4.3 million), and Virginia (4 million).

Americans whose insurance policies include some mental illness or substance abuse benefits today often have very limited coverage. Under the Clinton Reform, 153 million Americans will gain improved benefits for mental illness and substance abuse by 2001, according to Families USA's report.

These states have the highest numbers of insured who will gain improved coverage for mental illness or substance abuse in 2001: California (16.3 million); New York (11.1 million); Texas (9.4 million); Pennsylvania (8.2 million); Illinois (7.7 million); Ohio (7.6 million); Michigan (6.2 million); New Jersey (5.4 million); and North Carolina (4 million).

Nearly every American family eventually faces a long term care crisis. Very few Americans can afford insurance to protect them from the bankrupting costs of long term care. Under the Clinton Reform, all Americans with severe disabilities will be eligible to receive new long term care services at home. It is estimated that 2.6 million Americas will actually get this care in 2003.

The greatest numbers of Americans will get long term care at home under this new coverage in 2003 in California (274,000), Florida (184,000), Texas (174,000) New York (165,000), Pennsylvania (150,000), Ohio (117,000), Illinois (115,000); Michigan (78,000), New Jersey (76,000), and North Carolina (74,000).

Millions of Americans pay high deductibles and copayments today. About 25 million Americans had health expenses that amounted to ten percent or more of their income in 1993.

Under President Clinton's Reform, nearly 40 million insured American will have lower deductibles and copayments by 1998.

The greatest numbers of Americans will have lower copayments and deductibles in 1998 in California (5.7 million), Texas (3.4 million), New York (2.7 million), Florida (1.9 million), Illinois (1.4 million), Pennsylvania (1.4 million), Ohio (1.3 million), Virginia (1 million), Michigan (988,000), and New Jersey (962,000).

Today, millions of Americans with health problems face discrimination by insurance companies. Some are denied health coverage for conditions they or their family members already have, or are charged higher premiums. By 1998, under the Clinton Reform, 31 million potential victims of insurance company discrimination will gain new protections, as the discriminatory practices are outlawed, according to the report.

The greatest numbers of people will benefit from these insurance reforms in California (3.5 million); Texas (2.2 million); New York (2.1 million); Pennsylvania (1.5 million); Florida (1.5 million); Illinois (1.5 million); Ohio (1.4 million); Michigan (1.1 million); New Jersey (1 million), and Georgia (845,000).

"Insurance companies won't be able to discriminate against Americans who are old or sick or have sick children under the President's Health Reform. Such insurance companies practices will simply be banned," Pollack said.

The estimates in the report are based on several government data sources: the National Medical Expenditure Survey, the Survey of Income and Program Participation and the Current Population Survey. The data in the report was calculated by Families USA with the assistance of Lewin-VHI, a technical health care consulting firm.

The new report, "Better Benefits: Millions Helped by Clinton Reform," was produced by Families USA Foundation.

Families USA is the national consumer group fighting for health and long term care reform.

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Persons Who Benefit From Prescription Drug Coverage, 1998

	Privately Insured Persons Under Age 65 Who Gain Coverage[b]	Persons Age 65 and Over[a]		
		Persons Age 65 and Over Who Gain Coverage	Persons Age 65 and Over With More Comprehensive Coverage[c]	Total
United States	**31,848,000**	**18,517,000**	**2,956,000**	**21,473,000**
Alabama	428,000	310,000	30,000	339,000
Alaska	60,000	13,000	2,000	15,000
Arizona	489,000	305,000	61,000	365,000
Arkansas	307,000	231,000	25,000	256,000
California	3,480,000	1,848,000	298,000	2,146,000
Colorado	410,000	245,000	57,000	302,000
Connecticut[d]	517,000	236,000	79,000	315,000
Delaware[d]	84,000	45,000	7,000	52,000
District of Columbia	48,000	39,000	3,000	42,000
Florida	1,404,000	1,432,000	256,000	1,689,000
Georgia	725,000	478,000	54,000	533,000
Hawaii	160,000	70,000	11,000	82,000
Idaho	154,000	73,000	16,000	89,000
Illinois[d]	1,538,000	801,000	165,000	966,000
Indiana	763,000	403,000	80,000	483,000
Iowa	475,000	306,000	42,000	348,000
Kansas	395,000	219,000	35,000	255,000
Kentucky	352,000	336,000	37,000	372,000
Louisiana	446,000	304,000	33,000	336,000
Maine[d]	186,000	77,000	31,000	107,000
Maryland[d]	553,000	276,000	48,000	325,000
Massachusetts	821,000	421,000	111,000	532,000
Michigan	1,212,000	467,000	102,000	569,000
Minnesota	729,000	363,000	49,000	412,000
Mississippi	269,000	207,000	19,000	226,000
Missouri	797,000	391,000	57,000	449,000
Montana	137,000	61,000	14,000	75,000
Nebraska	263,000	151,000	25,000	175,000
Nevada	162,000	79,000	13,000	92,000
New Hampshire	160,000	66,000	22,000	88,000
New Jersey[d]	1,138,000	618,000	75,000	694,000
New Mexico	166,000	99,000	17,000	116,000
New York[d]	2,404,000	1,387,000	132,000	1,519,000
North Carolina	776,000	517,000	75,000	592,000
North Dakota	130,000	58,000	12,000	70,000
Ohio	1,512,000	670,000	135,000	804,000
Oklahoma	314,000	269,000	36,000	304,000
Oregon	358,000	237,000	45,000	282,000
Pennsylvania[d]	1,743,000	1,098,000	163,000	1,260,000
Rhode Island[d]	133,000	78,000	28,000	106,000
South Carolina	416,000	277,000	33,000	310,000
South Dakota	121,000	72,000	13,000	84,000
Tennessee	542,000	427,000	49,000	476,000
Texas	1,897,000	1,120,000	109,000	1,229,000
Utah	236,000	92,000	16,000	108,000
Vermont[d]	88,000	33,000	11,000	43,000
Virginia	747,000	375,000	58,000	434,000
Washington	646,000	295,000	61,000	356,000
West Virginia	234,000	156,000	23,000	179,000
Wisconsin	652,000	362,000	77,000	439,000
Wyoming	67,000	26,000	5,000	31,000

[a] The Medicare prescription drug benefit goes into effect in 1996.

[b] Persons with private insurance or Medicare; excludes persons who would have been uninsured or covered by Medicaid throughout the year.

[c] Individuals purchasing Medicare supplemental coverage (Medigap) that includes prescription drug coverage; excludes Medicare beneficiaries who have Medigap coverage through their former employers. These estimates may include a very small number with Medigap policies first purchased prior to 1992 that have comprehensive drug benefits. Estimates under 10,000 may not be reliable.

[d] State with pharmaceutical assistance programs for low-income elderly persons. Estimates do not take into account the number of elderly persons who currently get assistance through this program.

Source: Lewin-VHI estimates based on 1987 National Medical Expenditure Survey and four years of Current Population Survey.

Privately Insured Persons[a] Who Gain Specific Health Benefits

	Dental Benefits	Mental Illness and Substance Abuse Benefits[b]	Vision Benefits
	2001	2001	1998
United States	**120,553,000**	**153,199,000**	**139,380,000**
Alabama	1,990,000	2,395,000	2,348,000
Alaska	242,000	277,000	280,000
Arizona	1,540,000	2,032,000	1,815,000
Arkansas	1,221,000	1,354,000	1,434,000
California	12,290,000	16,284,000	14,247,000
Colorado	1,510,000	2,090,000	1,800,000
Connecticut	1,642,000	2,407,000	1,909,000
Delaware	387,000	455,000	450,000
District of Columbia	244,000	290,000	288,000
Florida	6,003,000	6,655,000	6,958,000
Georgia	3,238,000	3,771,000	3,731,000
Hawaii	572,000	719,000	665,000
Idaho	480,000	631,000	566,000
Illinois	5,776,000	7,749,000	6,742,000
Indiana	2,724,000	3,649,000	3,167,000
Iowa	1,518,000	1,773,000	1,745,000
Kansas	1,354,000	1,649,000	1,558,000
Kentucky	1,812,000	2,146,000	2,180,000
Louisiana	1,934,000	2,205,000	2,266,000
Maine	626,000	791,000	699,000
Maryland	2,548,000	3,259,000	3,000,000
Massachusetts	2,865,000	3,952,000	3,220,000
Michigan	4,666,000	6,239,000	5,411,000
Minnesota	2,253,000	2,747,000	2,597,000
Mississippi	1,235,000	1,309,000	1,410,000
Missouri	2,595,000	3,339,000	2,996,000
Montana	401,000	456,000	452,000
Nebraska	862,000	994,000	992,000
Nevada	528,000	756,000	626,000
New Hampshire	551,000	777,000	645,000
New Jersey	3,857,000	5,407,000	4,263,000
New Mexico	651,000	764,000	740,000
New York	8,309,000	11,118,000	9,143,000
North Carolina	3,449,000	4,000,000	4,016,000
North Dakota	368,000	349,000	408,000
Ohio	5,523,000	7,602,000	6,440,000
Oklahoma	1,545,000	1,746,000	1,812,000
Oregon	1,284,000	1,890,000	1,503,000
Pennsylvania	5,919,000	8,177,000	6,590,000
Rhode Island	470,000	646,000	548,000
South Carolina	1,851,000	2,189,000	2,163,000
South Dakota	358,000	369,000	402,000
Tennessee	2,473,000	2,953,000	2,915,000
Texas	8,371,000	9,393,000	9,893,000
Utah	790,000	1,194,000	950,000
Vermont	272,000	375,000	313,000
Virginia	3,495,000	3,908,000	4,024,000
Washington	2,304,000	3,159,000	2,779,000
West Virginia	950,000	1,103,000	1,064,000
Wisconsin	2,474,000	3,403,000	2,940,000
Wyoming	234,000	305,000	275,000

[a] Persons with private insurance who would lack coverage for any one of these benefits before 1998 who will gain coverage under the Health Security Act. These estimates exclude persons who would have been uninsured or covered by Medicare or Medicaid throughout the year.

[b] Persons with employer-sponsored coverage who will gain improved coverage under the Health Security Act. These estimates exclude persons who would have been uninsured throughout the year; persons covered by Medicare or Medicaid throughout the year; and persons who purchase private insurance individually.

Source: Lewin-VHI estimates based on the 1987 National Medical Expenditure Survey and four years of pooled March Current Population Survey data.

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FAMILIES USA REPORT

BETTER BENEFITS

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Families USA FOUNDATION

PRESS RELEASE

FOR RELEASE 10 AM
WEDNESDAY, MARCH 30, 1994

AMERICANS WILL GET MORE FOR LESS UNDER PRESIDENT CLINTON'S HEALTH REFORM

Americans will get more comprehensive health benefits under President Clinton's health reform, and pay less than they would without reform, according to a report released today by the consumer group Families USA.

"Despite all the insurance industry propaganda, Americans will get a whole lot better benefits under the President's reform, and even pay a little bit less. The losers will be the insurance industry," according to Ron Pollack, executive director of Families USA.

"The Clinton reform slows skyrocketing health costs and gives us solid health protection. Without reform, health costs will continue to soar and our families' health security will keep dwindling," Pollack said.

Under the President's health reform, the average American family will save $695 on health care in 2003, the first year the bill will be fully phased in. Families will save an average of $278 on health insurance premiums, $142 on taxes, and $311 in out-of-pocket health costs. Without reform, families would be paying $11,070, on average, for health care in 2003, according to the report. Under the Clinton reform, families will pay $10,375.

Today, many Americans who have health insurance lack coverage for important benefits. Under the Clinton reform, tens of millions of Americans will gain more comprehensive health coverage than they have today, according to the report.

By the year 2003, 56 million insured Americans will gain new coverage for prescription drugs; 123 million will gain new coverage for dental care; 146 million will gain new coverage for vision care; 156 million will gain better coverage for mental illness and substance abuse; and 2.6 million will qualify for new long term care services at home under the Clinton reform, according to the report. [NOTE TO EDITORS: STATE-BY-STATE NUMBERS ATTACHED.]

- more -

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1334 G STREET NW • WASHINGTON DC 20005 • FAX (202) 347-2417

Family health payments will consume a smaller percentage of family income under the President's health reform than they would without reform, according to the report. Without reform, health payments will consume 20.1 percent of family income, on average, in 2003. Under the President's reform, families will pay 18.9 percent of their income for health.

In 1993, families paid two-thirds of all health care expenses, on average, or $5,190 per family. The remaining third was paid by businesses. Families pay for health care through insurance premiums, out-of-pocket expenses, Medicare payroll taxes, and federal, state and local income taxes that fund public health programs.

The numbers in the report of those who will gain specific benefits include only insured Americans. Those who are uninsured or covered by Medicaid would also gain these benefits, but are not included in the Families USA estimates.

Families USA is the non-profit, non-partisan consumer group fighting for health and long term care reform.

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Table 1
How Families[a] Will Pay For Health Care[b] Without Reform and Under the Health Security Act, 2003

Average Payments Per Family	Without Reform	Clinton Reform	Savings[c]
Total	$11,070	$10,375	$695
Out-of-Pocket	$2,417	$2,106	$311
Insurance Premiums	$1,750	$1,472	$278
Medicare Payroll Tax	$582	$586	($4)
Medicare Premiums[d]	$247	$283	($36)
General Taxes	$6,071	$5,929	$142

[a] Families are groups of one or more persons related by birth, marriage or adoption and residing together. Parents and adult children residing with other family members are counted as separate families.

[b] Health payments include the delivery of health services and supplies, and the purchase of medical products, including prescription drugs and vision products in retail outlets. They also include the administrative cost of private insurance and federal, state and local taxes for government-funded health programs. They do not include non-patient revenue, research and construction.

[c] Numbers in parentheses indicate increases largely due to the new Medicare prescription drug benefit in the Health Security Act. Savings do not add up to $695 due to rounding.

[d] This increase is largely due to the new Medicare prescription drug benefit in the Health Security Act.

Source: Lewin-VHI for Families USA.

Table 2
Health Payments[a] as a Percent of Family[b] Income 1980, 1993, 2003

Year	Average Family Income	Average Family Payment	Percent of Family Income
1980	$19,458	$1,749	9.0%
1993	$39,525	$5,190	13.1%
2003 Without Reform	$55,000	$11,070	20.1%
2003 Under Clinton Reform	$55,000	$10,375	18.9%

[a] Health payments include the delivery of health services and supplies, and the purchase of medical products, including prescription drugs and vision products in retail outlets. They also include the administrative cost of private insurance and federal, state and local taxes for government-funded health programs. They do not include non-patient revenue, research and construction.

[b] Families are groups of one or more persons related by birth, marriage or adoption and residing together. Parents and adult children residing with other family members are counted as separate families.

Source: Lewin-VHI for Families USA.

Table 3
Persons Who Benefit From Prescription Drug Coverage,[a] 2003

	Privately Insured Persons Under Age 65 Who Gain Coverage[b]	Persons Age 65 and Over		
		Persons Age 65 and Over Who Gain Coverage[b]	Persons Age 65 and Over Who Will Have More Comprehensive Coverage[c]	Total
United States	33,310,000	19,260,000	3,074,000	22,334,000
Alabama	447,000	322,000	31,000	353,000
Alaska	63,000	14,000	2,000	16,000
Arizona	512,000	317,000	63,000	380,000
Arkansas	321,000	240,000	26,000	266,000
California	3,640,000	1,922,000	310,000	2,232,000
Colorado	429,000	255,000	60,000	314,000
Connecticut[d]	541,000	245,000	83,000	328,000
Delaware[d]	88,000	47,000	7,000	55,000
District of Columbia	50,000	40,000	3,000	44,000
Florida	1,469,000	1,490,000	267,000	1,756,000
Georgia	758,000	498,000	56,000	554,000
Hawaii	167,000	73,000	12,000	85,000
Idaho	161,000	76,000	16,000	92,000
Illinois[d]	1,609,000	833,000	172,000	1,005,000
Indiana	798,000	419,000	83,000	502,000
Iowa	497,000	318,000	44,000	362,000
Kansas	414,000	228,000	37,000	265,000
Kentucky	368,000	349,000	38,000	387,000
Louisiana	467,000	316,000	34,000	350,000
Maine[d]	194,000	80,000	32,000	112,000
Maryland[d]	579,000	287,000	50,000	338,000
Massachusetts	859,000	437,000	116,000	553,000
Michigan	1,268,000	486,000	106,000	592,000
Minnesota	763,000	378,000	51,000	429,000
Mississippi	282,000	215,000	20,000	235,000
Missouri	834,000	407,000	60,000	467,000
Montana	143,000	64,000	14,000	78,000
Nebraska	275,000	157,000	26,000	182,000
Nevada	170,000	82,000	13,000	96,000
New Hampshire	167,000	69,000	23,000	92,000
New Jersey[d]	1,190,000	643,000	78,000	721,000
New Mexico	174,000	103,000	17,000	121,000
New York[d]	2,515,000	1,443,000	137,000	1,580,000
North Carolina	812,000	537,000	78,000	616,000
North Dakota	136,000	60,000	12,000	72,000
Ohio	1,582,000	697,000	140,000	837,000
Oklahoma	328,000	280,000	37,000	317,000
Oregon	375,000	246,000	47,000	293,000
Pennsylvania[d]	1,823,000	1,142,000	169,000	1,311,000
Rhode Island[d]	139,000	81,000	29,000	111,000
South Carolina	436,000	288,000	34,000	322,000
South Dakota	127,000	75,000	13,000	88,000
Tennessee	567,000	444,000	51,000	495,000
Texas	1,984,000	1,165,000	113,000	1,278,000
Utah	247,000	96,000	17,000	112,000
Vermont[d]	92,000	34,000	11,000	45,000
Virginia	782,000	390,000	61,000	451,000
Washington	676,000	307,000	63,000	370,000
West Virginia	244,000	162,000	24,000	186,000
Wisconsin	682,000	377,000	80,000	457,000
Wyoming	70,000	27,000	6,000	32,000

[a] The Medicare prescription drug benefit goes into effect in 1996. Persons under age 65 will gain coverage by 1998.

[b] Persons with private insurance or Medicare. This analysis excludes persons who would have been uninsured or covered by Medicaid throughout the year.

[c] Persons purchasing Medicare supplemental coverage (Medigap) that includes prescription drug coverage. This analysis excludes Medicare beneficiaries who have Medigap coverage through their former employers. These estimates may include a very small number with Medigap policies first purchased prior to 1992 that have comprehensive drug benefits. Estimates under 10,000 may not be reliable.

[d] States with pharmaceutical assistance programs for low-income elderly persons. Estimates do not take into account the number of elderly persons who currently get assistance through these programs.

Source: Lewin-VHI estimates based on the 1987 National Medical Expenditure Survey and four years of pooled March Current Population Survey data.

Table 4
Privately Insured Persons Who Gain Health Benefits, 2003

	Dental Benefits[a]	Mental Health and Substance Abuse Benefits[b]	Vision Benefits[a]
United States	**122,667,000**	**155,885,000**	**145,778,000**
Alabama	2,024,000	2,437,000	2,455,000
Alaska	246,000	282,000	293,000
Arizona	1,567,000	2,068,000	1,898,000
Arkansas	1,243,000	1,377,000	1,500,000
California	12,506,000	16,569,000	14,901,000
Colorado	1,537,000	2,127,000	1,883,000
Connecticut	1,671,000	2,449,000	1,997,000
Delaware	394,000	463,000	470,000
District of Columbia	248,000	295,000	302,000
Florida	6,108,000	6,772,000	7,278,000
Georgia	3,295,000	3,837,000	3,902,000
Hawaii	582,000	732,000	696,000
Idaho	488,000	642,000	592,000
Illinois	5,877,000	7,885,000	7,052,000
Indiana	2,772,000	3,713,000	3,312,000
Iowa	1,545,000	1,804,000	1,825,000
Kansas	1,378,000	1,678,000	1,629,000
Kentucky	1,844,000	2,183,000	2,280,000
Louisiana	1,968,000	2,244,000	2,370,000
Maine	637,000	804,000	731,000
Maryland	2,593,000	3,316,000	3,138,000
Massachusetts	2,915,000	4,021,000	3,368,000
Michigan	4,748,000	6,348,000	5,660,000
Minnesota	2,293,000	2,795,000	2,716,000
Mississippi	1,256,000	1,332,000	1,475,000
Missouri	2,640,000	3,397,000	3,134,000
Montana	408,000	464,000	473,000
Nebraska	877,000	1,011,000	1,037,000
Nevada	537,000	769,000	655,000
New Hampshire	561,000	791,000	674,000
New Jersey	3,924,000	5,502,000	4,459,000
New Mexico	662,000	777,000	774,000
New York	8,454,000	11,313,000	9,563,000
North Carolina	3,510,000	4,071,000	4,200,000
North Dakota	374,000	355,000	427,000
Ohio	5,619,000	7,735,000	6,736,000
Oklahoma	1,572,000	1,776,000	1,895,000
Oregon	1,306,000	1,923,000	1,572,000
Pennsylvania	6,023,000	8,321,000	6,892,000
Rhode Island	478,000	658,000	573,000
South Carolina	1,883,000	2,228,000	2,262,000
South Dakota	364,000	376,000	420,000
Tennessee	2,517,000	3,005,000	3,049,000
Texas	8,518,000	9,557,000	10,347,000
Utah	804,000	1,215,000	994,000
Vermont	277,000	382,000	327,000
Virginia	3,556,000	3,977,000	4,208,000
Washington	2,344,000	3,214,000	2,907,000
West Virginia	967,000	1,122,000	1,113,000
Wisconsin	2,517,000	3,463,000	3,075,000
Wyoming	238,000	311,000	288,000

[a] Persons with private insurance who would lack coverage for any one of these benefits and will gain coverage under the Health Security Act. This analysis excludes persons who would have been uninsured or persons covered by Medicare or Medicaid throughout the year.

[b] Persons with employer-sponsored coverage who will have improved coverage under the Health Security Act. This analysis excludes persons who would have been uninsured throughout the year; persons covered by Medicare or Medicaid throughout the year; or persons who purchase insurance individually.

Source: Lewin-VHI estimates based on the 1987 National Medical Expenditure Survey and four years of pooled March Current Population Survey data.

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FAMILIES USA REPORT

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AN ANALYSIS OF HEALTH BENEFITS AND HEALTH SAVINGS UNDER THE CLINTON REFORM

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411,000 BUSINESSES WITH

10,436,000 WORKERS AT RISK TODAY

THE CRUSHING BURDEN OF HEALTH INSURANCE

SPECIAL REPORT

A Publication of Families USA, June, 1994

THE PHONY 91% SOLUTION: 1⅓ million will lose health insurance each month; 35 million without insurance at least part of year

In the current health reform debate, some members of Congress have been supportive of reform proposals that claim to result in health insurance coverage for 91 percent of Americans without requiring employer responsibility for financing insurance. In reality, these proposals would leave millions of Americans vulnerable to losing their health insurance each month, and many more millions without health insurance coverage over the course of a year. By contrast, health reform proposals that require a mix of employer and individual responsibility for financing insurance would guarantee Americans that they can never lose their health insurance.

This Families USA Special Report estimates the number of Americans who would lose their health insurance each month under proposed health reforms that do not guarantee universal coverage and purport to achieve a "91% solution." This report also estimates the number of Americans who would be without insurance at some time over the course of a year under this type of reform. In order to develop these estimates, this report analyzed the Managed Competition Act, a major health reform proposal that does not guarantee universal coverage, and the only such proposal to be analyzed this year by the Congressional Budget Office (CBO). CBO estimated that under this Act approximately 91 percent of Americans would have health insurance at any time, as compared with 85 percent today. CBO did not look at the number of Americans who would lose their health insurance each month under this Act or at the number who would be without insurance for at least part of a year. The estimates in this report are based on further analysis of the Managed Competition Act by Lewin-VHI, Inc.[1]

- Nationally, one and one-third million Americans would lose their health insurance each month in 1996 under the Managed Competition Act.
- The following states have the largest numbers of Americans who would lose their health insurance each month in 1996 under the Managed Competition Act: California (185,000); Texas (105,000); New York (79,000); Florida (68,000); Illinois (54,000); Ohio (54,000); Pennsylvania (54,000); Michigan (46,000); North Carolina (39,000); Georgia (37,000); and Virginia (33,000). *(See Table 1.)*
- Nationally, thirty-five million Americans would be without health insurance at least part of the year during 1996 under the Managed Competition Act.

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THE PHONY 91% SOLUTION

HOW AMERICANS WOULD LOSE HEALTH INSURANCE

Two million Americans currently lose their health insurance each month. Most commonly, Americans lose their health insurance following a job loss. They also commonly lose their health insurance following a job change. Many lose their employer-provided insurance without any change in employment status, often because the insurance becomes unaffordable for the employer and/or employee. Americans who do not have employer-provided coverage and must purchase insurance on their own are also highly vulnerable to losing their insurance.[2]

TERRY AND KATHLEEN SLEZAK—TOLEDO, OHIO

Terry and Kathleen Slezak had health insurance through Terry's employer until 1989, when Terry was laid off. The Slezaks could not afford the $300 per month premium for COBRA coverage. In December 1990, Terry developed a serious heart condition, cardiomyopathy, when he was only 32 years old. Unless the condition is controlled, Terry could die of congestive heart failure. While the family lacked insurance, Kathleen learned she was pregnant with their daughter, Kathryn. Between the cost of Terry's care and Kathryn's birth, the Slezaks had medical bills of over $30,000. The family was without insurance for four years.

Some proposed health reforms, like the Managed Competition Act, fail to guarantee Americans that they would never lose their health insurance. These proposals would provide some subsidies for low- and moderate-income families to purchase insurance; would make individual premium payments for non-group insurance tax deductible; would establish a national minimum benefit package; would eliminate some of the practices insurers currently use to exclude individuals and groups; and would establish purchasing groups that allow some businesses and individuals to pool their purchasing power and negotiate with insurance companies over premiums.

These proposals would expand health insurance coverage for poor and near-poor individuals and families who would be eligible for substantial subsidies and for individuals and groups who currently cannot get health insurance based on their health status. By allowing individuals and groups to compare prices for the same nationally defined benefit package and to pool their purchasing power, these proposals might make insurance more affordable for some others who do not currently have insurance. In analyzing the Managed Competition Act, the Congressional Budget Office (CBO) concluded that nearly two-thirds (62%) of those without insurance at any one time during 1996 would remain without insurance under these reforms.[3]

Americans who lose their health insurance when they lose their job or change jobs would most likely continue to do so under this type of reform. And even if these individuals and families regained insurance within a few months, losing insurance under these circumstances could still have tragic effects on these families. Under the Managed Competition Act, if they were without insurance for three months, insurers could impose limits on pre-existing conditions for six months. Thus, an individual like Terry Slezak, who was diagnosed with a serious heart condition while he was between jobs and insurance, would continue to be fully financially liable for the catastrophic cost of his treatment.

Table I

Number of Persons Losing Health Insurance Each Month Under Managed Competition Act, 1996

State	Average Number of Persons Losing Health Insurance Each Month
UNITED STATES	**1,364,000**
ALABAMA	22,000
ALASKA	3,000
ARIZONA	25,000
ARKANSAS	18,000
CALIFORNIA	185,000
COLORADO	25,000
CONNECTICUT	14,000
DELAWARE	4,000
DISTRICT OF COLUMBIA	3,000
FLORIDA	68,000
GEORGIA	37,000
HAWAII	7,000
IDAHO	8,000
ILLINOIS	54,000
INDIANA	26,000
IOWA	14,000
KANSAS	12,000
KENTUCKY	20,000
LOUISIANA	31,000
MAINE	7,000
MARYLAND	26,000
MASSCHUSETTS	30,000
MICHIGAN	46,000
MINNESOTA	22,000
MISSISSIPPI	17,000
MISSOURI	26,000
MONTANA	7,000
NEBRASKA	9,000
NEVADA	9,000
NEW HAMPSHIRE	5,000
NEW JERSEY	28,000
NEW MEXICO	13,000
NEW YORK	79,000
NORTH CAROLINA	39,000
NORTH DAKOTA	4,000
OHIO	54,000
OKLAHOMA	19,000
OREGON	16,000
PENNSYLVANIA	54,000
RHODE ISLAND	5,000
SOUTH CAROLINA	20,000
SOUTH DAKOTA	4,000
TENNESSEE	27,000
TEXAS	105,000
UTAH	15,000
VERMONT	3,000
VIRGINIA	33,000
WASHINGTON	30,000
WEST VIRGINIA	11,000
WISCONSIN	22,000
WYOMING	3,000

SOURCE: Lewin-VHI, Inc. estimates based on the 1990 Survey of Income and Program Participation, the 1987 National Medical Expenditure Survey and four years of pooled March Current Population Survey data

Families USA
FOUNDATION

July 20, 1994

Melanne Verveer
Deputy Chief of Staff to the First Lady
The White House
Old Executive Office Building
Room 100
Washington, DC 20500

Dear Melanne:

The following is the analysis we prepared (with the unofficial aid of Lewin/VHI) about the Senate Finance Committee bill. Based on the most optimistic assumptions -- especially the assumption that the subsidy system is fully financed, an assumption that not even the sponsors believe -- we project that an average of 23 million Americans will be without insurance in the year 2002, and that 1.8 million will lose insurance each month (compared to 2.25 million who lose coverage today). Based on those findings, we posit that the "95 percent solution" label for this bill is improper.

The analysis shows that the persons least helped are the middle class. Although two-thirds of the near-poor without insurance would be helped (if the bill is fully financed), only one out of ten people in the middle class without insurance would gain coverage under the bill.

We have circulated this report, together with a news release, to the press. A copy of the analysis is also being circulated today to each Congressional office.

Best regards,

Ronny

Ronald F. Pollack
Executive Director

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SPECIAL REPORT

A Publication of Families USA, July, 1994

SENATE FINANCE BILL: No Help for the Middle Class

The health reform legislation passed by the Senate Finance Committee establishes a national goal of achieving universal health insurance coverage, defined as coverage of 95 percent of the U.S. population, by the year 2002. At that time, a national commission would assess whether the goal had been met and, if not, make fast-track recommendations to Congress on how to achieve the goal.

The Finance bill is likely to fall far short of its goal. By the year 2002 under the Finance reforms (assuming no fiscal shortfall resulting from the bill), a minimum of 1.8 million Americans would lose their health insurance each month. This would leave an estimated 23 million Americans without insurance, on average, each month. Today, 2.25 million Americans lose their insurance each month and 31 million are without insurance, on average, each month. At best, the Finance reforms get the nation only one-fourth of the way to universal coverage.

The Finance reforms would likely leave many more millions without health insurance, since the bill has a funding shortfall of about $100 billion over five years and the bill specifies that the provisions designed to expand coverage be delayed if federal spending for health programs is expected to exceed the anticipated savings and revenues from the bill.[1] Without taking into account this likely funding shortfall, the Finance bill would cover only 91.6 percent of the population by 2002.

The Finance reforms would help many of the poor gain insurance coverage, but would do little to guarantee health insurance for middle class Americans with incomes above poverty. Not only would few Americans with incomes above poverty benefit from these reforms, but some Americans will be newly vulnerable to losing their insurance as a result of specific provisions in the bill.

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COVERING SOME OF THE UNINSURED

Under the Senate Finance reforms, the primary mechanism for increasing the number of Americans with health insurance is subsidies that would help low-income individuals and families afford insurance. As of 1996, individuals and families with incomes up to 100 percent of poverty would be eligible for subsidies that cover the cost of the average insurance plan in the area with the standard benefit package. Between 1996 and 2000, individuals and families with incomes between 100 and 200 percent of poverty could become eligible for some subsidies. These subsidies would be based on the percentage of the average insurance premium in the area that their income is between 100 and 200 percent of poverty. A family with

file

Preface to *Health Care Choices for Today's Consumer*

by Hillary Rodham Clinton

For nearly two years, Americans from all walks of life have been engaged in a historic discussion about our nation's health care system. No subject resonates so deeply with the American people. Our health care system affects parents who worry about their children and aging relatives. It affects workers who worry about their livelihoods and business owners who worry about their companies' productivity. It affects every local, state, and federal official who worries about rising health care costs consuming our budgets and exploding the deficit.

For all of these reasons we have a collective responsibility as Americans to work for reform in the future. We also have a responsibility as individuals to take greater care of our own health.

We can start by becoming better informed health care consumers. This publication provides consumers with valuable information they can use in making decisions about their own health care.

Each of us needs to be involved in the health care decisions affecting our families. Each of us needs to be educated about the quality of the care we receive and how much we pay for it.

You may not agree with all of the advice here, but I think you will find it to be a helpful resource. As wiser health consumers, we can make better decisions about the health care we seek, and from whom we should seek it. When we confront choices about family doctors, specialists, dentists, insurance companies, managed care plans, hospitals, and mental health needs, we should be empowered with information to make effective and affordable decisions.

That is the purpose of this book. *Health Care Choices for Today's Consumer* is a comprehensive guide to help you and your family ensure that you receive the best and most affordable health care available. It comes to you from Families USA, an organization that is a thoughtful and effective advocate for the American health-care consumer. For many years, Families USA has provided national advocacy leadership for the improvement of our nation's health-care system. This Families USA book enables increasing numbers of consumers to become more confident and effective decision-makers in the health-care marketplace.