

QUESTIONS AND ANSWERS

LEWIN GROUP'S STUDY OF THE MARYLAND HEALTH CARE FOR ALL! PLAN

WHAT IS THE HEALTH CARE FOR ALL PLAN?

It provides a blueprint that Maryland can follow to achieve a market-based, fair, responsible, and economically sound universal health care system. The plan builds on the strengths of our existing private and public-sector systems. It also finds medical homes for uninsured Marylanders. For a full description of the revised plan (updated 10/28/03), see <http://www.healthcareforall.com/theplan.htm>

WHY DID THE MARYLAND CITIZENS' HEALTH INITIATIVE CONDUCT THIS IMPACT STUDY?

To explore the overall economic impact of our Health Care for All Plan on businesses, jobs, and families.

WHY DID THE MARYLAND CITIZENS' HEALTH INITIATIVE SELECT THE LEWIN GROUP FOR THE STUDY?

The Lewin Group is world renown for its economic forecasting expertise. Lewin's clients have included community groups like ours and business groups like the US Chamber of Commerce.

WHAT ARE THE KEY ELEMENTS OF THE PLAN?

By expanding existing public and private sources of health care and creating a small program for those who cannot obtain health insurance in the private sector (MdCare), we can achieve health care for all. The plan also:

- ✓ expands Medicaid eligibility and the Maryland Children's Health Insurance Program (MCHP) to obtain \$174 M in federal matching funds.
- ✓ expands the existing, private-sector, Small Group Market so that many more businesses and families can use group purchasing power to get quality care at affordable prices. Enrollees will also be protected from getting cancelled or denied coverage for pre-existing conditions.
- ✓ expands employer-based health care by requiring every Maryland business to pay a 4.5% payroll contribution to help care for the uninsured (8% if the business employs more than 10,000 workers). Businesses will receive a tax credit for all they spend on health care (up to 4.5% payroll or 8% payroll). Further, the payroll contribution will only apply to earnings of up to \$87,000 per employee. In the out years, the fair-share contribution could rise to 6% if health care costs rise and if program costs are not further restrained. Lewin estimates that about half of all firms that currently do not provide health insurance will begin offering quality and affordable care to their workers and half will pay into the fund for the uninsured.
- ✓ ensures that all Marylanders obtain a minimum level of health insurance coverage for themselves and their children or pay a substantial tax penalty.
- ✓ helps seniors and others without a prescription drug benefit significantly reduce their out-of-pocket costs for prescriptions.

POST-HEALTH CARE FOR ALL! PLAN

**EMPLOYER
&
SMALL
GROUP**

EXPANDED

MEDICARE

MORE AFFORDABLE

**MEDICAID
&
MCHP**

EXPANDED

**MdCARE
(NEW PROGRAM)**

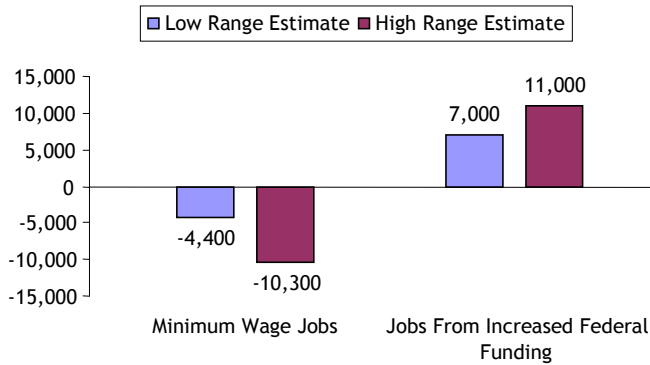
SERVING ABOUT 4%
OF POPULATION

PRESCRIPTION DRUGS

WHAT IS THE OVERALL COST OF THE HEALTH CARE FOR ALL PLAN TO THE STATE?

This plan will not negatively effect the current state budget. According to the Lewin Group, the net state public sector cost for this plan is \$665.7 M fully funded in the plan with new revenue. In addition, the plan charges fair premiums to those newly insured, maximizes federal matching funds, utilizes existing program funding for the uninsured to keep payroll contributions lower over time, and capitalizes on savings from our prescription drug buying pool to help fund the plan.

WHAT IS THE IMPACT OF THE HEALTH CARE FOR ALL PLAN ON JOBS?



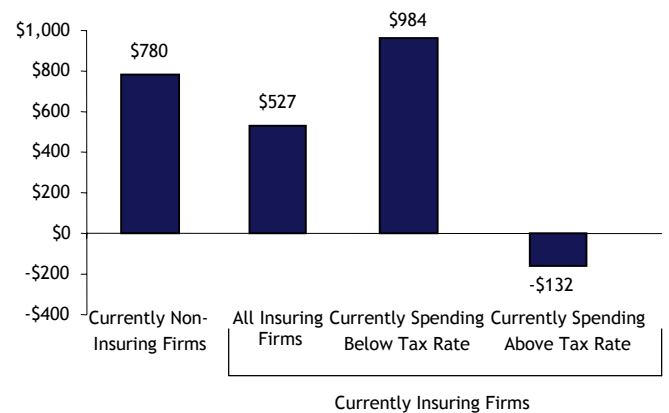
According to the Lewin Group, there would be little net change in employment in Maryland under the program. Up to 10,000 minimum wage jobs could be lost in affected firms, which would be roughly offset by increased employment due to the influx of federal revenues under the program. In addition, Lewin suggests that the plan might actually attract to the state some large employers in manufacturing and other higher wage industries due to reduced uncompensated care cost.

WILL THE HEALTH CARE FOR ALL PLAN CAUSE EMPLOYERS TO LEAVE THE STATE?

The Lewin Group thinks it is very unlikely that the program would push employers to relocate in neighboring states. This is because about 65 percent of uninsured workers are employed in either the services or the retail trade industries such as restaurants, dry cleaners, gasoline stations, and stores. These businesses must locate near their markets or risk losing sales volume. Even if some businesses do relocate, the Lewin Group thinks that employment in Maryland is unlikely to change. These firms will likely employ the same Maryland workers in their new location.

WHAT IS THE IMPACT OF THE HEALTH CARE FOR ALL PLAN ON BUSINESS?

Firms that spend at least 4.5% of their payroll on health care (or 8% payroll if the business employs 10,000+ workers), will see savings of about \$132 per employee. Firms that spend less than the required percent of payroll (e.g., a retailer that only provides health care to management but not clerks), or nothing on healthcare will spend between \$780 and \$984 per employee on health care generally due to increased enrollment in their health care plans.



Regardless of what is spent by Maryland business, Lewin estimates that about 92% of the costs for businesses will be passed on to employees in the form of lower wages. The cost to families noted below includes such wage effects.

WHAT IS THE IMPACT OF THE HEALTH CARE FOR ALL PLAN ON FAMILIES?



Under our plan, every Marylander will now have access to quality and affordable health care. Every Marylander will have the coverage they need if they are laid off or between jobs. The Lewin Group estimates that the average family will spend \$391 more per year under our plan. **So...for just \$1.07 extra per day, the average Maryland family will be able to purchase the health care security they deserve.** Note that many families will save money or pay nothing more than they are now. The \$391 increase includes the costs for changes in premiums, out-of-pocket expenses, and taxes dedicated to fund the program. It also takes into account that employers will pass along most of their costs to employees in the form of lower wages.

WHAT IS THE MARYLAND CITIZENS' HEALTH INITIATIVE AND THE HEALTH CARE FOR ALL CAMPAIGN?

The Maryland Citizens' Health Initiative established the Maryland Health Care for All! Coalition in 1998. It is a grassroots coalition of hundreds of diverse organizations, including religious, health, community, labor, and business groups from across the state. We believe that all Marylanders should have access to quality and affordable health care. To learn more about our coalition, visit <http://www.healthcareforall.com>