I. Living in Arizona
II. What Happened in 2014
III. On the Horizon for 2015
IV. Opportunities: Rural & Public Health
In other news, today:

2 feet of snow fell this morning.
Established in 1981, CRH serves Arizona through its mission “to improve the health and wellness of rural populations”
Did you know?

Arizona’s land area of 113,594 sq. miles would encompass the state of New York, the six New England States (CT, ME, MA, NH, RI, VT) and DC + Delaware.
Center for Rural Health
2014 Annual Report

CRH houses: Arizona State Office of Rural Health (1990), the Rural Hospital Flexibility Program (1999), and the Western Region Public Health Training Center (2014)
Arizona’s 15 Critical Access Hospitals

Figure 2: Arizona and U.S. CAH Total Margin Trend 2004-2012

Source: Cecil G. Sheps Center CAH Financial Indicators Reports
Arizona’s 15 Critical Access Hospitals

Figure 1: Arizona CAHs’ Profitability Summary
2004-2013

Source – Arizona Dept. of Health Services: Hospital Cost Reports (2004-2013)
Threats: Rural Hospital Fiscal Viability

- Addressing projected $0.5 to $1 billion FY 2015-16 state budget deficit
- Cutting Medicaid/AHCCCS payment CAH, and Rural Health Clinic, Rural Hospitals
- Diminishing federal disproportionate share (DSH) payments to hospitals
- Changing rural county designations (Cochise)
- Enforcing CAH designation criteria proposed by Office of the Inspector General (OIG)
ACA Coverage in 2014

• Created health insurance marketplaces
• Mandated coverage
• Expanded Medicaid: <138% FPL
• Subsidized premiums: 138-400% FPL
• Taxed individuals w/o coverage
• Guaranteed issue

<table>
<thead>
<tr>
<th>Household Size</th>
<th>100%</th>
<th>138%</th>
<th>400%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$11,490</td>
<td>$15,856</td>
<td>$45,960</td>
</tr>
<tr>
<td>2</td>
<td>$15,510</td>
<td>$21,404</td>
<td>$62,040</td>
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<tr>
<td>3</td>
<td>$19,530</td>
<td>$26,951</td>
<td>$78,120</td>
</tr>
<tr>
<td>4</td>
<td>$23,550</td>
<td>$32,499</td>
<td>$94,200</td>
</tr>
</tbody>
</table>

FPL – Federal Poverty Level 2013

01/14/15 Dan Derksen, MD
Current Status of State Medicaid Expansion Decisions

NOTES: Data are as of August 28, 2014. *AR, IA, MI, and PA have approved Section 1115 waivers for Medicaid expansion. In PA, coverage will begin in January 2015. NH is implementing the Medicaid expansion, but the state plans to seek a waiver at a later date. IN has a pending waiver to implement the Medicaid expansion. WI amended its Medicaid state plan and existing Section 1115 waiver to cover adults up to 100% FPL in Medicaid, but did not adopt the expansion.
SOURCES: Current status for each state is based on data from the Centers for Medicare and Medicaid Services, available here, and KCMU analysis of current state activity on Medicaid expansion.

9.7m Medicaid Enrollees in 2014

Accessed 01/07/15 at: http://www.medicaid.gov/medicaid
01/14/15 Dan Derksen, MD
Social Security Act
MEDICAID SSA Title XIX
CHIP SSA XXI

Medicaid Established in 1965 (Title XIX SSA)
Children’s Health Insurance Program 1997 XXI SSA
Medicaid/CHIP spending $432 billion in 2012 (58% Federal, 42% State)
Enrollment 68.5 million – Oct-2014

Mitchell et al: Medicaid an Overview. Congressional Research Service 1/10/14
http://mspbwatcharchive.files.wordpress.com/2014/01/20140110_medicaid-an-overview.pdf

01/14/15 Dan Derksen, MD
Mortality and Access to Care among Adults after State Medicaid Expansions

ABSTRACT
We compared three states that substantially expanded adult Medicaid eligibility since 2000 (New York, Maine, and Arizona) with neighboring states without expansions. State Medicaid expansions to cover low-income adults were significantly associated with reduced mortality.

Sommers et al: NEJM 7/25/12
Medicaid as an investment in children: What is the long-term impact on tax receipts?

We find that by expanding Medicaid to children, the government recoups much of its investment in the form of higher future tax payments.

The eligible children also experience decreases in mortality and increases in college attendance.


After ACA in 2014 for U.S. / AZ
New Coverage Increases Demand

<table>
<thead>
<tr>
<th>Income</th>
<th>UNITED STATES</th>
<th>Income &gt;138% to &lt;400%</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 138%</td>
<td>Medicaid</td>
<td>Marketplace</td>
</tr>
<tr>
<td>9.7 Million</td>
<td>Age &lt;26 on Parents’ Plan</td>
<td>8 Million</td>
</tr>
</tbody>
</table>

ARIZONA ACA ENROLLMENT

<table>
<thead>
<tr>
<th>AHCCCS – AZ Medicaid</th>
<th>AZ MARKETPLACE</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;138% FPL ($32,499 family of 4)</td>
<td>138-400% FPL ($32,499-$94,200)</td>
</tr>
<tr>
<td>337,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

AZ <26 Parents’ Plan

70,000

Arizona Total: >500,000

www.hhs.gov/healthcare/facts/bystate ;
http://www.hhs.gov/healthcare/facts/factsheets/2012/06/young-adults06192012a.html

01/14/15 Dan Derksen, MD
## AHCCCS Dec 2013 to Oct 2014

<table>
<thead>
<tr>
<th>County</th>
<th>AHCCCS Oct 2014</th>
<th>AHCCCS Dec 2013</th>
<th>Increase AHCCCS 2013-2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apache</td>
<td>36,187</td>
<td>29,551</td>
<td>6,636</td>
</tr>
<tr>
<td>Cochise</td>
<td>33,693</td>
<td>26,735</td>
<td>6,958</td>
</tr>
<tr>
<td>Coconino</td>
<td>32,935</td>
<td>25,837</td>
<td>7,098</td>
</tr>
<tr>
<td>Gila</td>
<td>17,653</td>
<td>13,980</td>
<td>3,673</td>
</tr>
<tr>
<td>Graham</td>
<td>9,738</td>
<td>7,919</td>
<td>1,819</td>
</tr>
<tr>
<td>Greenlee</td>
<td>1,440</td>
<td>1,077</td>
<td>363</td>
</tr>
<tr>
<td>La Paz</td>
<td>5,776</td>
<td>4,663</td>
<td>1,113</td>
</tr>
<tr>
<td>Maricopa</td>
<td>952,736</td>
<td>753,367</td>
<td>199,369</td>
</tr>
<tr>
<td>Mohave</td>
<td>59,502</td>
<td>46,347</td>
<td>13,155</td>
</tr>
<tr>
<td>Navajo</td>
<td>46,311</td>
<td>38,066</td>
<td>8,245</td>
</tr>
<tr>
<td>Pima</td>
<td>252,930</td>
<td>195,147</td>
<td>57,783</td>
</tr>
<tr>
<td>Pinal</td>
<td>62,839</td>
<td>50,480</td>
<td>12,359</td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>19,233</td>
<td>15,714</td>
<td>3,519</td>
</tr>
<tr>
<td>Yavapai</td>
<td>45,769</td>
<td>35,968</td>
<td>9,801</td>
</tr>
<tr>
<td>Yuma</td>
<td>65,124</td>
<td>52,329</td>
<td>12,795</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,641,866</strong></td>
<td><strong>1,297,180</strong></td>
<td><strong>344,686</strong></td>
</tr>
</tbody>
</table>

**Increase AHCCCS 2013-2014**

+31,019 (9%) due to ACA Adult Medicaid Expansion 2013-14

+266,504 (77%) due to Voter-led 2001 Prop.204 Restoration 2013-14

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01/14/15 Dan Derksen, MD
ACA Exchange Decisions by State

27 Fed-facilitated, 14 State, 7 Partner, 3 Fed-supported

http://www.foxbusiness.com/personal-finance/2013/10/16/why-state-run-health-exchanges-are-faring-better/
Accessed 1/14/15 at kff.org
### Marketplace Round One Enrollment: Oct 2013-April 2014 in the 10 States with Highest Uninsured Rates Pre-ACA

<table>
<thead>
<tr>
<th>STATE</th>
<th>%Uninsured Pre-ACA ‘12</th>
<th># Uninsured Pre-ACA ‘12</th>
<th>October 2013 #Selected Plan</th>
<th>Nov 2013 #Selected Plan</th>
<th>Dec 2013 #Selected Plan</th>
<th>Jan 2014 #Selected Plan</th>
<th>Feb 2014 #Selected Plan</th>
<th>Mar/Apr 2014 #Selected Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. TX</td>
<td>24.6</td>
<td>6,192,000</td>
<td>3,000</td>
<td>14,038</td>
<td>118,532</td>
<td>207,546</td>
<td>295,025</td>
<td>733,757</td>
</tr>
<tr>
<td>2. NV</td>
<td>21.5</td>
<td>576,000</td>
<td>1,217</td>
<td>4,834</td>
<td>22,566</td>
<td>22,597</td>
<td>28,535</td>
<td>45,390</td>
</tr>
<tr>
<td>3. FL</td>
<td>20.7</td>
<td>3,882,000</td>
<td>3,571</td>
<td>17,908</td>
<td>158,030</td>
<td>296,892</td>
<td>442,087</td>
<td>983,775</td>
</tr>
<tr>
<td>4. NM</td>
<td>20.6</td>
<td>416,000</td>
<td>172</td>
<td>934</td>
<td>7,688</td>
<td>11,620</td>
<td>15,012</td>
<td>32,062</td>
</tr>
<tr>
<td>5. GA</td>
<td>19.7</td>
<td>1,907,000</td>
<td>1,390</td>
<td>6,859</td>
<td>58,611</td>
<td>101,276</td>
<td>341,650</td>
<td>316,543</td>
</tr>
<tr>
<td>6. CA</td>
<td>19.5</td>
<td>7,256,000</td>
<td>35,364</td>
<td>107,087</td>
<td>498,794</td>
<td>728,086</td>
<td>868,936</td>
<td>1,405,102</td>
</tr>
<tr>
<td>7. SC</td>
<td>18.8</td>
<td>857,000</td>
<td>572</td>
<td>2,761</td>
<td>24,026</td>
<td>41,300</td>
<td>55,830</td>
<td>118,324</td>
</tr>
<tr>
<td>8. AZ</td>
<td>18.5</td>
<td>1,201,000</td>
<td>739</td>
<td>3,601</td>
<td>27,943</td>
<td>43,495</td>
<td>57,611</td>
<td>120,071</td>
</tr>
<tr>
<td>9. LA</td>
<td>18.4</td>
<td>819,000</td>
<td>387</td>
<td>2,193</td>
<td>17,548</td>
<td>32,864</td>
<td>45,561</td>
<td>101,778</td>
</tr>
<tr>
<td>10. MS</td>
<td>18.2</td>
<td>528,000</td>
<td>148</td>
<td>802</td>
<td>8,045</td>
<td>17,350</td>
<td>25,554</td>
<td>61,494</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48.1</strong></td>
<td><strong>23,634,000</strong></td>
<td><strong>46,560</strong></td>
<td><strong>161,017</strong></td>
<td><strong>941,783</strong></td>
<td><strong>1,503,026</strong></td>
<td><strong>2,175,801</strong></td>
<td><strong>3,918,296</strong></td>
</tr>
</tbody>
</table>

| U.S. | 15.7                   | 49,183,000               | 106,185                     | 364,682                | 2,153,421              | 3,299,492              | 4,242,325              | 8,019,763                |


01/14/15 Dan Derksen, MD
Marketplace **Round Two** Enrollment: 11/15/14 - 12/15/14 in the 10 States with Highest Uninsured Rates Pre-ACA

<table>
<thead>
<tr>
<th>STATE</th>
<th>% Uninsured Pre-ACA '12</th>
<th># Uninsured Pre-ACA '12</th>
<th>Mar/Apr 2014 # Selected Plan</th>
<th>Nov/Dec 2014 Sel/Renewd Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. TX</td>
<td>24.6</td>
<td>6,192,000</td>
<td>733,757</td>
<td>379,525</td>
</tr>
<tr>
<td>2. NV</td>
<td>21.5</td>
<td>576,000</td>
<td>45,390</td>
<td>40,285</td>
</tr>
<tr>
<td>3. FL</td>
<td>20.7</td>
<td>3,882,000</td>
<td>983,775</td>
<td>673,255</td>
</tr>
<tr>
<td>4. NM</td>
<td>20.6</td>
<td>416,000</td>
<td>32,062</td>
<td>17,556</td>
</tr>
<tr>
<td>5. GA</td>
<td>19.7</td>
<td>1,907,000</td>
<td>316,543</td>
<td>187,654</td>
</tr>
<tr>
<td>6. CA</td>
<td>19.5</td>
<td>7,256,000</td>
<td>1,405,102</td>
<td>118,770</td>
</tr>
<tr>
<td>7. SC</td>
<td>18.8</td>
<td>857,000</td>
<td>118,324</td>
<td>75,075</td>
</tr>
<tr>
<td>8. AZ</td>
<td>18.5</td>
<td>1,201,000</td>
<td>120,071</td>
<td>72,932</td>
</tr>
<tr>
<td>9. LA</td>
<td>18.4</td>
<td>819,000</td>
<td>101,778</td>
<td>56,651</td>
</tr>
<tr>
<td>10. MS</td>
<td>18.2</td>
<td>528,000</td>
<td>61,494</td>
<td>28,452</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48.1</strong></td>
<td><strong>23,634,000</strong></td>
<td><strong>3,918,296</strong></td>
<td><strong>1,650,155</strong></td>
</tr>
<tr>
<td><strong>U.S.</strong></td>
<td><strong>15.7</strong></td>
<td><strong>49,183,000</strong></td>
<td><strong>8,019,763</strong></td>
<td><strong>4,048,861</strong></td>
</tr>
</tbody>
</table>

Marketplace enrollment 1/11/15 at: http://aspe.hhs.gov

01/14/15 Dan Derksen, MD
ACA in 2014 to 2015

- 2nd Marketplace enrollment 11/15/14 – 2/15/15
- Marketplace Tasks – renew, enroll uninsured, in 3 months (first enrollment was 6.5 months)
- 25% Insurers offering plans
- $5.7B hospital uncompensated care 2014
- 75% of that is in Medicaid expansion states


Round One: 2014 Percent Eligible Pop. Who Selected a Marketplace Plan U.S. 28% ‘Participation Rate’


01/14/15 Dan Derksen, MD
In 2014, 70% U.S. Uninsured Hispanics in These 10 States: Just 6% Selected Plans

- 10.7 of 15.3M (70%) Hispanic Uninsured Are in these 10 states
- 632,130 of 10.7M (6%) Selected a Marketplace Plan

Four US-Mexico Border States: 57% U.S. Hispanic Uninsured

- 47.3M US Total Uninsured 2012
- 15.3M US Total Unins. Hispanics
- 8.7 M (57%) in 4 Border States

- 7M uninsured total in CA
  - 4.1M uninsured Hispanic
- 1.1M uninsured total in AZ
  - 0.7M uninsured Hispanic
- 0.4M uninsured total in NM
  - 0.2M uninsured Hispanic
- 6.2M uninsured total in TX
  - 3.8M uninsured Hispanic

Accessed 10/14/14 at: http://kff.org/uninsured/state-indicator/rate-by-raceethnicity/
# The Arizona Marketplace

<table>
<thead>
<tr>
<th>Insurers</th>
<th>Catastrophic</th>
<th>Bronze</th>
<th>Silver</th>
<th>Gold</th>
<th>Platinum</th>
<th>TOTAL PLANS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aetna</td>
<td>130/6350/6350</td>
<td>120/6350/6350</td>
<td>161/600/2250</td>
<td>205/2000/4500</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>BlueCross BlueShield of Arizona</td>
<td>118/6350/6350</td>
<td>99/6000/6350</td>
<td>120/1250/2250</td>
<td>164/1000/4500</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Cigna</td>
<td>136/6100/6350</td>
<td>171/725/1400</td>
<td>206/1900/6350</td>
<td></td>
<td></td>
<td>9</td>
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<tr>
<td>Health Net</td>
<td>90/6350/6350</td>
<td>68/5000/6000</td>
<td>85/350/2250</td>
<td>103/0/6000</td>
<td>124/0/2000</td>
<td>40</td>
</tr>
<tr>
<td>Humana</td>
<td>108/6350/6350</td>
<td>92/6300/6300</td>
<td>111/900/1450</td>
<td>136/2500/3500</td>
<td>160/1000/1500</td>
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<tr>
<td>Meritus</td>
<td>176/6350/6350</td>
<td>133/5000/6350</td>
<td>140/0/2250</td>
<td>210/2200/5500</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>UAHN</td>
<td>160/6350/6350</td>
<td>149/6350/6350</td>
<td>186/100/2250</td>
<td>235/575/6350</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td><strong>TOTAL PLANS</strong></td>
<td>9</td>
<td>24</td>
<td>39</td>
<td>33</td>
<td>14</td>
<td>119</td>
</tr>
</tbody>
</table>

Pima County, Arizona Marketplace Insurers and Plans

**First Enrollment Period: 10/1/13 to 4/30/14**

Compiled by: DJ Derksen: Data Accessed at: healthcare.gov

01/14/15 Dan Derksen, MD
# Pima County, Arizona Marketplace Insurers and Plans

**Second Enrollment Period:** 11/15/14 to 2/15/15

<table>
<thead>
<tr>
<th>Insurers</th>
<th>Catastrophic</th>
<th>Bronze</th>
<th>Silver</th>
<th>Gold</th>
<th>Platinum</th>
<th>TOTAL PLANS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aetna</td>
<td>68/6600/6600</td>
<td>76/6300/6300</td>
<td>104/1000/2100</td>
<td>127/1400/5000</td>
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<td>6</td>
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<tr>
<td>Assurant</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>BCBS</td>
<td>64/6600/6600</td>
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<td></td>
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<td></td>
<td>28</td>
</tr>
<tr>
<td>Cigna</td>
<td>115/6100/6350</td>
<td>138/750/1350</td>
<td>164/1250/4000</td>
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<td></td>
<td>8</td>
</tr>
<tr>
<td>Health Net</td>
<td>63/6350/6350</td>
<td>77/5000/6000</td>
<td>89/500/2250</td>
<td>102/450/6000</td>
<td>116/200/3000</td>
<td>26</td>
</tr>
<tr>
<td>Humana</td>
<td>82/6600/6600</td>
<td>92/6300/6300</td>
<td>112/900/1450</td>
<td>137/2500/3500</td>
<td>163/1000/1500</td>
<td>5</td>
</tr>
<tr>
<td>Meritus Mutual</td>
<td>71/6000/6000</td>
<td>78/500/2250</td>
<td>98/2000/4500</td>
<td>118/500/2000</td>
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<td>15</td>
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<tr>
<td>Meritus Partners</td>
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<td></td>
</tr>
<tr>
<td>UAIIN</td>
<td>69/6400/6600</td>
<td>88/600/2000</td>
<td>111/600/6600</td>
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<td></td>
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<tr>
<td>UnitedHealthOne</td>
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<td>102/550/2250</td>
<td>115/500/6600</td>
<td>130/250/1500</td>
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</tr>
<tr>
<td>TOTAL PLANS</td>
<td>8</td>
<td>28</td>
<td>34</td>
<td>28</td>
<td>13</td>
<td>111</td>
</tr>
</tbody>
</table>

Compiled by: DJ Derksen: Data Accessed at: healthcare.gov

01/14/15 Dan Derksen, MD
# Arizona Marketplace 2015

<table>
<thead>
<tr>
<th>#Marketplace Insurers</th>
<th>#Marketplace Plans</th>
<th>27yo, 20k tax credit/mo</th>
<th>27yo, 20k, 2nd Lowest Silver</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>64</td>
<td>$163/mo</td>
<td>$83</td>
<td>Apache</td>
</tr>
<tr>
<td>7</td>
<td>63</td>
<td>$125/mo</td>
<td>$83</td>
<td>Cochise</td>
</tr>
<tr>
<td>7</td>
<td>64</td>
<td>$163/mo</td>
<td>$83</td>
<td>Coconino</td>
</tr>
<tr>
<td>8</td>
<td>70</td>
<td>$128/mo</td>
<td>$83</td>
<td>Gila</td>
</tr>
<tr>
<td>7</td>
<td>63</td>
<td>$125/mo</td>
<td>$83</td>
<td>Graham</td>
</tr>
<tr>
<td>7</td>
<td>63</td>
<td>$125/mo</td>
<td>$83</td>
<td>Greenlee</td>
</tr>
<tr>
<td>7</td>
<td>63</td>
<td>$132/mo</td>
<td>$83</td>
<td>La Paz</td>
</tr>
<tr>
<td>11</td>
<td>138</td>
<td>$62/mo</td>
<td>$83</td>
<td>Maricopa</td>
</tr>
<tr>
<td>8</td>
<td>68</td>
<td>$159/mo</td>
<td>$83</td>
<td>Mohave</td>
</tr>
<tr>
<td>7</td>
<td>64</td>
<td>$163/mo</td>
<td>$83</td>
<td>Navajo</td>
</tr>
<tr>
<td>10</td>
<td>111</td>
<td>$64/mo</td>
<td>$83</td>
<td>Pima</td>
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<tr>
<td>9</td>
<td>83</td>
<td>$100/mo</td>
<td>$83</td>
<td>Pinal</td>
</tr>
<tr>
<td>9</td>
<td>78</td>
<td>$64/mo</td>
<td>$83</td>
<td>Santa Cruz</td>
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<tr>
<td>8</td>
<td>69</td>
<td>$159/mo</td>
<td>$83</td>
<td>Yavapai</td>
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<tr>
<td>7</td>
<td>63</td>
<td>$132/mo</td>
<td>$83</td>
<td>Yuma</td>
</tr>
</tbody>
</table>

Compiled by: DJ Derksen: Data Accessed at: healthcare.gov
Arizona Marketplace 2014 to 2015

• 10% Decrease in Monthly Silver Premiums (40 y.o. making $30,000 /yr)
• Choice: Min. of 7 Insurers and 60 Plans in all Arizona Counties
• Arizona: 2nd Lowest Silver Premiums in and 5th Lowest Bronze Premiums in U.S.
• 400,000 Uninsured Arizonans Eligible for Tax Credit Subsidy in AZ Marketplace
• 100,000 Renewing Coverage (and can choose a new plan)
ACA - THE MANDATE

• Tax penalty for individuals w/o coverage – individual penalty in 2015 ($95) or 1% of household income whichever is greater
• Individual penalty increases to 2.5% of household income or $695 - $2,085 yr
• Large businesses >50 employees w/o insurance $2000/fte (after the first 30 FTEs)
What is the largest federal expenditure?

a) Department of Defense
b) Medicare – Title XVIII Social Security Act
c) Medicaid – Title XIX Social Security Act
d) Employer Sponsored Insurance
e) Aggregate of Title III, VII, VIII of the Public Health Service Act

**Answer d)**

Note: the ACA reforms tax law with an ‘advanced premium tax credit’ to subsidize premium costs + tax penalty
Tax Expenditures

Tax Code Subsidies Delivered as:
- Deductions
- Exclusions
- Preferences

Largest by far is the exclusion of employer-sponsored health insurance costs from taxable individual income $185 billion (excludes payroll)

The largest individual income tax expenditure in 2013 was the provision that allows households to exclude from taxable income the value of employer-provided health insurance ($185 billion). The next three largest: the deduction for mortgage interest and other tax breaks on

Tax Expenditures

Largest is the exclusion of employer sponsored health insurance costs from taxable individual income $248 billion (including the effect on payroll taxes)

including effect on payroll taxes

Table 1.
Budgetary Effects of Selected Major Tax Expenditures, Fiscal Year 2013

<table>
<thead>
<tr>
<th>Exclusions from Taxable Income</th>
<th>2013 Billions of Dollars</th>
<th>2013 Percentage of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employer-sponsored health insurance</td>
<td>248</td>
<td>1.5</td>
</tr>
<tr>
<td>Net pension contributions and earnings</td>
<td>137</td>
<td>0.9</td>
</tr>
<tr>
<td>Capital gains on assets transferred at death</td>
<td>43</td>
<td>0.3</td>
</tr>
<tr>
<td>A portion of Social Security and Railroad Retirement benefits</td>
<td>33</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Deductions

<table>
<thead>
<tr>
<th>Deductions</th>
<th>2013 Billions of Dollars</th>
<th>2013 Percentage of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>State and local taxes</td>
<td>77</td>
<td>0.5</td>
</tr>
<tr>
<td>Mortgage interest</td>
<td>70</td>
<td>0.4</td>
</tr>
<tr>
<td>Charitable contributions</td>
<td>39</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Preferential Tax Rates on Capital Gains and Dividends

<table>
<thead>
<tr>
<th>Preferential Tax Rates on Capital Gains and Dividends</th>
<th>2013 Billions of Dollars</th>
<th>2013 Percentage of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>161</td>
<td>1.0</td>
<td></td>
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</tbody>
</table>

Credits

<table>
<thead>
<tr>
<th>Credits</th>
<th>2013 Billions of Dollars</th>
<th>2013 Percentage of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earned income tax credit</td>
<td>61</td>
<td>0.4</td>
</tr>
<tr>
<td>Child tax credit</td>
<td>57</td>
<td>0.4</td>
</tr>
</tbody>
</table>

Memorandum:

<table>
<thead>
<tr>
<th>Memorandum:</th>
<th>2013 Billions of Dollars</th>
<th>2013 Percentage of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credits for Premiums in Health Insurance Exchanges</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation.

Notes: Because estimates of tax expenditures are based on people’s behavior with the tax expenditure the amount of revenue that would be raised if those provisions of the tax code were eliminated in response to those changes.

The exclusion from taxable income of employer-sponsored health insurance includes employees insurance premiums, and long-term-care insurance premiums.

GDP = gross domestic product.

a. Includes effect on payroll taxes.
b. Includes effect on outlays.


01/14/15 Dan Derksen, MD
Categories of U.S. Health Spending
2012 Total = $2.8 Trillion

- Hospital: 32%
- Physician & Clinic: 20%
- Other: 30%
- Rx: 9%
- Dental
- Nursing Home

http://healthaffairs.org/blog/2014/01/06/national-health-spending-growth-remains-low-for-fourth-consecutive-year/
U.S. Health Spending by Payer
2012 Total = $2.8 Trillion

- Private Insurance: 33%
- Medicare: 20%
- Medicaid: 15%
- Other: 20%
- Out of Pocket: 12%

Source: http://healthaffairs.org/blog/2014/01/06/national-health-spending-growth-remains-low-for-fourth-consecutive-year/
Avg. Annual Percent Increase in National Health Expenditures 1960-2012

Last 5 years: Lowest growth of spending in 50 year history

Proj. 2013 3.6%


01/14/15 Dan Derksen, MD
Keep your face always toward the sunshine – and shadows will fall behind you.  Walt Whitman