

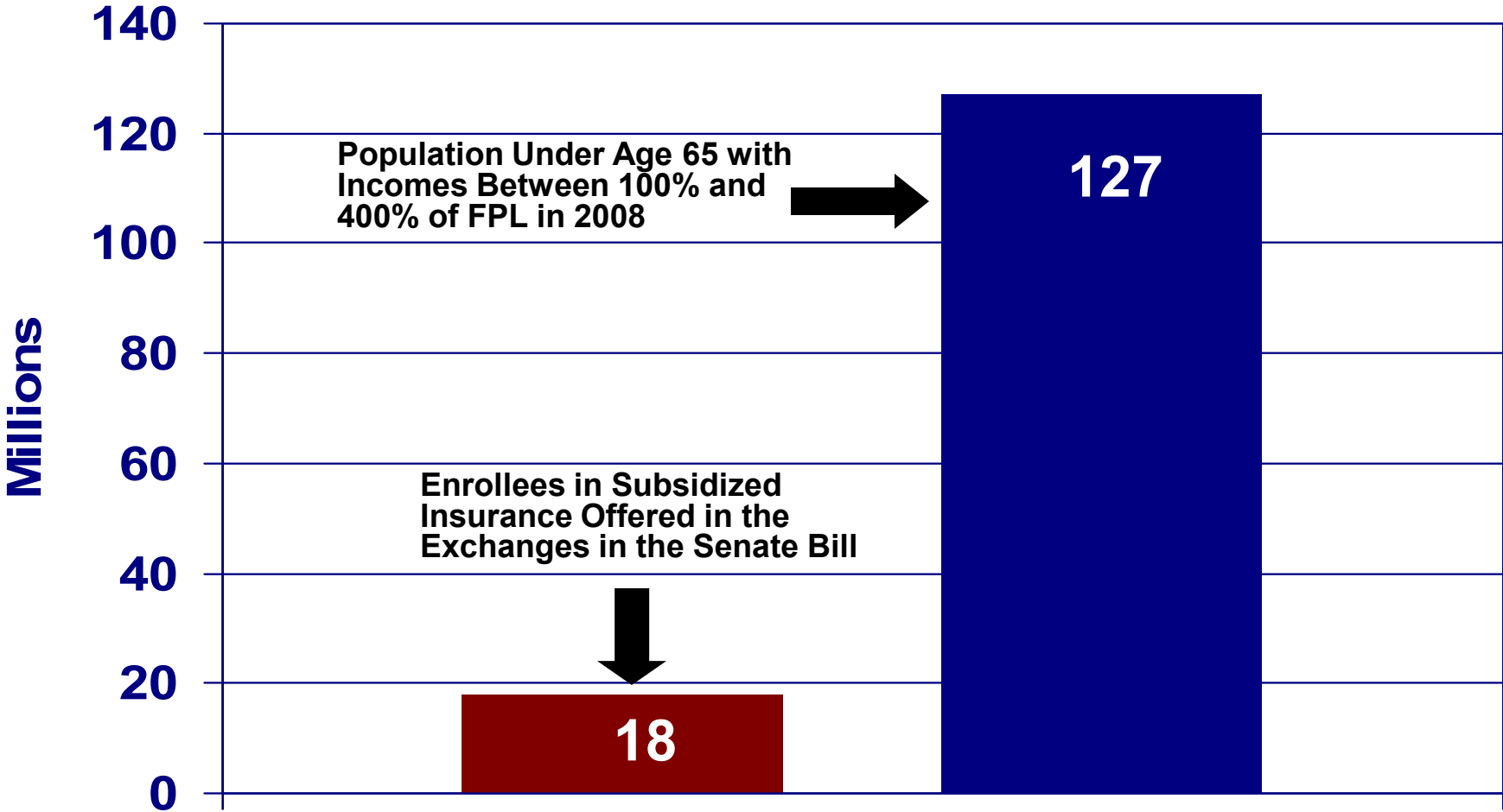
# **Are the Current Health Reform Bills Fair?**

**American Enterprise Institute**

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**James C. Capretta**  
**Fellow, Ethics and Public Policy Center**  
**[jcapretta@eppc.org](mailto:jcapretta@eppc.org)**  
**[www.eppc.org](http://www.eppc.org)**

# Exchange Enrollment vs. Eligible Population



Sources: CBO, Census Bureau

# The Effect of the “Firewall” in the Senate Bill

<b>Two Families of Four in 2016</b>		
	<u>Inside Exchange</u>	<u>Outside Exchange</u>
<b>Income (2 x FPL)</b>	<b>\$48,000</b>	<b>\$48,000</b>
<b>Premium</b>	<b>\$14,100</b>	<b>\$14,100</b>
<b>Premium Subsidy</b>	<b>\$10,980</b>	<b>\$0</b>
<b>Federal Tax Advantage*</b>	<b>\$0</b>	<b>~\$3,350</b>

**Subsidy Differential = ~\$7630**

# Implications

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- **Strong incentives for firms to re-organize to maximize health insurance subsidization.**
- **Disincentive for firms to hire low-wage workers from low-income households to avoid penalties.**
- **Strong political pressure to allow breaches in the firewall and more equal subsidization of workers inside and outside the exchanges.**
- **Federal budgetary costs that far exceed current Congressional Budget Office estimates.**