

Employee Benefits in the Sunlight Following Election Day



Joel Wood
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Chicago Daily Tribune

HOME

DEWEY DEFEATS TRUMAN

G. O. P. Sweep Indicated in State; Boyle Leads in City

REPUBLICAN
TICKET AHEAD
IN ALL VOTE

Times Herald
in New York
has Attorney

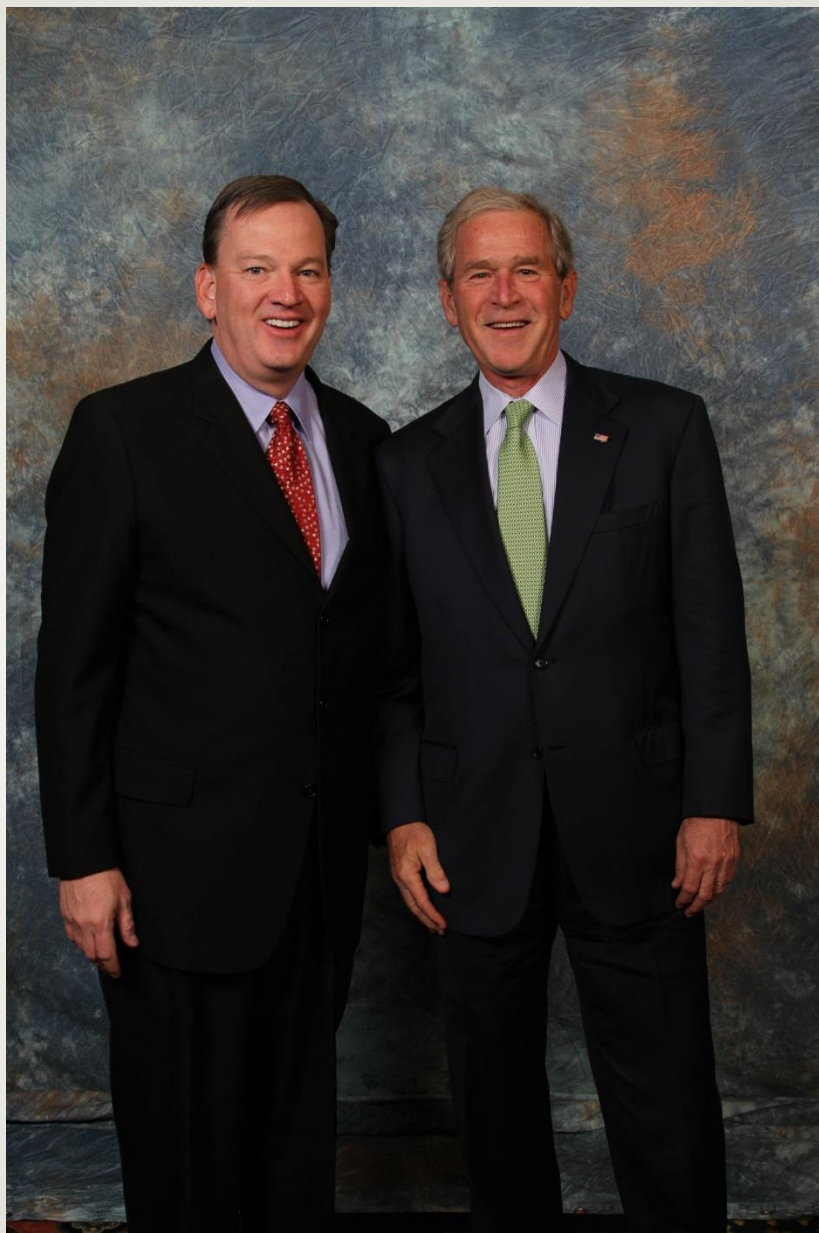
RECORD CITY
VOTE SEEN IN
LATE TALLIES

BULLETIN IN ELECTING

Early Count
Closed 6:30 P.

PETE DEER
BACK IN
WHITE





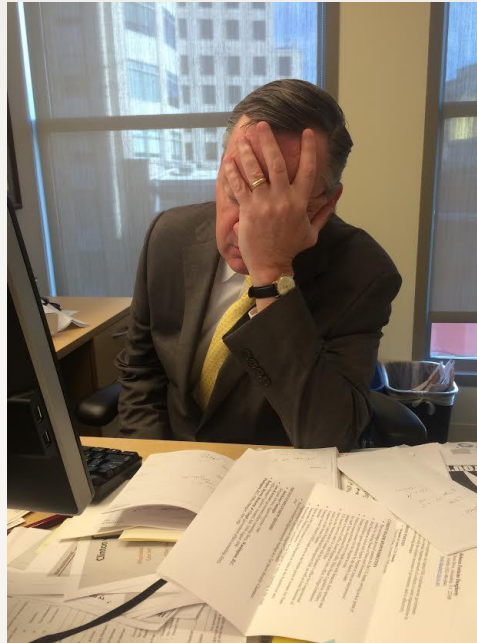




WOULD YOU
BELIEVE IT'S
JAKE FROM
STATE FARM



The Nasty 2016 Election: What Does it Mean for *Us*?



Joel Wood

Senior Vice President
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LIVE: CONCESSION SPEECH

DESERT DIAMOND
WEST VALLEY
Si'at Ke:k

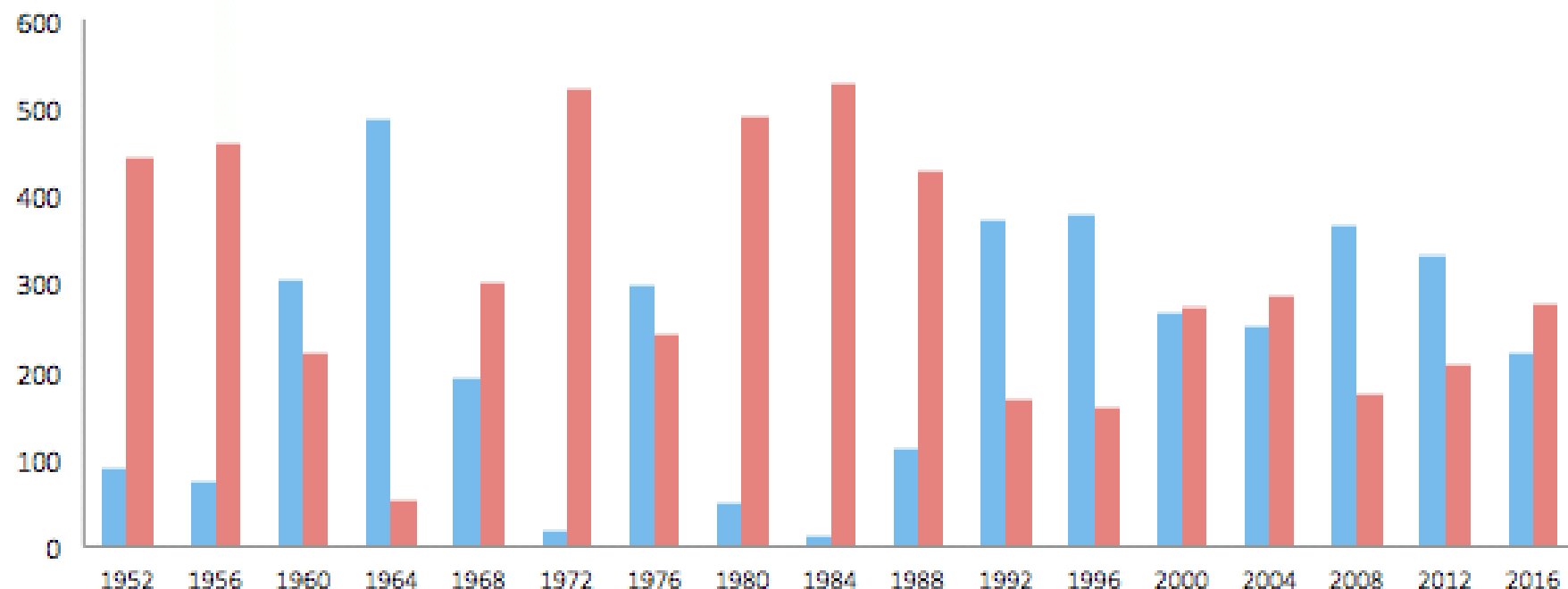
Sen. Tim Kaine speaks before Hillary Clinton gives concession speech

Electoral College has swung back in the Republicans' favor

Electoral College votes, by party

1952-2016, as of November 9th at 5:04 am

Democratic Republican



Donald Trump wins the electoral college with 276 votes

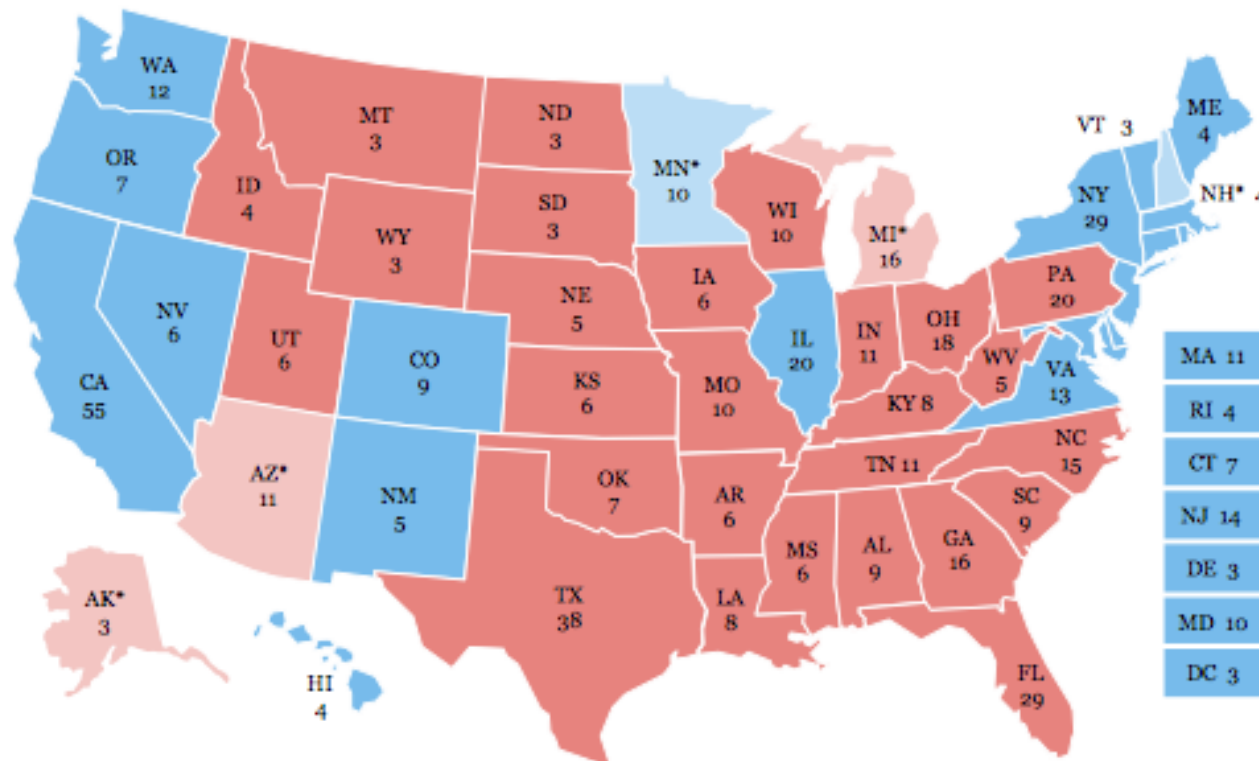
2016 Electoral College map

Reported as of November 9th at 5:34 am

■ Hillary Clinton ■ Donald Trump

218

276



Hillary Clinton (D)

Running Mate: Tim Kaine

Popular Vote: 47%

States Carried: 20 + DC



Donald Trump (R)

Running Mate: Mike Pence

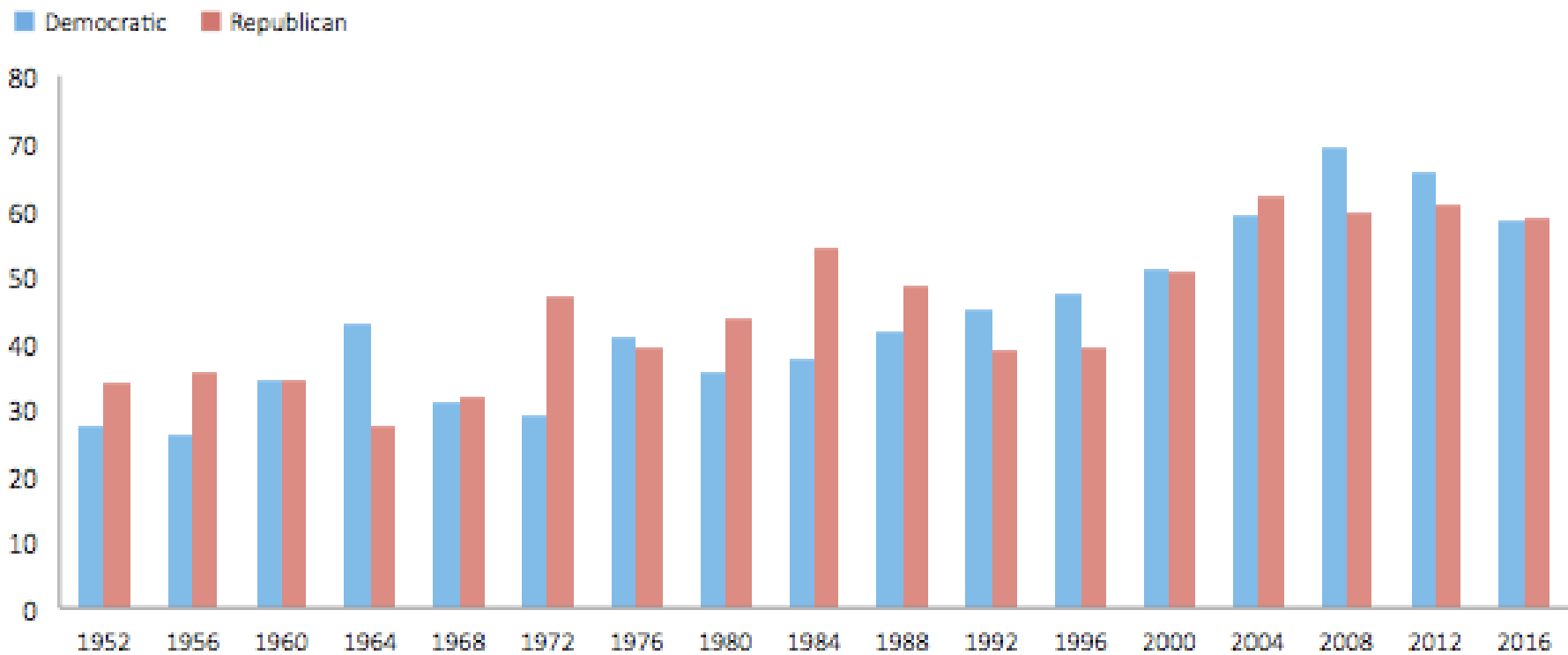
Popular Vote: 48%

States Carried: 30

2016 popular vote is close, with Trump having a 1 percent lead

Presidential popular vote in millions, by party

1952-2016, reported as of November 9th at 5:11 am





**LET'S STICK
TOGETHER**









TRANS - PACIFIC PARTNERSHIP

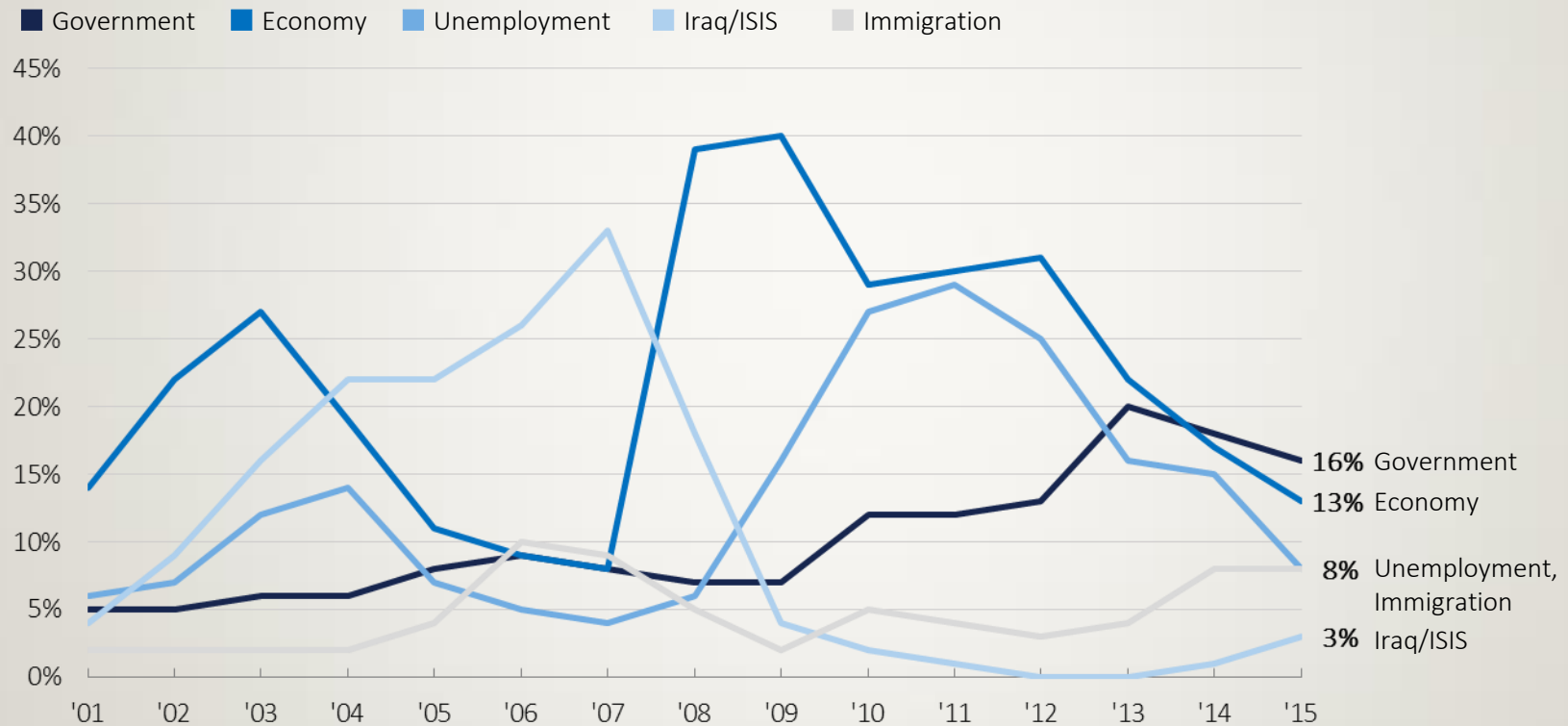




Government is seen as biggest problem in US second year in a row

Percentage of respondents on most important problem facing the US

Annual average percentage across monthly measures for each year



Sources: Lydia Saad, "Government Named Top U.S. Problem for Second Straight Year," Gallup, January 4, 2016

Since WWII, President's Party Has Lost Five of Six Attempts for Third Term

Year	President	Party	Result
2008	G.W. Bush	Republican	Lost
2000	Clinton	Democrat	Lost
1988	Reagan	Republican	Won
1976	Nixon/Ford	Republican	Lost
1968	Kennedy/Johnson	Democrat	Lost
1960	Eisenhower	Republican	Lost

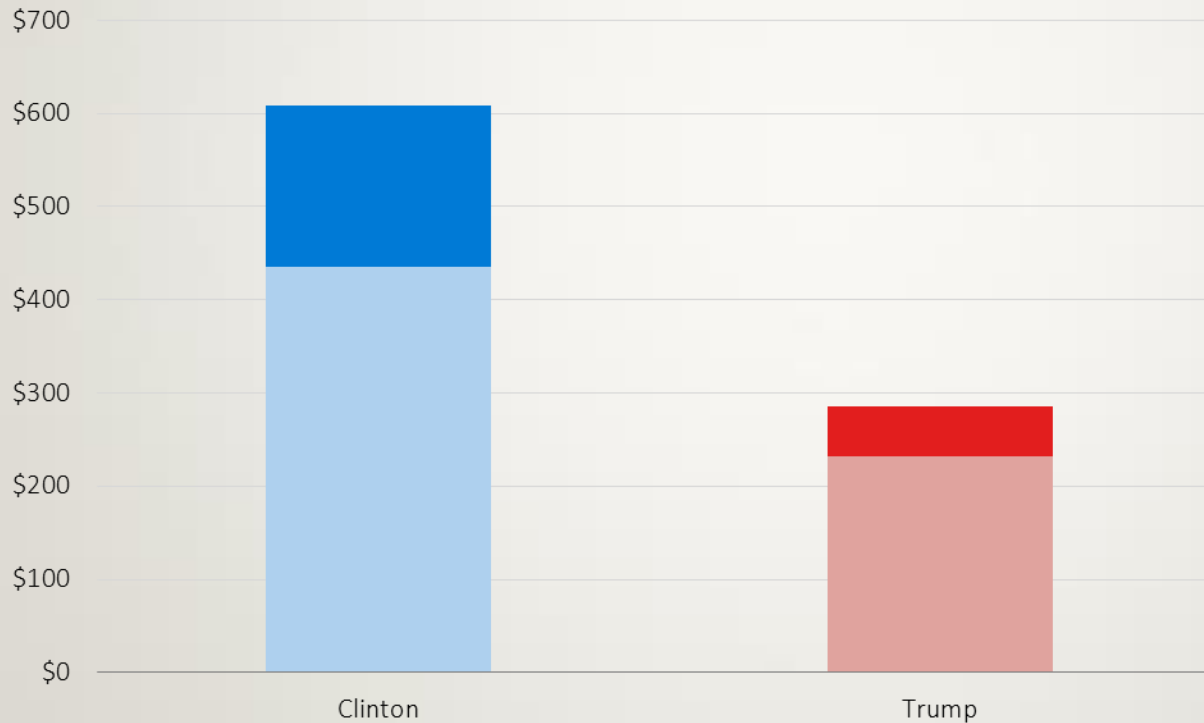
Clinton has spent more money than Trump

Money spent by presidential candidates

Millions of dollars; as of November 3

■ Money spent by campaign committee (Democrats)
■ Money spent by outside groups (Democrats)

■ Money spent by campaign committee (Republicans)
■ Money spent by outside groups (Republicans)



Source: *Open Secrets/Center for Responsive Politics, 2016.*

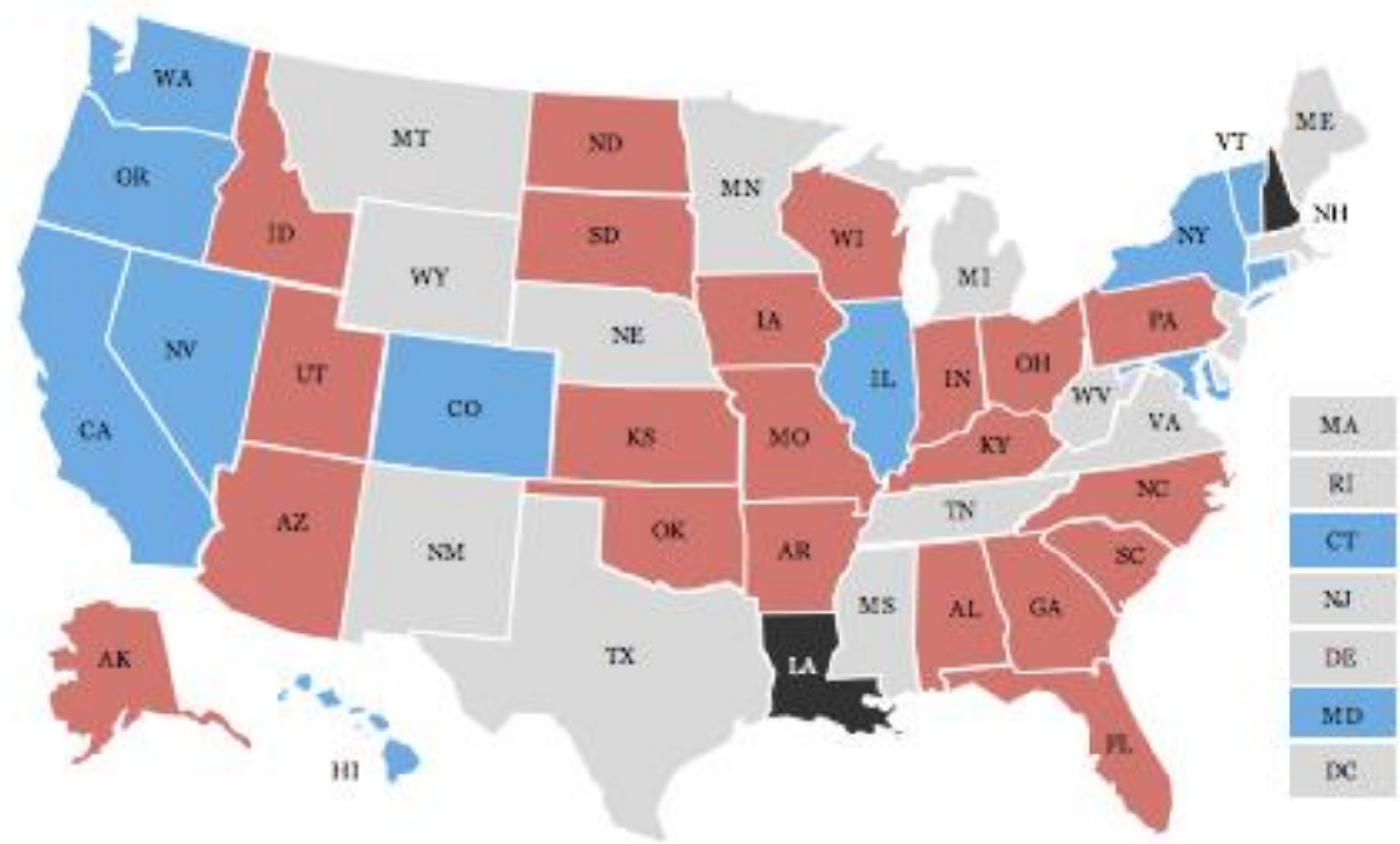
2012 Election Demographics

Category	Demographic	Voted for Obama	Voted for Romney
Gender	Women	55%	44%
	Men	45%	52%
Race	White (non-Hispanic)	39%	59%
	Black	93%	6%
	Hispanic	71%	27%
Education	Non-College Graduate	51%	47%
	College Graduate	50%	48%
Age	18 to 29 years	60%	37%
	30 to 44 years	52%	45%
	45 to 64 years	47%	51%
	64+ years	44%	56%
Income	Less than \$50,000	60%	38%
	\$50,000 to \$100,000	46%	52%
	\$100,000 or more	44%	54%



2016 U.S. Senate election results map

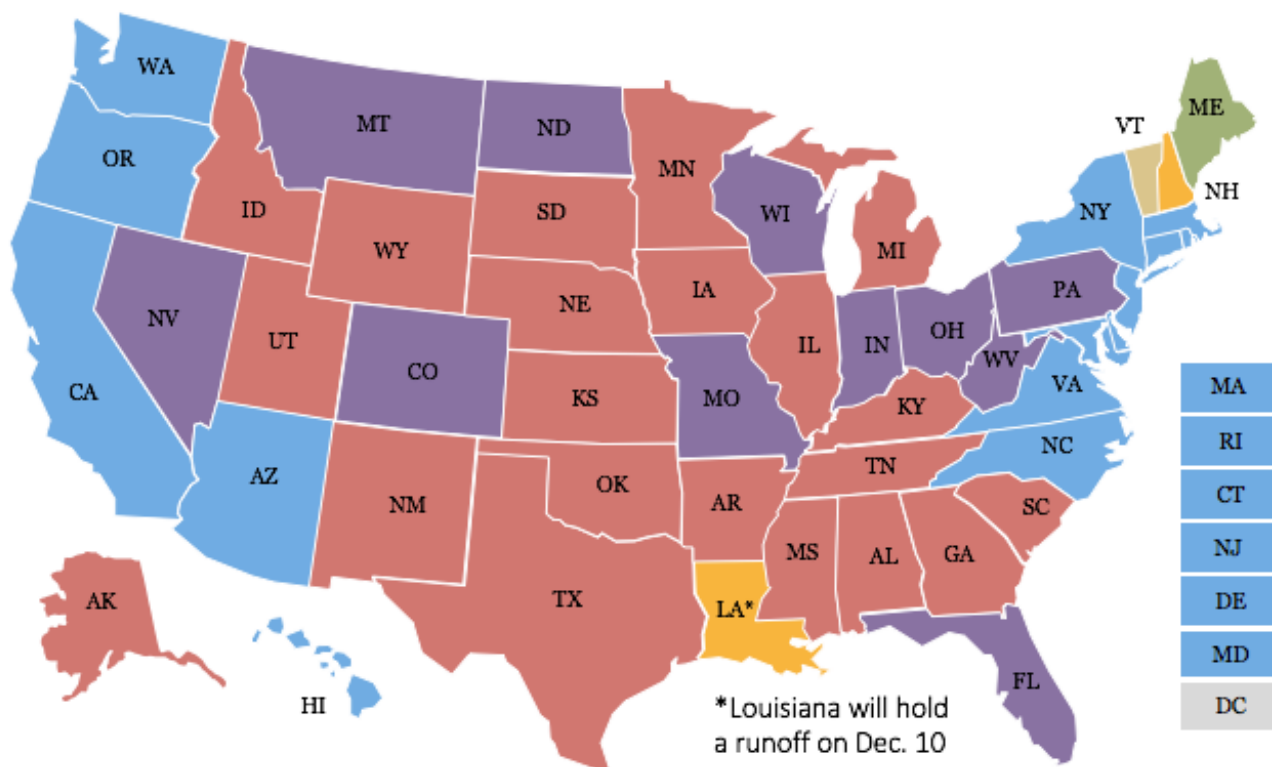
■ Democratic winner ■ Republican winner ■ Not yet called



The Republican Party maintains its majority in the Senate after the 2016 elections

Composition of the 115th Senate map

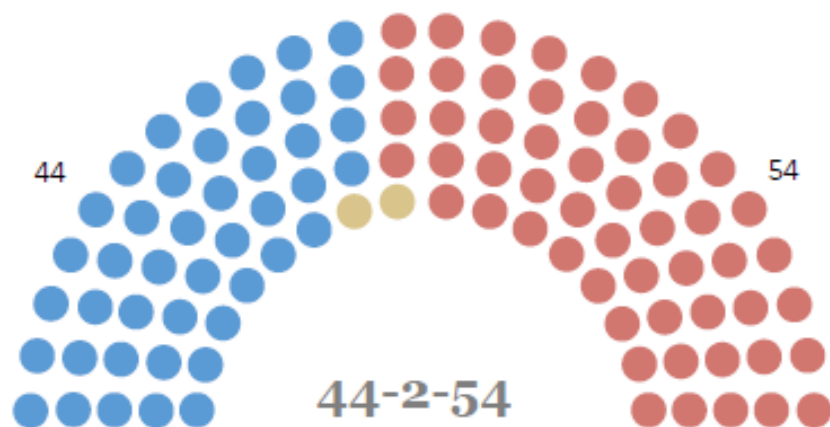
■ 2 Democrats ■ 2 Republicans ■ 1 Democrat + 1 Republican ■ 1 Democrat + 1 Independent ■ 1 Republican + 1 Independent
■ Not yet called



Control of the 114th vs. 115th Senate

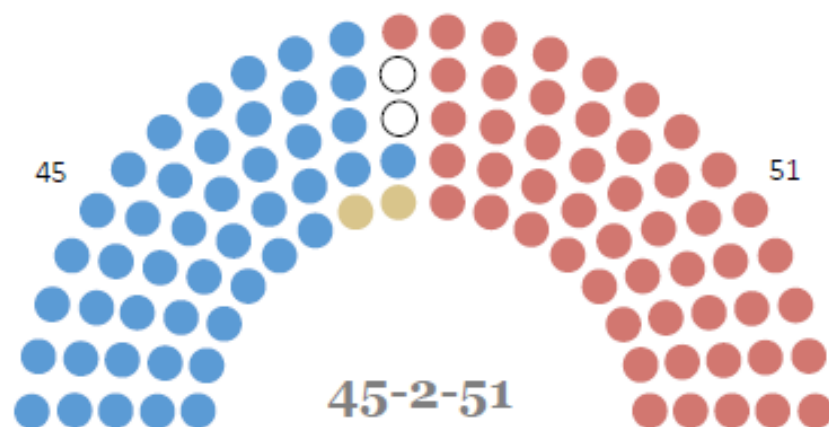
■ Democrats ■ Republicans ■ Independents

Control of the 114th Senate (2014-2016)



Republican Senate Majority

Control of the 115th Senate (2016-2018)



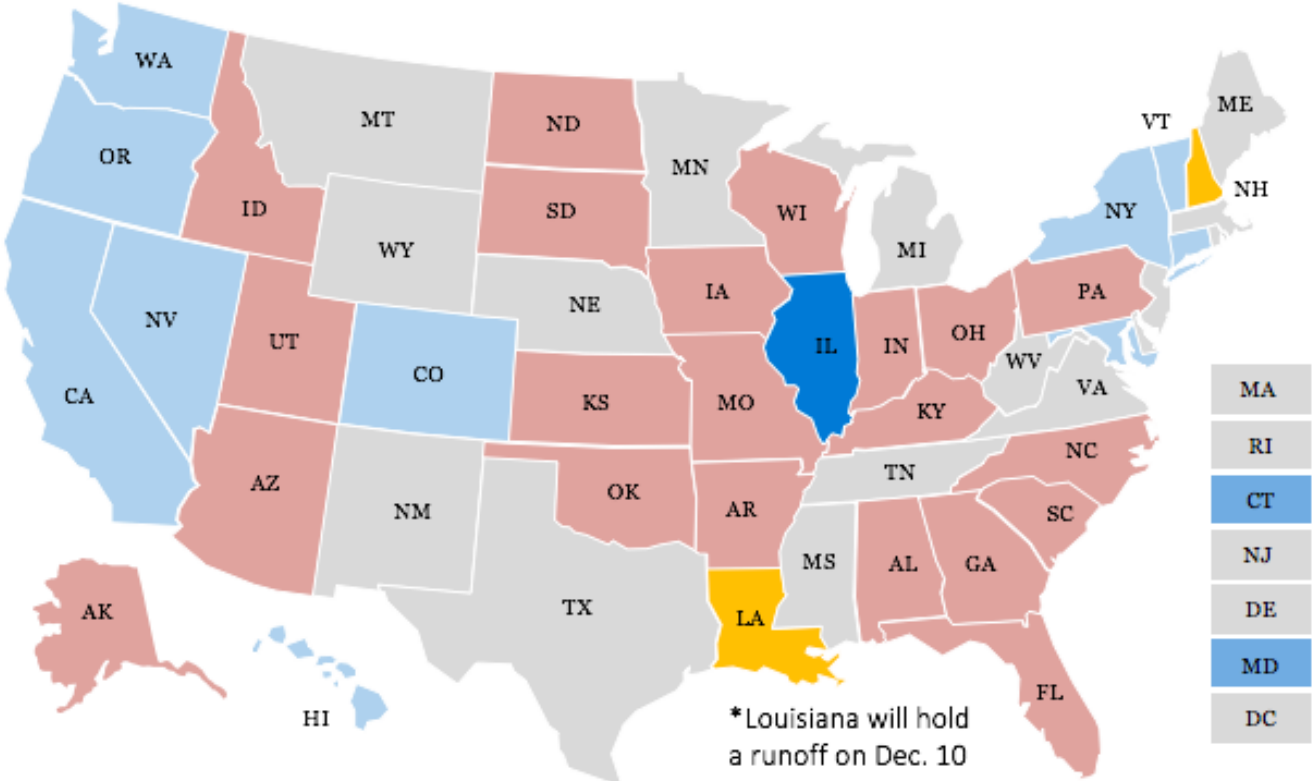
Republican Senate Majority

**Louisiana and New Hampshire Senate races not yet called*

Sen. Duckworth's (D-IL) victory marks the only Senate seat gained by either party

Map of seats gained and held, 2016 Senate elections

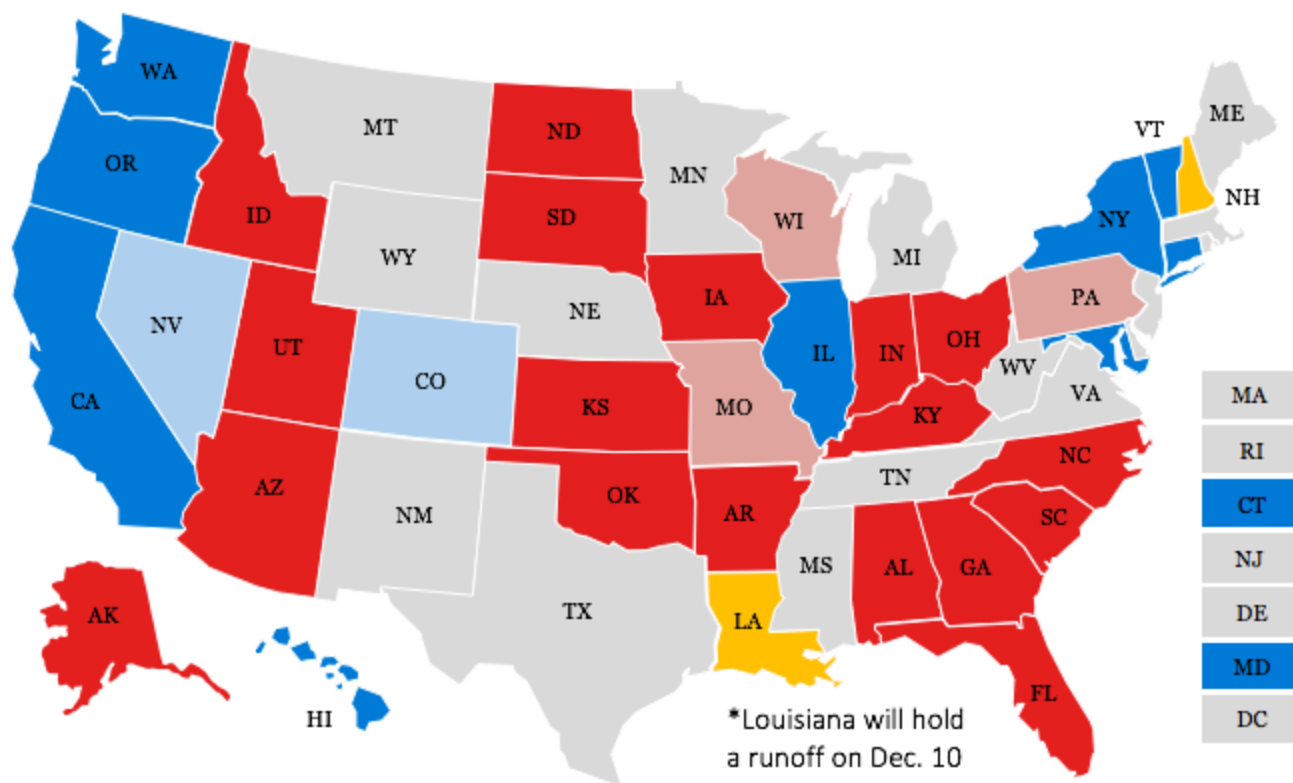
Democratic gain Democratic hold Republican hold Republican gain No election Independent win
Not yet called



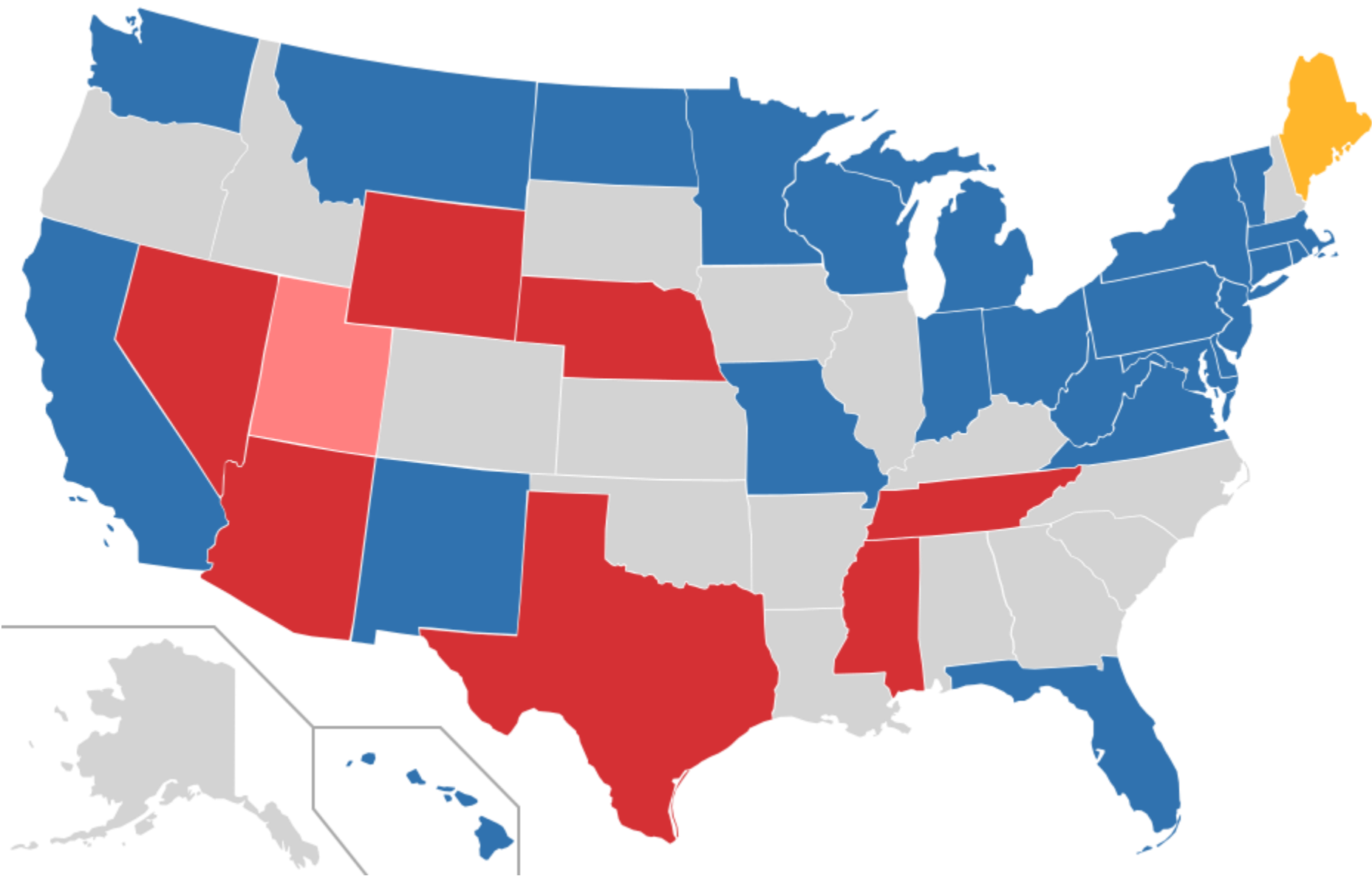
Most Senate races were won with a margin greater than 5%

Margins of victory, 2016 Senate elections

■ Margin of >5%, Dem ■ Margin of 0-5%, Dem ■ Margin of 0-5%, GOP ■ Margin of >5%, GOP ■ No election ■ Not called yet

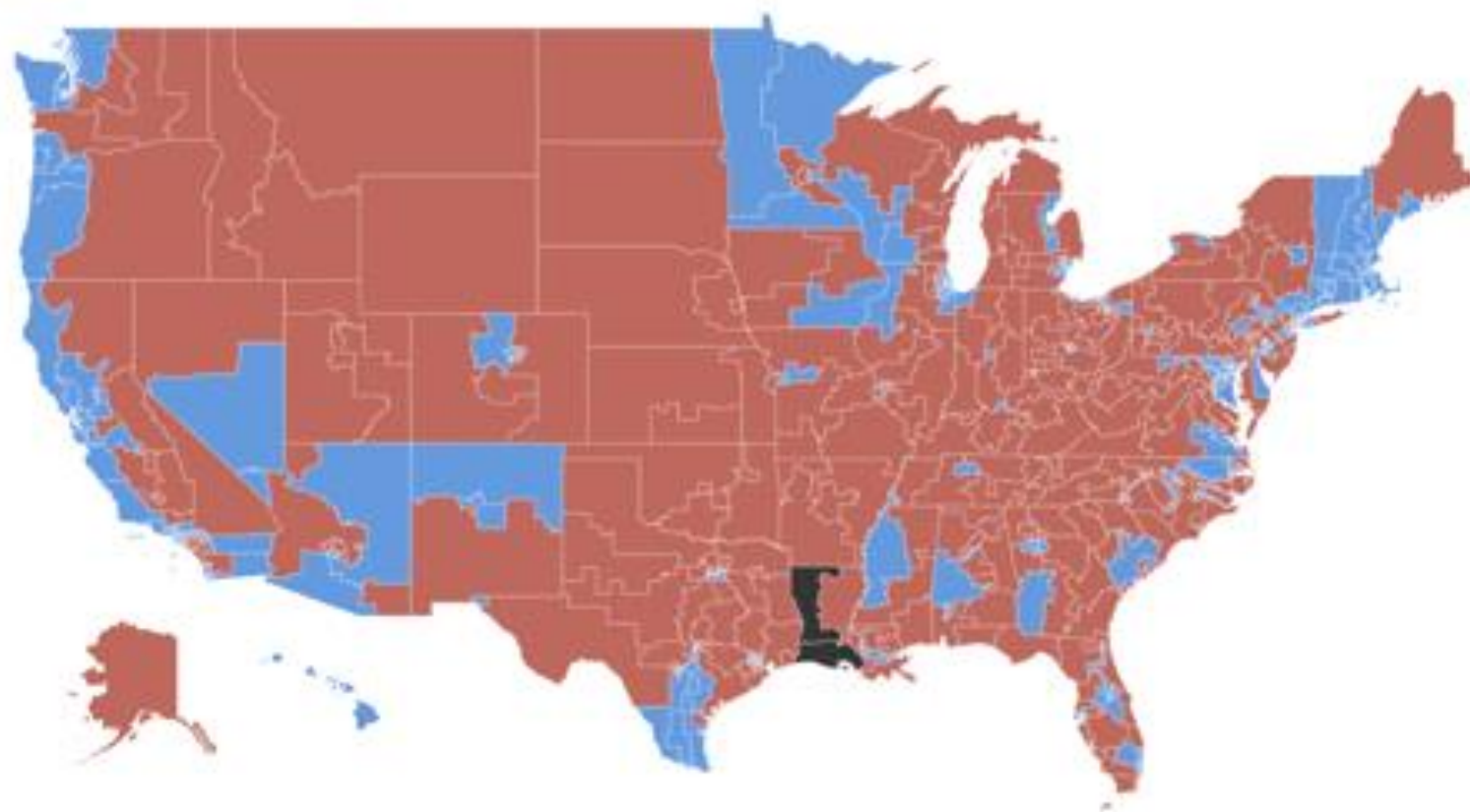


2018 Senate Races



2016 House election results map

■ Democratic winner ■ Republican winner ■ Not yet called



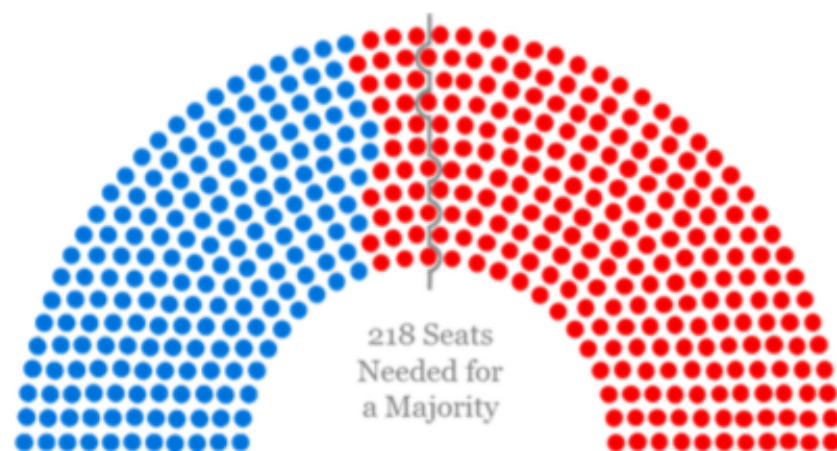
Democrats:	191
Republicans:	235
Independents:	0
Not yet called:	9

Republicans retain control of House; limit Democratic gains in 2016 elections

Control of the 114th vs. 115th House

■ Democrats ■ Republicans ■ Independents

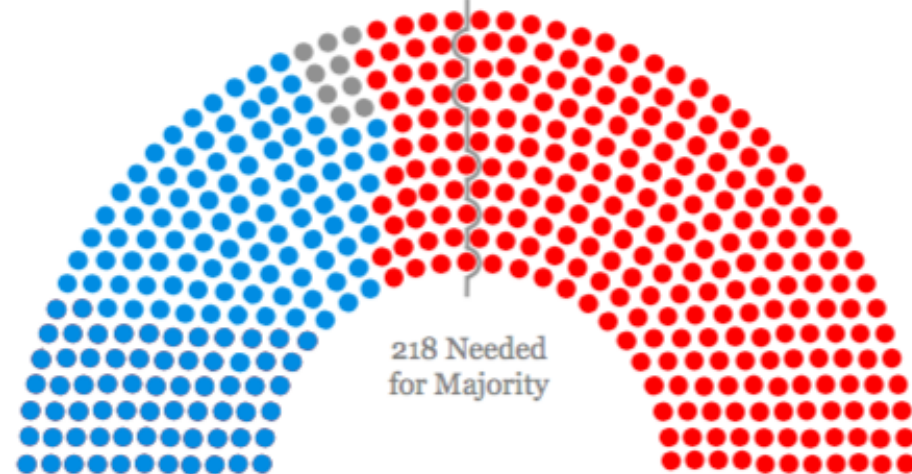
Control of the 114th House (2014-2016)



234-201

Republican House Majority

Control of the 115th House (2016-2018)



235-191

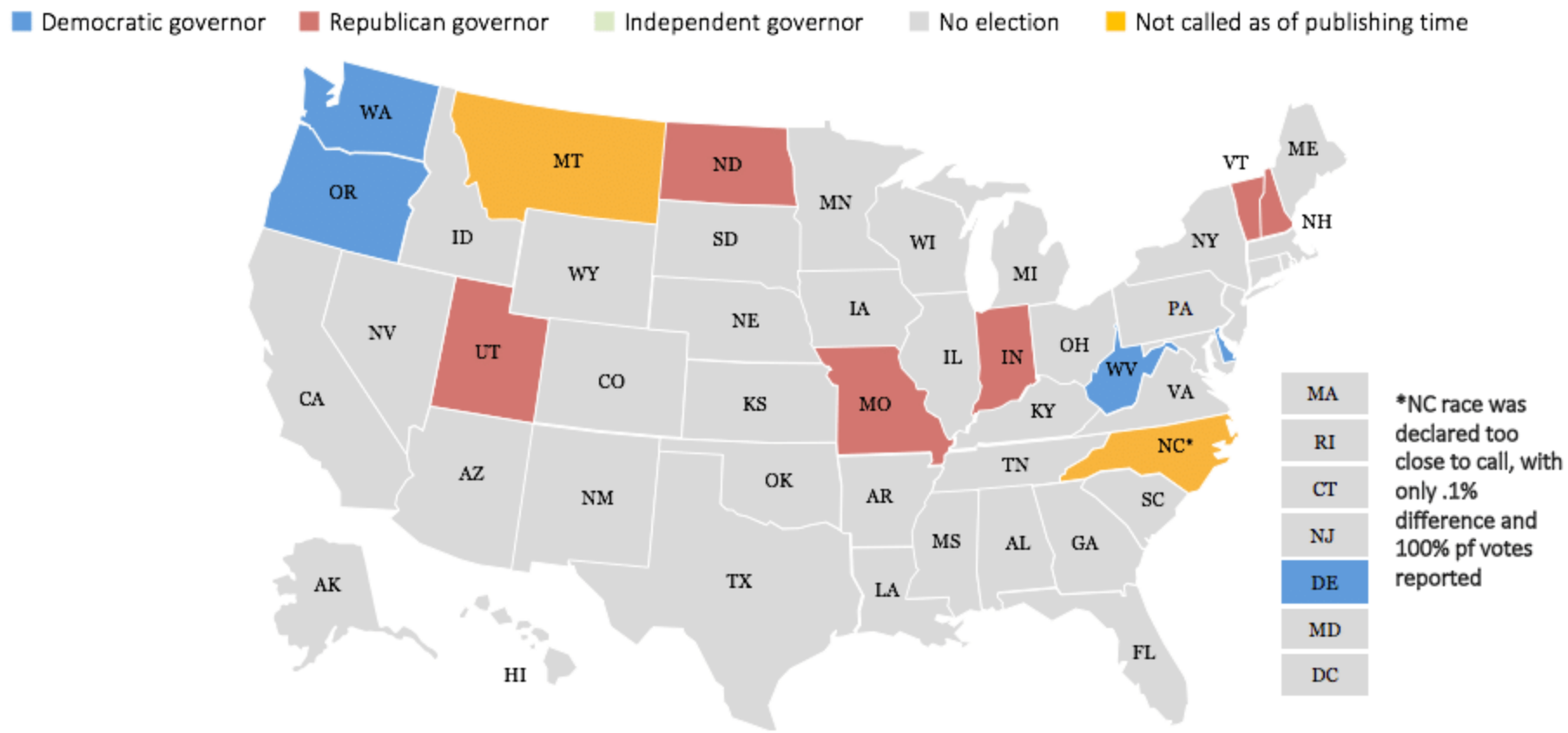
Republican House Majority

**As of 5:30 AM on Nov. 9, nine House races have yet to be called*

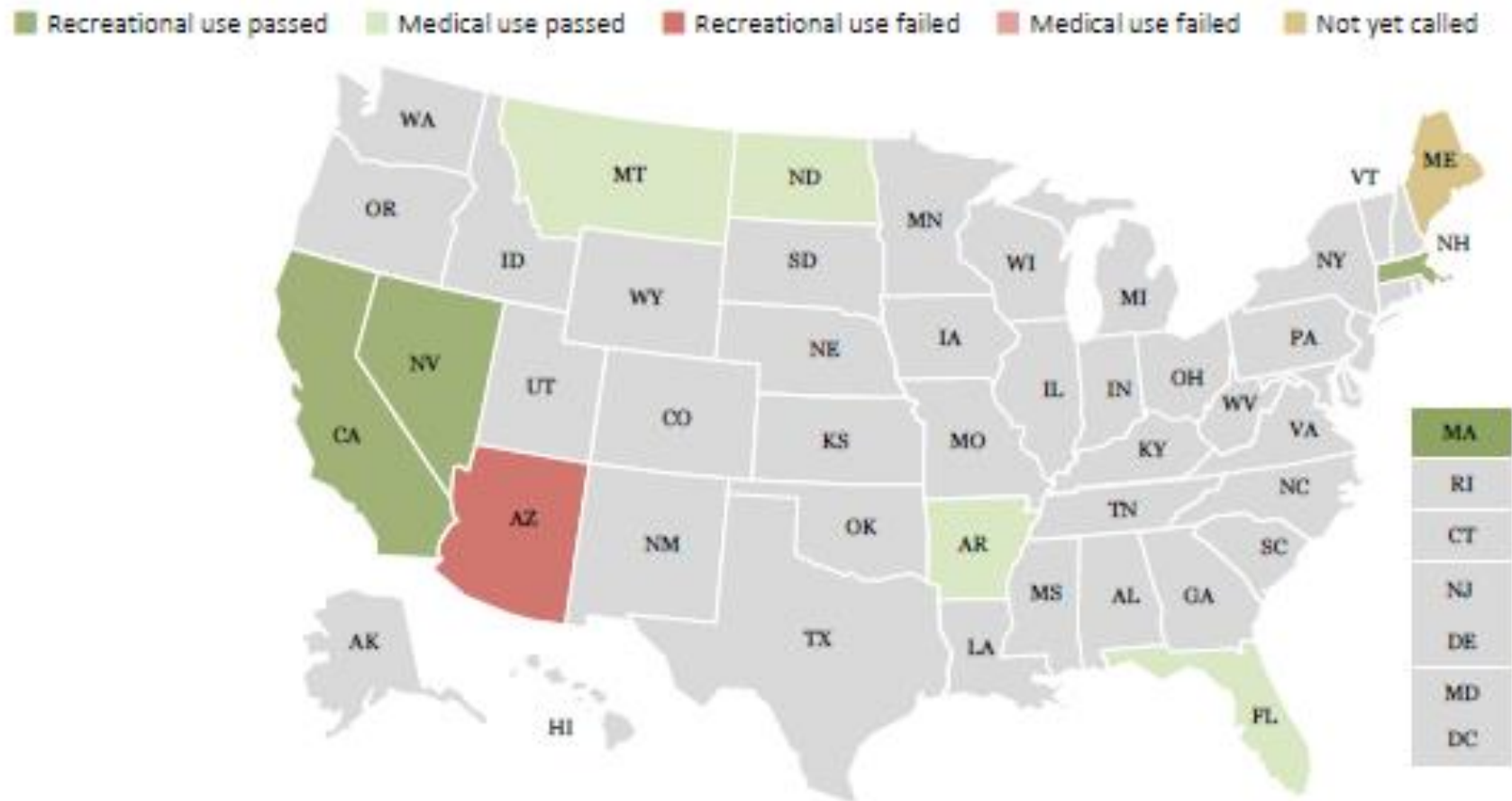


North Carolina race declared too close to declare a winner

Map of state gubernatorial election results, by party



Marijuana ballot initiative results



VOTE "NO" ON AMENDMENT 69 - COLORADO CARE



It's a terrible idea for Colorado...and for your family

I'M FOR 69!

BY COLORADANS FOR COLORADANS

NO CO-PAYS • NO PREMIUMS

EVERYONE SAVES MONEY

HELPS SMALL BUSINESSES • HELPS FAMILIES



Say **YES**
TO AMENDMENT 69.

COLORADOCARE.ORG



SUPER BOWL
CHAMPIONS



"Health care must be
recognized as a right,
not a privilege."

- Sen. Bernie Sanders (I-Vt.)



Favor or Oppose Three Proposals Relating to the Affordable Care Act

Please tell me whether you strongly favor, favor, oppose or strongly oppose each of the following.

	Favor %	Oppose %	No opinion %
Replacing the ACA with a federally funded healthcare program providing insurance for all Americans	58	37	5
Repealing the Affordable Care Act	51	45	3
Keeping the Affordable Care Act in place	48	49	2

CAMPAIGN 2016

50% REPORTING

AMENDMENT 69 State Health Care

Establish a statewide system to
finance health care



NO

1,232,315 votes

80%

YES

313,757 votes

20%

THE LAME DUCK



Budget among many lame duck priorities

■ Senate in session ■ Both chambers in session

November

		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Congress leadership election process is expected to take place within the first few weeks after the election

December

				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Current continuing resolution expires Dec. 9th

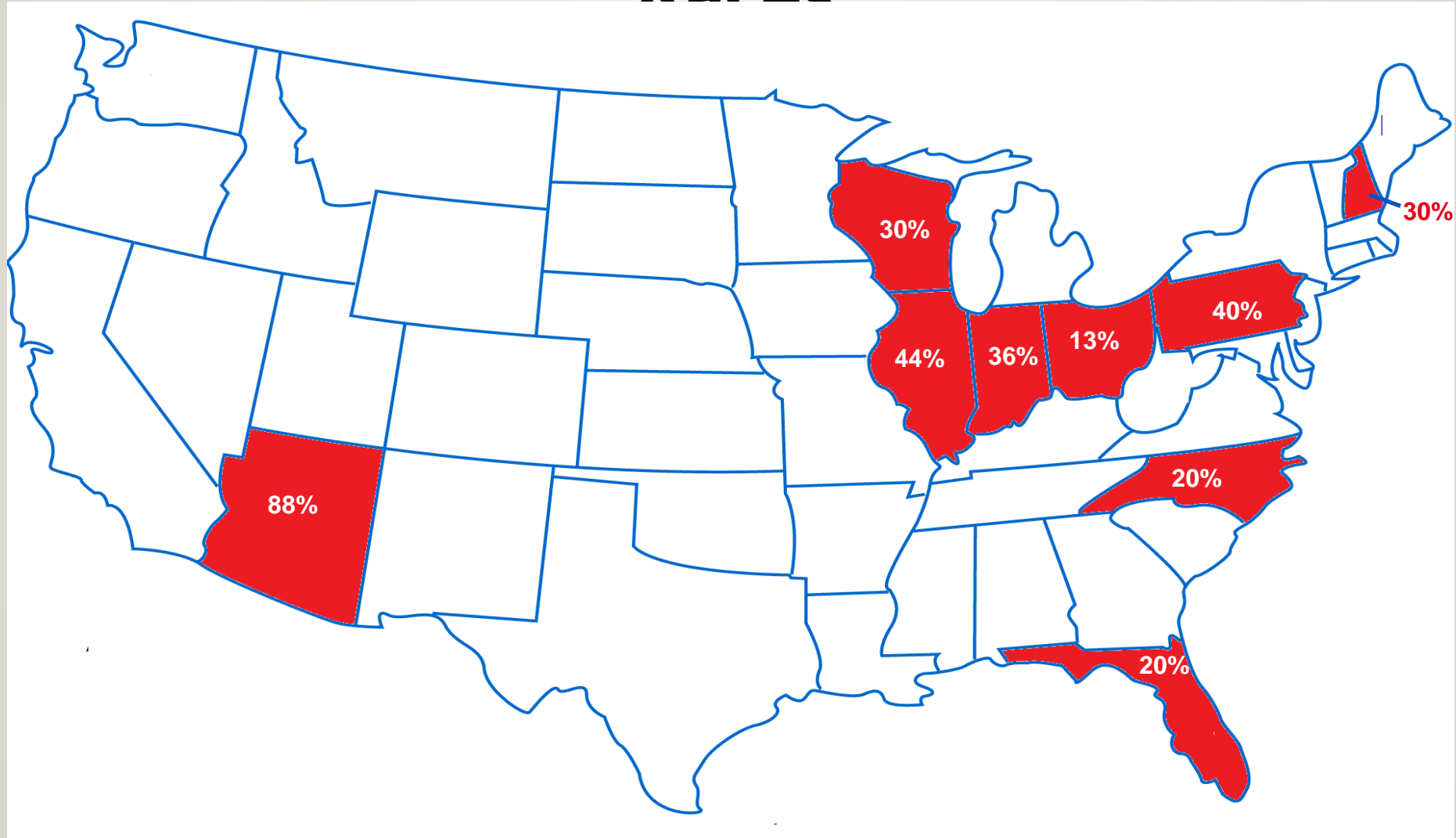
House
16
Days left
in session

Senate
20
Days left
in session

Other possible congressional priorities in the lame duck session

- ❑ **Criminal justice reform:** Sentencing Reform and Corrections Act of 2015 may be voted on by the end of the year
- ❑ **Energy:** Water Resources Development Act to be revisited during lame duck session
- ❑ **International trade:** congressional vote on TPP to happen after November election
- ❑ **LGBT rights:** Rep. Maloney (D-NY) expected to reintroduce anti-discrimination amendment
- ❑ **Mental health reform:** congressional consideration of Mental Health Reform Act of 2015 expected this fall

Average Projected Premium Increases in State Exchanges with Key Senate Races





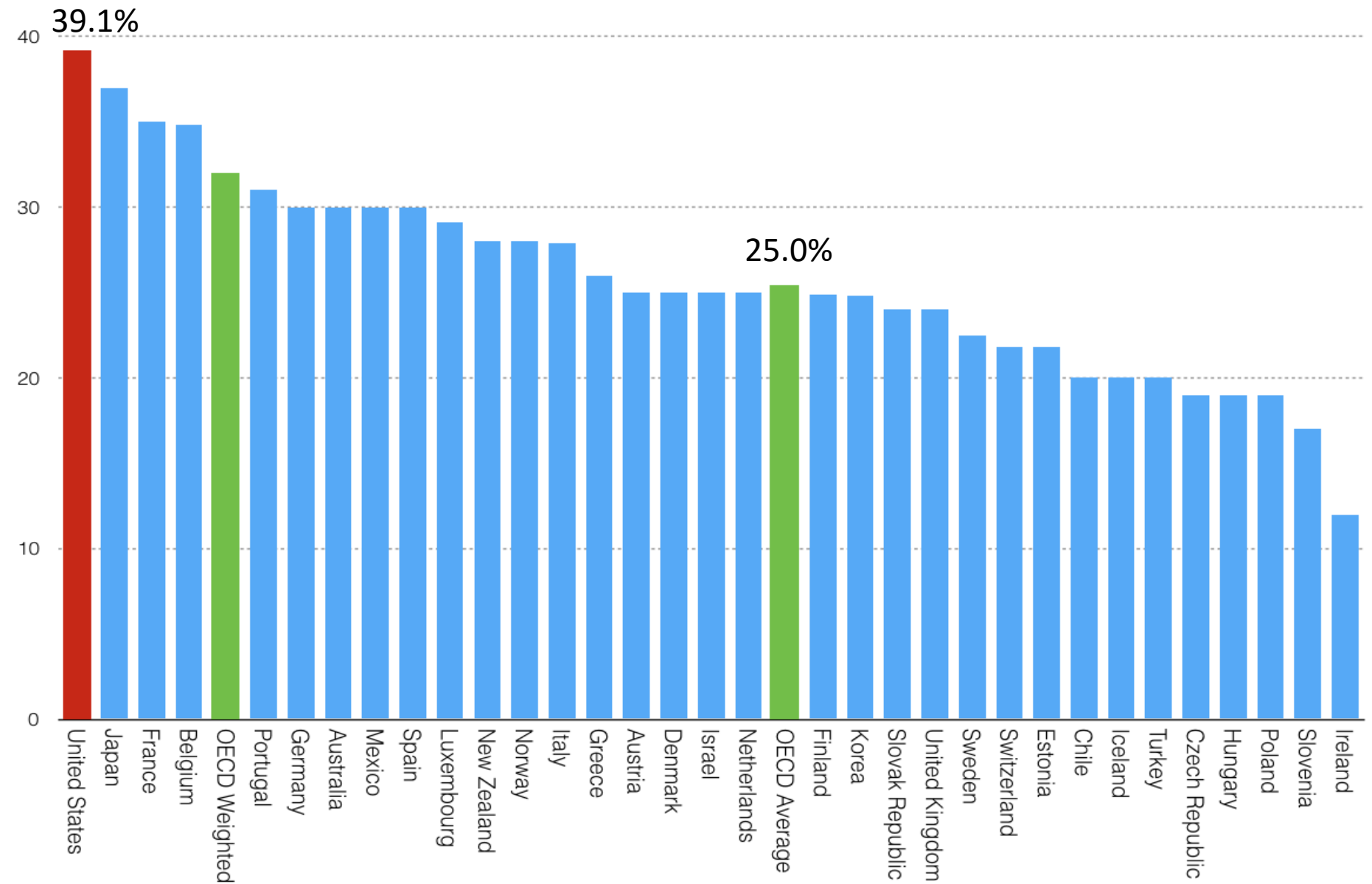
\$1 BILLION in Obamacare losses expected

*In 2015 and 2016 / Source: UnitedHealth Group

BUDGET RECONCILIATION



Top Statutory Corporate Tax Rate by OECD Nation, 2013



Repeal and replace – with *what?*

- Buying across state borders
- Association health plans
- Medical malpractice reform
(really? Trump?)
- HSAs

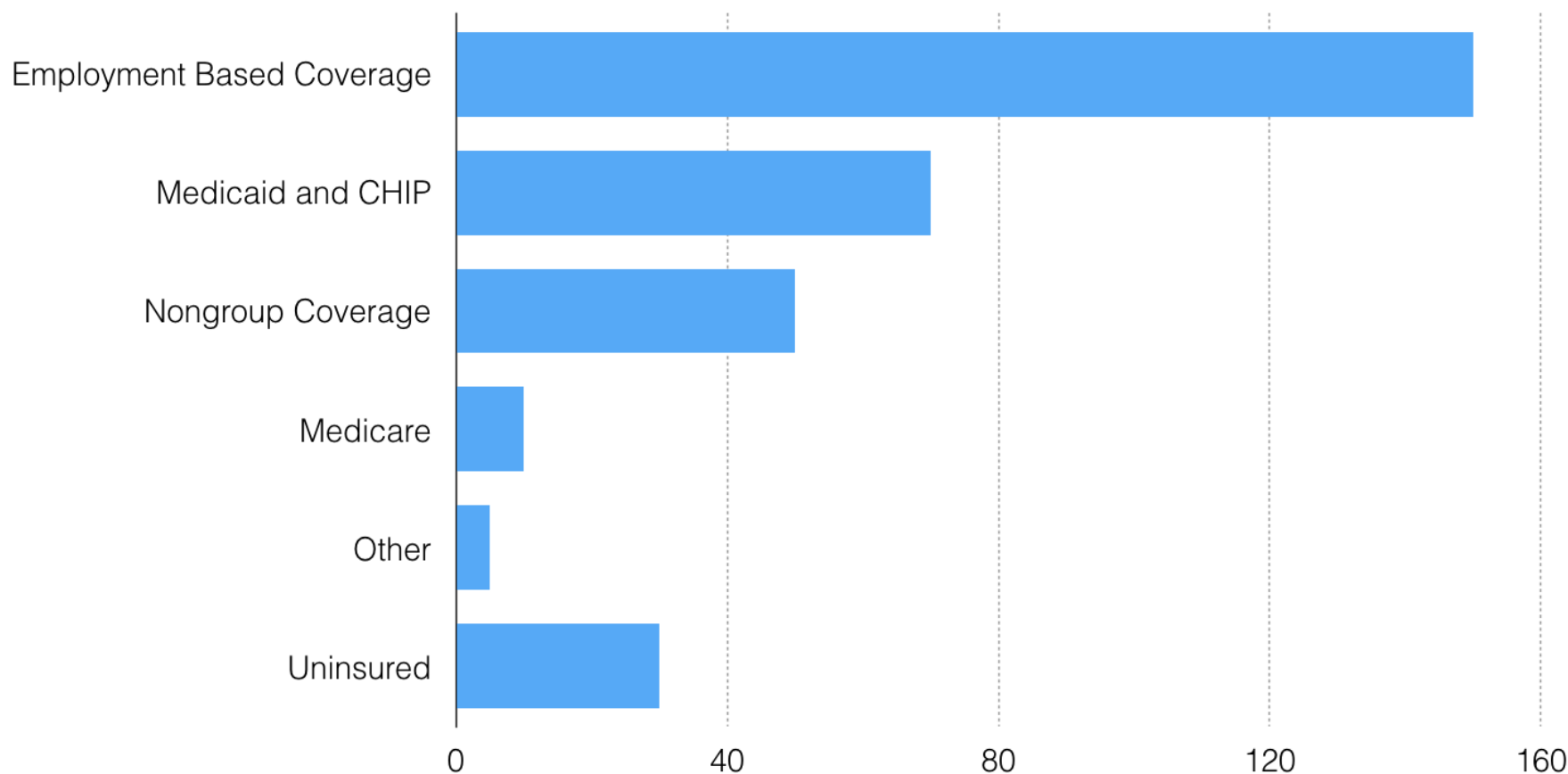
Repeal and replace – with *what?*, cont.:

- Off-ramp for exchanges ... to high-risk pools?
- Ryan healthcare Blueprint – tax the 1%?
- Individual market premiums tax deductible
- Medicaid block grants – roll back coverage?

"This will have tragic consequences for tens of millions of people. We at Families USA are going to be on a total war footing to make sure this never comes about."

– Ron Pollack, Families USA, Nov. 9

HEALTH INSURANCE COVERAGE IN 2016 FOR PEOPLE UNDER 65



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

CHIP = Children's Health Insurance Program.

a. Includes the Basic Health Program.

PRIMARY DRIVERS TO THE EMPLOYER- PROVIDED GROUP PLATFORM:

Pre-tax treatment of both employer and
employee paid premiums

Ease of distribution from carrier perspective

Expectation by employees that good
employers will provide benefits

Largest Tax Expenditures, FY 2014

\$164.2B

Exclusion of employer health insurance

\$162.7B

Exclusion of employer pensions

\$99.8B

Mortgage interest deduction

\$76.2B

Exclusion of Medicare

\$71.4B

Capital gains rates

\$58.4B

Earned Income Credit

\$51.6B

Deduction of charitable contributions

Future of Employer-Sponsored Coverage

“Historic Accident”

President Barack Obama

Clinton Global Initiative, Sept. 24, 2013

“Historic Anomaly”

Senator Ted Cruz

Senate Floor, Sept. 24, 2013



“Evidence also suggests that the employer exclusion leads to higher health care costs for all Americans. Often times, someone who participates in an employer-sponsored health plan does not face the actual – and increasingly expensive – cost of care. This encourages beneficiaries to consume more health services, including services they may not even need, driving up overall costs.” —Chairman Brady, April 13, 2016

World's Greatest Healthcare Plan

*U.S. Congressman Pete Sessions
U.S. Senator Bill Cassidy, MD*

Eleven Bold Ideas

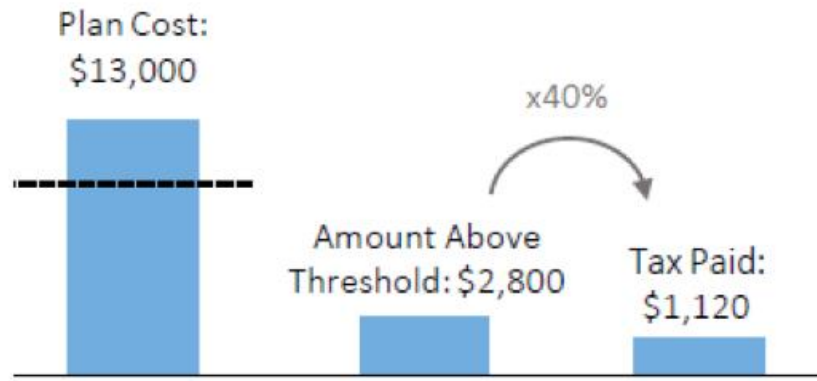
1. **A Universal Health Tax Credit:** Modeled after the child tax credit. This tax credit varies by age and geography, but not income and will average \$2,500 per adult and \$1,500 per child in 2017 – an amount that should give almost everybody access to a private plan similar to a well-managed Medicaid plan. It applies to spending on health insurance premiums and deposits to HSAs. It is advanceable, refundable and assignable and can be easily administered by H & R Block, insurance brokers, employers, etc.
2. **Limited Benefit Insurance:** Individuals may receive a portion of the tax credit when they choose a plan which includes a limited amount of income and asset protection and is more suitable for low-income family budgets.
3. **Health Status Insurance:** For the first time, people with pre-existing conditions will have real protection against discrimination and against the “race to the bottom,” reflected in narrow networks and high drug costs for the chronically ill. Risk adjustment between health plans (similar to Medicare Advantage) will ensure each plan receives an actuarially fair premium when receiving an enrollee from another plan. (Plans will not benefit by seeking the healthy or avoiding the sick.) Plans are free to voluntarily agree to better risk adjustments, so there will eventually be free market risk adjustment. We expect plans to eventually specialize, with some plans becoming focused on cancer care, others on heart care, etc.
4. **Roth Health Savings Accounts:** They are flexible, they can wrap around any third-party insurance plan and they are an alternative to use-it-or-lose-it insurance. Above the tax credit amounts, premium payments and HSA deposits will be made with after-tax dollars. This way, individual self-insurance and third-party insurance will compete on a level playing field. Individuals will be able to save for future health care and have an active role in managing the money that pays for their care.
5. **A Workable Safety Net:** A portion of unclaimed tax credits (for people who remain uninsured) will be sent to safety net institutions in communities where the uninsured live. This replaces and supplements disproportionate share money under the current system. For the first time, federal tax relief for private health insurance and federal support for safety net care will be completely integrated. Money follows people.
6. **Transparency:** Insurers will make their provider networks known in real time and on line. Bait and switch (advertising a broad network and then narrowing it after enrollment) will not be allowed. Plans that impose high costs on enrollees for specialty drugs must disclose the fees in a very visible way prior to enrollment.
7. **Tax Fairness at Work:** For the first time, the federal government will give everyone the same tax relief for health insurance, regardless of where it is obtained – at work, in the marketplace or in an exchange. Employees will not be able to double dip, however. Other tax relief, such as the ability of an employers to purchase insurance with pre-tax dollars, will be clawed back or topped up to the tax credit amount.
8. **Portability:** Federal laws that prevent employers from providing their employees with personal insurance that travels with the employee from job to job and in and out of the labor market are repealed.
9. **Medicaid Funding:** Medicaid will be block-granted to the states. Each state's share of the federal Medicaid budget will equal that state's percent of the national poverty population.
10. **Medicaid Choice:** Medicaid enrollees will have the option of leaving Medicaid, claiming the tax credit and purchasing private insurance.
11. **Liberating the Local Practice of Medicine:** CMS will be able to lift national restrictions on doctor-owned hospitals, clinics and other facilities; state and local restrictions on walk-in clinics, free standing surgical centers and other market-based services; and state restrictions that in other ways prohibit the delivery of high quality health care.

As a point of reference, to minimize potential disruption, self-insured employer plans and labor union plans may “grandfather”- elect to remain in the current tax system. Individuals with insurance obtained from an (ObamaCare) exchange may elect to remain in that system.

7. Tax Fairness at Work: For the first time, the federal government will give everyone the same tax relief for health insurance, regardless of where it is obtained– at work, in the marketplace or in an exchange. Employees will not be able to double dip, however. Other tax relief, such as the ability of an employer to purchase insurance with pre-tax dollars, will be clawed back or topped up to the tax credit amount.

The Cadillac Tax

Individual Plan
\$10,200
Threshold

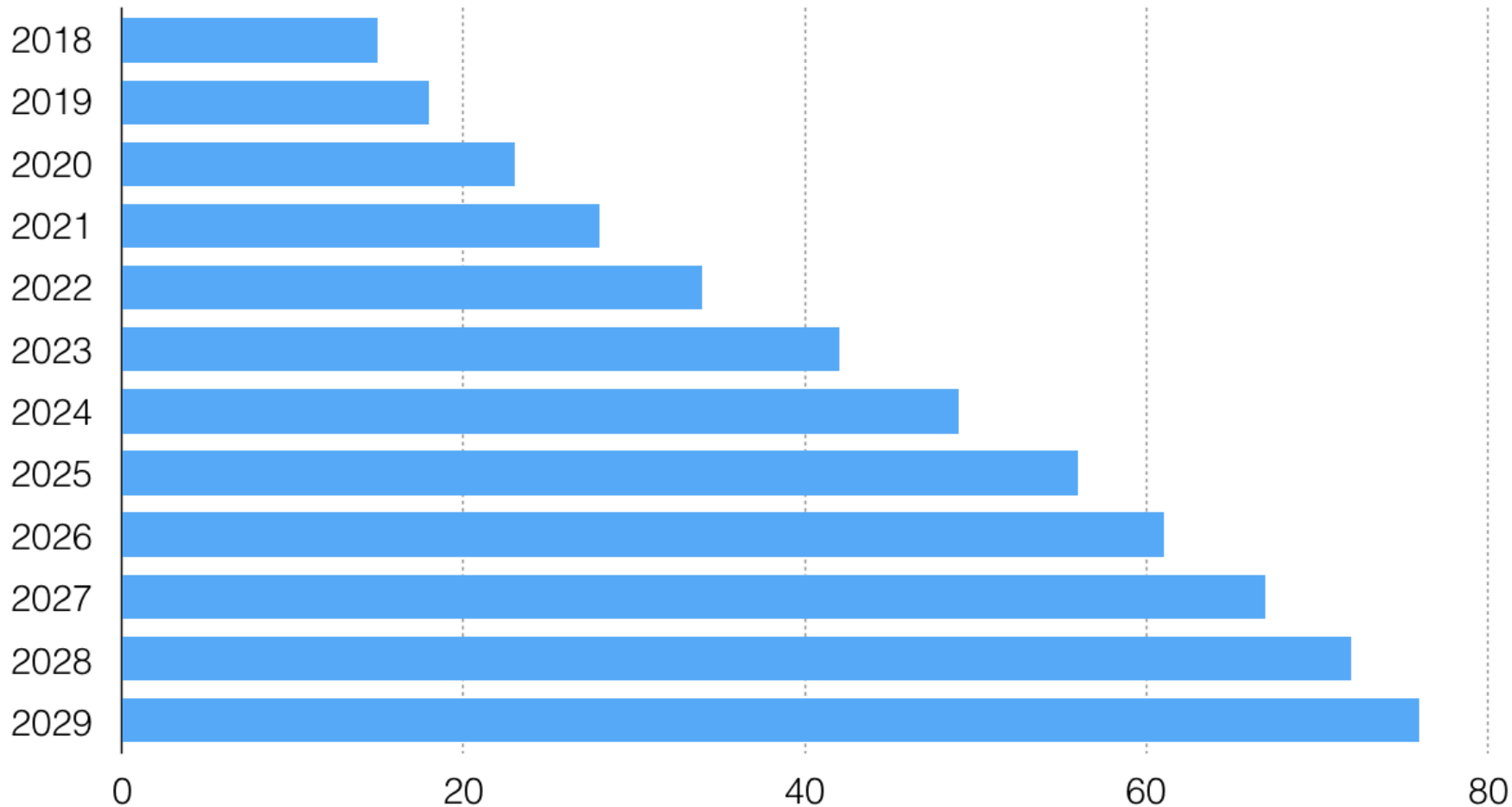


Family Plan
\$27,500
Threshold



Ultimate Cadillac Tax Impact

Plans Exceeding ACA 'Cadillac Tax' Threshold



Buying :



Anthem.



\$54 billion

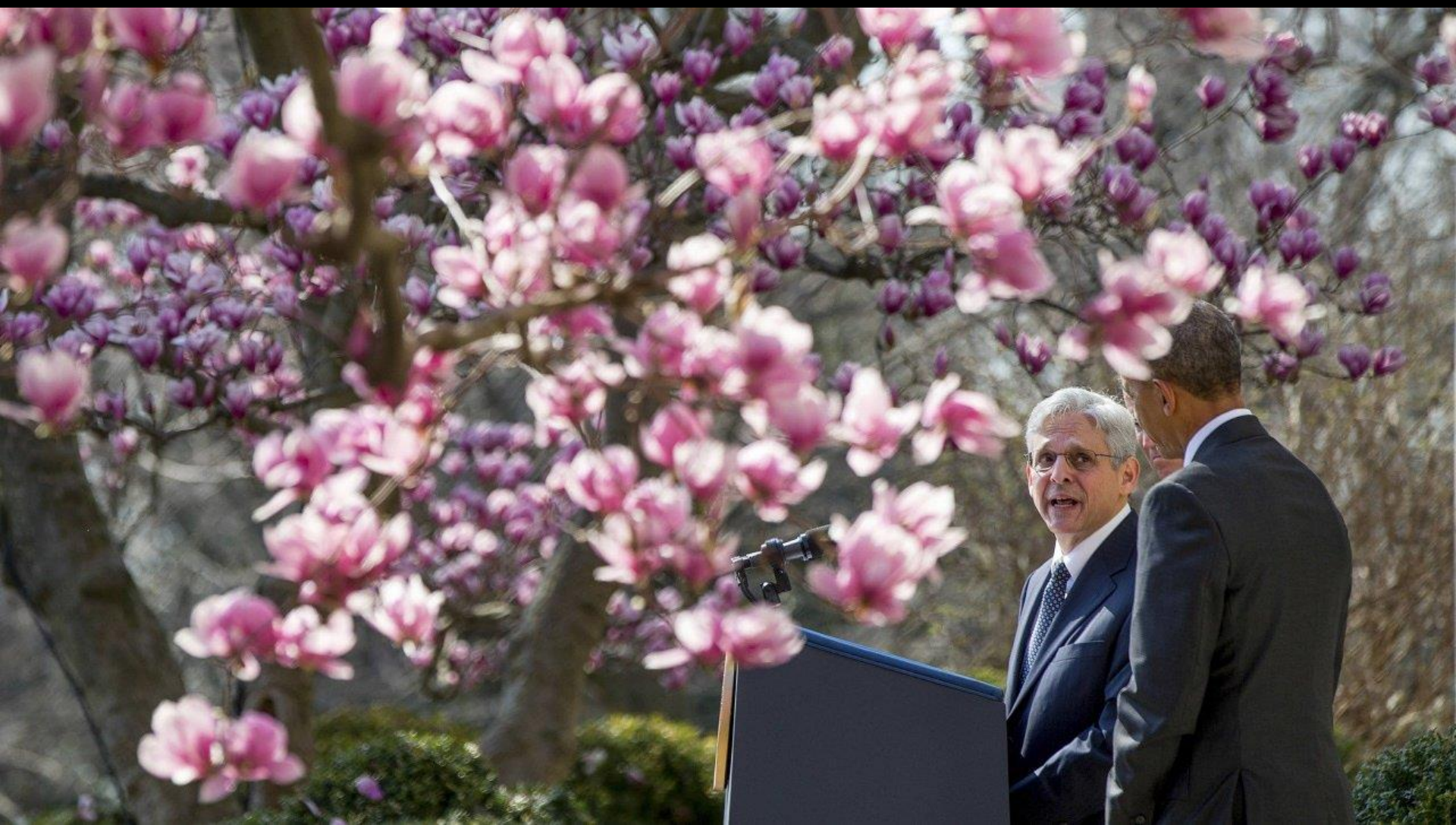


\$33 billion

Selling :

Humana.













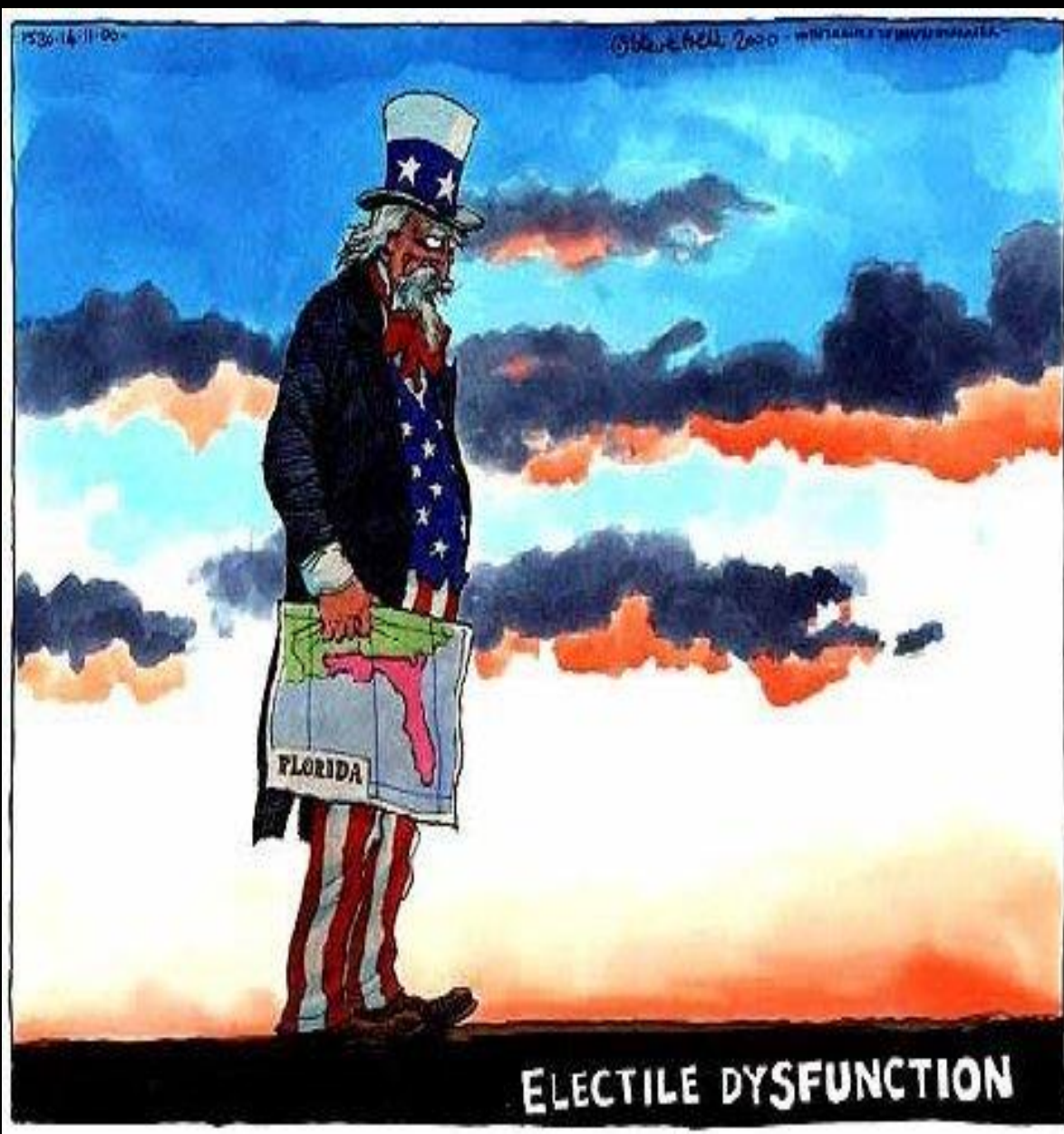






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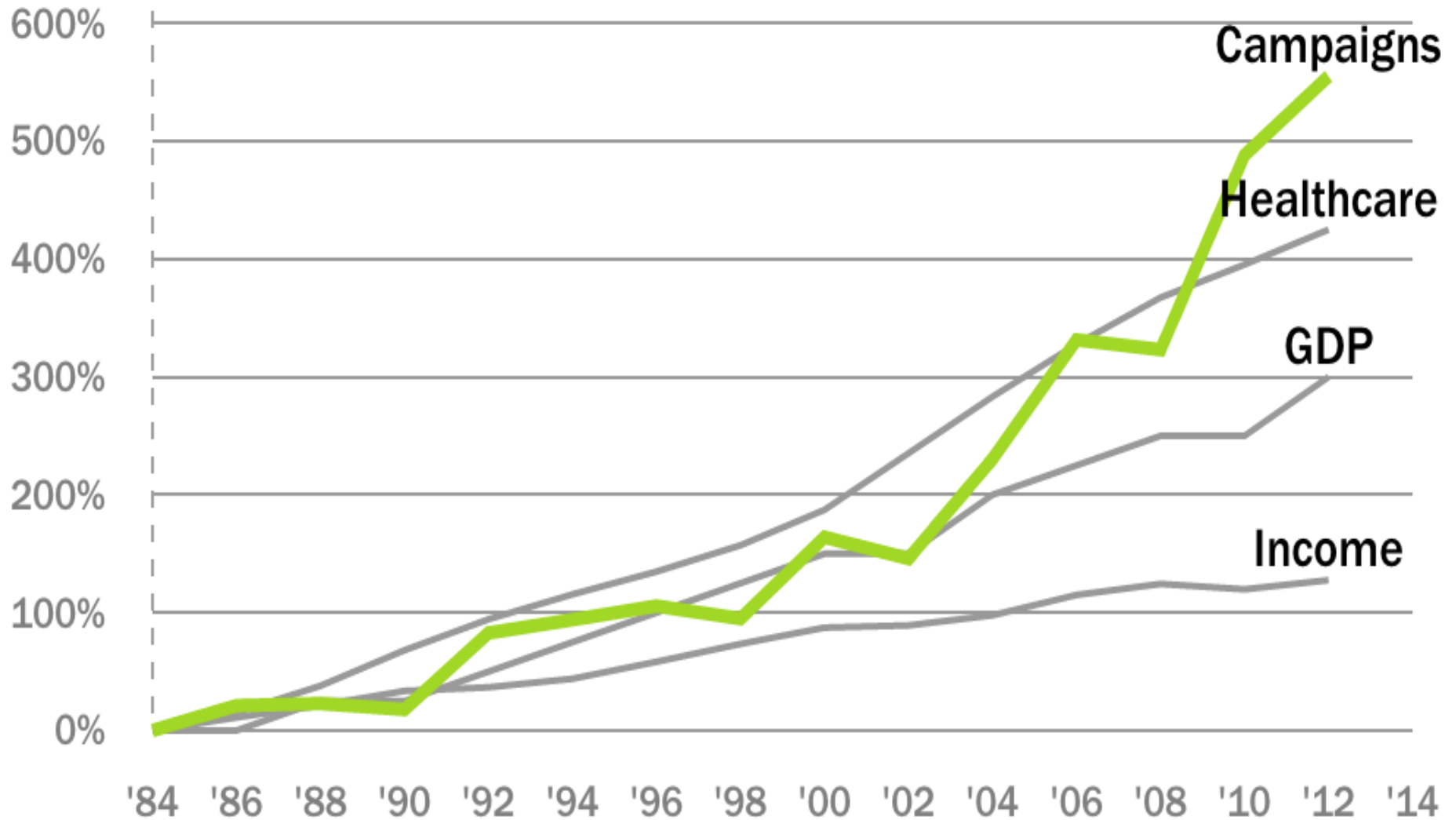
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ELECTILE DYSFUNCTION



PERCENT GROWTH IN COST



Employee Benefits in the Sunlight Following Election Day



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