

**Patient Protection and Affordable Care Act:
Significant Premium Savings for American Families
State-by State Analysis**

The Patient Protection and Affordable Care Act will lower health insurance premiums by improving competition and choice, promoting delivery system reform, and cracking down on waste, fraud, and abuse. Those purchasing coverage in the individual market today will no longer be subject to gender rating, pre-existing condition exclusions, rate hikes due to health history or risks. In addition, lower administrative costs and greater competition will reduce the average premiums that people pay through the new state insurance exchanges. These premium savings are substantial:

- An average adult could purchase health insurance for \$512 to \$732 less in 2009 dollars under the proposal than in the individual market today. Savings would be over twice this amount for people with low income because of the premium tax credits in the Patient Protection and Affordable Care Act.
- A typical family of four pays \$9,876 for health insurance in the individual market today. This same family could purchase a comparable policy for \$1,383 to \$1,975 less under the Patient Protection and Affordable Care Act.
- Americans in all states will save. For example, individuals and families in Nebraska will save from \$1,021 to \$1,234 for individuals and \$1,536 to \$3,331 for families on premiums when purchasing in an insurance exchange under the Patient Protection and Affordable Care Act, compared to what they would pay in the individual market today.

These estimated premium savings are based on (a) estimates of current individual market premiums derived from data from CBO (11-30-09), deflated by premium growth, and adjusted for family size and geographic premium variation for the microgroup market from the Medicare Expenditure Panel Survey (data on nongroup premiums by state are not available). Premiums under the proposal are percent reductions in premiums for comparable benefits from CBO (11-30-09), adjusted for family size and geographic premium variation from the Medicare Expenditure Panel Survey (data from the large group market to reflect exchange pooling).

Annual Premium Savings in the Exchange Under the Patient Protection & Affordable Care Act

	Single Policy					Family Policy				
	Current Individual Market Premium ¹	Exchange Premium (Nat'l Avg. Savings of 14%) ²	Exchange Premium (Nat'l Avg. Savings of 20%) ²	Nat'l Avg. Savings of 14%	Nat'l Avg. Savings of 20%	Current Individual Market Premium ¹	Exchange Premium (Nat'l Avg. Savings of 14%) ²	Exchange Premium (Nat'l Avg. Savings of 20%) ²	Nat'l Avg. Savings of 14%	Nat'l Avg. Savings of 20%
National	\$3,658	\$3,146	\$2,926	(\$512)	(\$732)	\$9,876	\$8,493	\$7,901	(\$1,383)	(\$1,975)
Alabama	\$3,631	\$2,936	\$2,731	(\$695)	(\$900)	\$9,805	\$8,432	\$7,375	(\$1,373)	(\$2,430)
Alaska	\$4,680	\$3,667	\$3,411	(\$1,013)	(\$1,269)	\$12,637	\$10,868	\$9,211	(\$1,769)	(\$3,426)
Arizona	\$3,303	\$3,055	\$2,842	(\$248)	(\$461)	\$8,919	\$7,670	\$7,674	(\$1,249)	(\$1,245)
Arkansas	\$3,061	\$2,824	\$2,627	(\$236)	(\$433)	\$8,264	\$7,107	\$7,093	(\$1,157)	(\$1,170)
California	\$3,351	\$3,128	\$2,910	(\$222)	(\$441)	\$9,047	\$7,780	\$7,857	(\$1,267)	(\$1,189)
Colorado	\$3,481	\$3,064	\$2,850	(\$416)	(\$630)	\$9,397	\$8,082	\$7,696	(\$1,316)	(\$1,702)
Connecticut	\$4,099	\$3,339	\$3,106	(\$760)	(\$993)	\$11,069	\$9,519	\$8,387	(\$1,550)	(\$2,681)
Delaware	\$3,960	\$3,363	\$3,129	(\$596)	(\$831)	\$10,691	\$9,194	\$8,447	(\$1,497)	(\$2,244)
District of Columbia	\$4,205	\$3,503	\$3,258	(\$703)	(\$947)	\$11,354	\$9,765	\$8,797	(\$1,590)	(\$2,557)
Florida	\$3,609	\$3,217	\$2,993	(\$392)	(\$616)	\$9,744	\$8,380	\$8,081	(\$1,364)	(\$1,663)
Georgia	\$3,180	\$2,931	\$2,727	(\$248)	(\$453)	\$8,585	\$7,383	\$7,362	(\$1,202)	(\$1,223)
Hawaii	\$3,365	\$2,745	\$2,553	(\$621)	(\$812)	\$9,087	\$7,815	\$6,894	(\$1,272)	(\$2,193)
Idaho	\$3,138	\$3,086	\$2,870	(\$53)	(\$268)	\$8,474	\$7,287	\$7,750	(\$1,186)	(\$723)
Illinois	\$3,755	\$3,342	\$3,108	(\$413)	(\$647)	\$10,139	\$8,719	\$8,393	(\$1,419)	(\$1,746)
Indiana	\$3,534	\$3,204	\$2,980	(\$331)	(\$554)	\$9,542	\$8,206	\$8,046	(\$1,336)	(\$1,496)
Iowa	\$3,114	\$2,966	\$2,759	(\$148)	(\$355)	\$8,409	\$7,231	\$7,449	(\$1,177)	(\$960)
Kansas	\$3,751	\$3,040	\$2,827	(\$712)	(\$924)	\$10,128	\$8,710	\$7,634	(\$1,418)	(\$2,494)
Kentucky	\$3,289	\$2,907	\$2,704	(\$383)	(\$585)	\$8,881	\$7,638	\$7,300	(\$1,243)	(\$1,581)
Louisiana	\$4,082	\$2,813	\$2,617	(\$1,268)	(\$1,465)	\$11,020	\$9,477	\$7,066	(\$1,543)	(\$3,954)
Maine	\$3,983	\$3,605	\$3,354	(\$378)	(\$629)	\$10,754	\$9,248	\$9,055	(\$1,506)	(\$1,699)
Maryland	\$3,476	\$3,172	\$2,951	(\$303)	(\$525)	\$9,385	\$8,071	\$7,968	(\$1,314)	(\$1,417)
Massachusetts*	\$4,498	\$3,386	\$3,149	(\$1,113)	(\$1,349)	\$12,146	\$10,445	\$8,503	(\$1,700)	(\$3,642)
Michigan	\$3,523	\$3,165	\$2,944	(\$358)	(\$579)	\$9,511	\$8,179	\$7,948	(\$1,332)	(\$1,563)
Minnesota	\$3,662	\$3,243	\$3,016	(\$420)	(\$646)	\$9,889	\$8,504	\$8,144	(\$1,384)	(\$1,745)
Mississippi	\$3,704	\$2,951	\$2,745	(\$753)	(\$959)	\$10,000	\$8,600	\$7,411	(\$1,400)	(\$2,589)
Missouri	\$3,788	\$2,928	\$2,723	(\$860)	(\$1,064)	\$10,227	\$8,795	\$7,353	(\$1,432)	(\$2,874)
Montana	\$3,314	\$3,284	\$3,055	(\$30)	(\$259)	\$8,948	\$7,695	\$8,247	(\$1,253)	(\$701)
Nebraska	\$4,064	\$3,042	\$2,830	(\$1,021)	(\$1,234)	\$10,972	\$9,436	\$7,641	(\$1,536)	(\$3,331)
Nevada	\$3,176	\$2,768	\$2,575	(\$408)	(\$601)	\$8,574	\$7,374	\$6,952	(\$1,200)	(\$1,623)
New Hampshire	\$4,369	\$3,732	\$3,472	(\$637)	(\$897)	\$11,797	\$10,146	\$9,374	(\$1,652)	(\$2,423)
New Jersey	\$4,290	\$3,341	\$3,108	(\$949)	(\$1,182)	\$11,583	\$9,961	\$8,391	(\$1,622)	(\$3,192)
New Mexico	\$3,186	\$2,883	\$2,682	(\$303)	(\$504)	\$8,602	\$7,397	\$7,240	(\$1,204)	(\$1,361)
New York	\$3,788	\$3,284	\$3,055	(\$504)	(\$733)	\$10,229	\$8,797	\$8,249	(\$1,432)	(\$1,980)
North Carolina	\$3,619	\$3,175	\$2,954	(\$444)	(\$665)	\$9,771	\$8,403	\$7,975	(\$1,368)	(\$1,796)
North Dakota	\$2,910	\$2,741	\$2,550	(\$169)	(\$360)	\$7,856	\$6,756	\$6,885	(\$1,100)	(\$972)
Ohio	\$3,634	\$2,922	\$2,718	(\$713)	(\$917)	\$9,813	\$8,439	\$7,338	(\$1,374)	(\$2,475)
Oklahoma	\$3,933	\$2,842	\$2,643	(\$1,092)	(\$1,290)	\$10,619	\$9,133	\$7,137	(\$1,487)	(\$3,482)
Oregon	\$3,463	\$3,217	\$2,992	(\$247)	(\$471)	\$9,351	\$8,042	\$8,079	(\$1,309)	(\$1,273)
Pennsylvania	\$3,918	\$3,235	\$3,010	(\$683)	(\$909)	\$10,579	\$9,098	\$8,126	(\$1,481)	(\$2,454)
Rhode Island	\$4,302	\$3,486	\$3,243	(\$816)	(\$1,060)	\$11,617	\$9,990	\$8,756	(\$1,626)	(\$2,861)
South Carolina	\$3,655	\$3,210	\$2,986	(\$445)	(\$669)	\$9,870	\$8,488	\$8,062	(\$1,382)	(\$1,807)
South Dakota	\$3,850	\$3,109	\$2,892	(\$741)	(\$958)	\$10,395	\$8,939	\$7,808	(\$1,455)	(\$2,586)
Tennessee	\$3,128	\$3,119	\$2,901	(\$9)	(\$227)	\$8,446	\$7,264	\$7,834	(\$1,182)	(\$613)
Texas	\$3,890	\$3,027	\$2,815	(\$864)	(\$1,075)	\$10,504	\$9,033	\$7,601	(\$1,471)	(\$2,902)
Utah	\$3,013	\$3,055	\$2,842	\$42	(\$171)	\$8,136	\$6,997	\$7,674	(\$1,139)	(\$462)
Vermont	\$3,887	\$3,539	\$3,293	(\$348)	(\$595)	\$10,495	\$9,026	\$8,890	(\$1,469)	(\$1,606)
Virginia	\$3,568	\$3,014	\$2,804	(\$554)	(\$764)	\$9,635	\$8,286	\$7,571	(\$1,349)	(\$2,064)
Washington	\$3,380	\$3,269	\$3,041	(\$112)	(\$340)	\$9,127	\$7,849	\$8,209	(\$1,278)	(\$917)
West Virginia	\$4,047	\$3,545	\$3,298	(\$502)	(\$749)	\$10,928	\$9,398	\$8,904	(\$1,530)	(\$2,024)
Wisconsin	\$3,548	\$3,482	\$3,239	(\$66)	(\$309)	\$9,580	\$8,239	\$8,745	(\$1,341)	(\$835)
Wyoming	\$4,038	\$3,314	\$3,083	(\$724)	(\$955)	\$10,903	\$9,376	\$8,324	(\$1,526)	(\$2,579)

Source: Senate Finance Committee and Health, Education, Labor and Pensions Committee staff analysis.

Assumes first year of implementation, in 2009 dollars

* These savings have largely been realized in MA, where premiums in the nongroup market have dropped by 40% since the state enacted reform in 2006.

1. CBO 11-30-09 letter to Sen Reid; current-law national average individual market single premium (\$5,500), deflated to 2009 assuming 6% annual premium growth. Family premium factor of 2.7.

State-level premiums calculated assuming ratio of state to national premiums per MEPS-IC 2008. For the individual market, the microgroup market (firms<10) ratios were used. The microgroup market is the closest available data to what state-level premiums might be for the nongroup market.

Please note that the microgroup market still has significant protections compared to the nongroup market (e.g., guaranteed issue through HIPAA), making premium variation less than what probably exists.

2. CBO 11-30-09 letter to Senator Reid. Table shows premium savings in the non-group market of 7-10% for price differences and an additional 7-10% for different types of people with insurance coverage. Take together, premium savings could range from 14-20%.

The ratio of a state's large group market premium to the national average premium was used for the exchange premium. Given the pooling effects of the exchange, premium variation would mostly likely resemble that of the large group market.