REAGAN TAX CAP IN TODAY'S PRICES

Reagan Plan – 1984 price level for medical services	1989 price level for all items (CPI–U)	1989 price level for medical care
Limits:		
$70 per single person per month	$84	$100
$175 per family per month	$210	$285
Revenue:		
$2.3 billion (first year)	$5.2 billion	$3.7 billion

Appendix

U.S. Spends Too Much on Health Care

U.S. health care spending is soaring out of control.

Health care spending as a share of GNP has nearly doubled since 1965, increasing from 5.9% to 11.3% in 1988. If recent trends continue to the year 2000, 15 cents of every dollar of goods and services will be spent on health care. Whereas in 1965 we spent $42 billion on health care ($216 per capita), in 1988 we spent $548 billion.

We spend a far greater share of our income on health than any other country, and the gap is increasing.

The average ratio of health expenditures to GNP in other OECD countries has stabilized at about 7.2% since 1980, while in the U.S. it has continued to increase steadily from 9.2% to 11.3%. Our increase shows no sign of slowing.

U.S. per capita health care spending far exceeds that of all other OECD countries. By OECD calculations, the highest levels of per capita spending in 1987 were: U.S. $1,926, Canada $1,370, Switzerland $1,217, and Sweden $1,195. In comparison, Japan spends only $831 per person on health care and the United Kingdom only $711.

Despite high spending, health care outcomes in the U.S. are not measurably better than in other industrialized nations. Overall, access to care is worse.

Life expectancy in the U.S. is less than the mean of the other 7 largest market economies. The U.S. ranks only 19th in infant mortality rates among industrialized nations. 31 million Americans lack health insurance coverage.

Employers complain that rising costs for employee health benefits wipe out profits and make it difficult to compete in international markets.

Health care adds $700 to the cost of a car made in the U.S., but only $350 to the cost of a car made in Canada. Employer medical plan costs rose 22% in 1988 alone, according to Hewitt Associates. Average premiums for employer-provided health insurance have approximately doubled since 1984, to $3,117 per year. These costs have risen in the past five years from 8% of total business payroll costs to 13.6%.

Growth in health care spending has far exceeded the overall inflation rate since 1965, regardless of the various cost containment strategies employed.

- From 1965 to 1975, health care spending grew at an annual average rate of 12.2%, or more than twice the rate of increase in the Consumer Price Index (CPI).
    - Nixon's wage and price controls had little effect on health care spending
- While inflation averaged 10.5% annually during the Carter Administration, health care spending increased 14% per year--or 3.5% faster than general inflation.
- Inflation was brought under control during the Reagan Administration, but despite pressure on Medicare prices both Medicare and non-Federal health care spending soared.
    - The rate of increase in total health spending was 5.7% greater than general inflation or 2.5 times the inflation rate over 1981 to 1987: 9.7% against 3.8%.
    - Lower Medicare prices were offset by increases in volume of services provided, especially physicians' services. Medicare Part B spending more than doubled from 1981 to 1987.

Why U.S. Health Care Spending Is Out of Control

The primary reason that health care spending is rising so rapidly is that generally neither providers nor patients have clear incentives to consider the cost of care.

Traditional fee-for-service health insurance still dominates: providers are reimbursed with little or no review of the necessity of procedures provided or the fees charged for them. In fee-for-service delivery systems, health care spending is driven by physicians, generally with no effective controls or oversight mechanisms to counter the pernicious incentives of "bill more, profit more." Most Americans have comprehensive health insurance that effectively eliminates or severely limits their out-of-pocket costs for health care.

The Federal government participates in the financing of most health care expenditures, either directly through Medicare, Medicaid, Veterans Administration programs, Federal Employees Health Benefits, and others, or indirectly through private health insurance purchases which receive favorable Federal income tax treatment.

1. U.S. spends too much on health:

- o U.S. per capita spending $2,051 in 1987, <u>double</u> $1,033 (Canada, France, Germany, Italy, Japan & U.K. average)

2. U.S. spending grows too fast:

- o Between 1980--87, U.S. health prices annually inflated <u>three times</u> as fast as in other 6 major OECD countries, after adjusting for overall inflation (GNP deflator)

- o U.S. per capita spending grew 8.7% in 1987, compared to 5.6% annual growth for other 6 OECD countries

"U.S. health spending, the largest in the worlid in both absolute and relative terms, continues to increase more rapidly than spending in other countries, and the gap continues to widen."

3. U.S. health spending is <u>not</u> <u>effective</u>:

- o U.S. ranks at or below OECD mean on outcome measures

4. U.S. access to health insurance is incomplete:

- o 31 million Americans are uninsured

S Connaly
366-5441

Summary - Tax Cap and other Options
Effect on Receipts

($ billions)

	1990	1991	1992	1993	1994
Receipts options:					
Tax Cap Options:					
Monthly limit 1990 indexed by CPI (u)					
$200/80 limit per month					
Total dollars	6.0	10.8	14.0	18.4	24.5
Percent of subscribers affected	39.57%	47.14%	51.83%	58.12%	60.41%
$250/100 limit per month					
Total dollars	3.5	6.5	8.9	12.2	16.6
Percent of subscribers affected	30.49%	33.85%	37.59%	40.37%	43.35%
Medical spending accounts:					
Disallow medical spending accounts in cafeteria plans 1/	0.8	1.7	2.8	4.2	6.2
$200 credit per individual for insurance for persons not covered by employer related health insurance	-0.6	-5.6	-5.7	-5.9	-6.1
Credit not indexed					

heaops

November 23, 1988

Note 1: Estimates for caps assume that employee contributions for health insurance will be taxable compensation in cafeteria plans.

1/ Under this proposal spending accounts for medical purposes would not be allowed as non-taxable compensattion Insurance premiums in cafeteria plans are assumed to be taxable under the tax cap options.

Note 2: At least 70% of the beneficiaries of the $200 credit have private insurance under current law.

FAXED
to
Hans Kuhn

THE WHITE HOUSE

WASHINGTON

November 15, 1989

MEMORANDUM FOR BILL ROPER

FROM: ANDY MITRUSI

SUBJECT: Health Insurance Imputation for TAXSIM

Larry Lindsey and I developed a method of imputing employer cost of health insurance premiums for TAXSIM. The method is fairly sophisticated. We used this imputation to cost out some possible caps on the exclusion of employer paid health benefits from the employee's income tax.

Using this health insurance imputation, and simulating 1990 levels of income and 1990 tax law, we came up with the following results:

- Total employer cost of health benefits is $163 billion.

- Tax savings to employees of full exemption of employer paid health insurance is $32.1 billion. OMB estimates $29.6 billion in their Special Analyses of the budget. We estimate 88 million workers benefit from the deduction.

- We simulate three caps -- $1000, $1500 and $2000 for single workers. Caps would be twice as high for married workers or unmarried heads of household. (Data for 1988 indicate that single workers' coverage costs about $1200 on average in 1988. Given 10% inflation of in health insurance costs per year, $1500 is a good approximation of the average cost of single worker coverage in 1990.)

  The total amount of revenue generated by the three caps, ASSUMING NO BEHAVIORAL RESPONSE, is $12.3 billion, $6.1 billion and $2.7 billion respectively. The number of taxpayers affected are 47 million, 24 million and 11 million.

- The following tables represent a breakdown by income class. Because of the synthetic nature of much of the data, and the limits of statistical sampling, the degree of confidence in the effect on any one segment of the income distribution is less than on the population at large.

cc: Roger Porter
Hanns Kuttner

Dollar amounts and workers affected are in millions.

Effect of a $1000 cap on singles and $2000 cap on families

AGI Class	Revenue Effect	Tax Per Taxpayer	Taxpayers Affected
0-10k	4	68	.1
10-20k	492	86	5.6
20-30k	1358	127	10.7
30-40k	1869	210	8.9
40-50k	1941	267	7.3
50-75k	4049	440	9.2
75-100k	1341	474	2.8
100-200k	995	603	1.6
over 200k	300	612	.5

Effect of a $1500 cap on singles and $3000 cap on families

AGI Class	Revenue Effect	Tax Per Taxpayer	Taxpayers Affected
0-10k	0	63	0
10-20k	107	78	1.4
20-30k	572	147	3.9
30-40k	891	179	5.0
40-50k	966	218	4.4
50-75k	2154	347	6.2
75-100k	713	379	1.9
100-200k	539	515	1.0
over 200k	172	536	.3

Effect of a $2000 cap on singles and $4000 cap on families

AGI Class	Revenue Effect	Tax Per Taxpayer	Taxpayers Affected
0-10k	0	46	0
10-20k	8	36	.2
20-30k	178	87	2.0
30-40k	343	166	2.1
40-50k	408	214	1.9
50-75k	1014	361	2.8
75-100k	347	345	1.0
100-200k	268	342	.8
over 200k	88	311	.3

Distribution of the Tax Benefits of Current Law

AGI Class	Revenue Effect	Tax Savings Per Taxpayer	Taxpayers Benefiting
0-10k	185	11	16.8
10-20k	3447	176	19.6
20-30k	4361	293	14.9
30-40k	4594	414	11.1
40-50k	4698	540	8.7
50-75k	8973	831	10.8
75-100k	3037	920	3.3
100-200k	2108	1054	2.0
over 200k	615	1025	.6
Total	32,100	365	87.9

EXPLANATION OF THE METHODOLOGY

The underlying health insurance data was derived from an unpublished BLS survey done in 1988 of medium and large firms. The survey shows the average cost of employer paid health insurance benefits by hourly wage class.

Small firms are not represented in the BLS survey, but a separate study published in 1988 by the consulting firm of Foster Higgins indicates that small firms do not have significantly lower health insurance costs than larger firms. In fact, any difference can be accounted for by the fact that larger firms tend to pay higher wages than smaller firms. Given this data, it appears that small and large firms pay the same amount for their insurance, but large firms are able to translate their buying power into better benefits for their employees.

There were two problems with the BlS data. First, no distinction was made between single workers and married workers. Second, there was no variance in costs -- one would expect that different employers provide their workers different levels of benefits and that even a single employer may provide different packages for individual workers, even for workers with identical money wages.

To take care of the family status problem, we used TAXSIM to determine the number of single workers, primary family workers and secondary family workers in 1988. We assumed that single workers would get single coverage, primary family workers would get family coverage and that 50% of secondary workers would opt out of health insurance coverage while the remaining 50% would choose single coverage because they would not be given the choice of opting out.

Using this data, and the rule of thumb that family coverage costs employers twice as much as single coverage, we were able to transform hourly costs of insurance for all workers to hourly costs for single coverage and for family coverage. We then imputed an average level of employer insurance expense for each wage group based on marital status.

Second, we synthesized variance of benefits among workers within each wage group. Data does not exist on this issue. We imputed a variance to each group by assuming that variations in health insurance expenses are normally distributed in the U.S. economy and that the variance for each group equalled the variance for the total population. With no evidence to the contrary, these are perfectly valid assumptions. Population-wide variance was computed from data provided by Foster Higgins.

Each worker was assigned a place in the distribution for his or her wage class using a Monte Carlo procedure. A total of six distributional segments were selected. We assigned 2.5% of our sample with zero times the average cost for their wage and coverage class, 14.5% were assigned 50% of the average cost, 33% were assigned 83.3% of the average cost, 33% were assigned 116.7% of the average cost, 14.5% were assigned 150% and the final 2.5% were assigned 200% of the average cost. This is a rough approximation of a normal distribution.

Withdrawal/Redaction Sheet
(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
02. Letter	From Alain Enthoven, Stanford Univ. to William Roper Re: Thoughts on health care reform options paper [FOIA RESTRICTIONS REDACTED] (5 pp.)	11/13/89	~~P-5~~, (b)(6)	

Collection:

Record Group: Bush Presidential Records
Office: Policy Development, Office of
Series: Kuttner, Johannes
Subseries:
WHORM Cat.:
File Location: Health Care Reform Options - Cost Estimates

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Re-review Case #:	2005-0296-S	**Appeal Disposition:**	
P-2/P-5 Review Case #:		**Disposition Date:**	
AR Case #:		**MR Case #:**	
AR Disposition:		**MR Disposition:**	
AR Disposition Date:		**MR Disposition Date:**	

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P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

GRADUATE SCHOOL OF BUSINESS
STANFORD UNIVERSITY, STANFORD, CALIFORNIA 94305

ALAIN ENTHOVEN
MARRINER S. ECCLES PROFESSOR
OF PUBLIC AND PRIVATE MANAGEMENT

November 13, 1989

The Honorable William L. Roper, M.D.
Deputy Assistant to the President for
Domestic Policy and
Director of the Office of Policy Development
2nd Floor, West Wing
The White House
Washington, D.C. 20500

Dear Bill:

Here are some thoughts in response to your call and Health Care Reform Options paper of November 10, 1989.

I. Strategic Overview

1. First Best

Your colleagues should give some serious consideration to "grasping the nettle" and going for the full program of:

- tax cap (to reform incentives and enhance equity);
- universal coverage through public sponsors;
- mandated maintenance of employer effort;
- tax on "free riders" (8% play or pay payroll tax).

As Rick Kronick and I outlined in *The New England Journal.*

I appreciate the political problems in such a reversal of position. But it would give the President the opportunity to take an initiative for a kinder gentler America and to deal with the problems of cost and access on his terms, i.e., with emphasis on rational incentives, before the issue gets away from him and people coalesce around some more radical solution.

It is very hard to see how to improve access substantially through subsidized purchases of good private sector managed care without causing employers to drop coverage and to free ride. That why is President Nixon concluded and we keep coming back to maintenance of employer effort.

Stopping short of universal coverage leaves barriers between the covered and the uncovered that are arbitrary, indefensible, complex to administer, and with perverse incentives (notches or high implicit marginal tax rates). It would leave us with a system shutting down emergency rooms to avoid people who can't pay, etc.

Solutions that frankly embrace universal coverage are a lot simpler to design and administer.

2. Second Best

If mandated maintenance of employer effort and the tax on free riders are not acceptable, then what?

For reasons just explained, it is hard to come up with something very satisfactory.

As you know, I have long been attracted to the idea of converting the exclusion to a refundable tax credit (equal to, e.g., 30% of your health insurance premiums up to a limit on subsidized premiums of e.g., $900/1800/2700) as a way of getting equal dollars into the hands of individuals who do not have coverage through an employment group. But it is very hard to make that idea work because of the inescapable need for a sponsor who is in a strong position to negotiate and contract with health plans over the principles of managed competition, i.e., accept all comers, continuity of coverage, standardized benefits, risk-adjusted sponsor contributions (AAPCCs) etc. As Joe Newhouse and I explained September 25, the market for individual coverages falls apart because of risk selection. So the subsidy that induces even healthy people to buy coverage must come through the sponsor, i.e., employer or public sponsor.

With that in mind, I would suggest the following as a second best.

First, a limit on tax-free employer contributions. See Part II of this letter for more explanation of how this should be done. Some of the details are very important.

Second, use some of the savings to make federal grants to states to induce them to create and support public sponsor agencies to broker access to large scale private sector managed care organizations for small employers. That is, small employers would be able to buy coverage through a state-run multiple choice competitive model. There is a cost because small employers are often going broke, falling behind on payments, trying to get a better deal, etc. These forces have made life difficult for private sector multiple employer trusts. The states should bear these costs as a public good. Once individuals are insured through such an arrangement, they should be allowed to continue at their own

expense, like COBRA, but with the tax subsidy still available to them.

I really don't know how much money this would take. My pure wild guess is $100 per covered person per year should be more than enough. If these public sponsors did a reasonably good job, a lot of people might be getting their coverage through them.

Third, remaining savings could be used in grants to states to buy subsidized access for people with low incomes into public sponsor coverage, and subsidies to induce small employers to cover employees through the public sponsor. I suppose categories could be set up such as unemployed, to attenuate the incentive for employers to simply dump employees onto the public sponsor. As soon as you say "low income people," of course you're into means testing, notches and/or a high implicit marginal income tax rate.

Fourth, if the repeal of Sec. 89 completely wipes out nondiscrimination rules for health insurance, some simpler and more acceptable form of nondiscrimination may be needed to encourage employers to maintain coverage of low paid employees.

3. Third Best

- A straight tax cap, with proceeds going to balance the budget. This would worsen the access problem. The rationale would be the scenario Sam Mitchell spelled out at the September 25 meeting, i.e., this would get the hospitals strongly behind universal access.

- See notes below re. aspects of Tax Caps (and credits).

II. Tax Cap Issues

1. I believe a three-part structure (individuals/two-person/three or more) is better than a two-part structure. It reflects the far more widespread practice in the private sector. (The FEHBP's two-part structure is out of line.) More accurate pricing is desirable. And a three-part tax cap provides a much greater incentive to cover children than a two-part structure. Some people aren't covering their children.

2. The Tax Cap should be applied at the individual taxpayer unit level, with employers reporting their contributions on W-2 forms. This would help demotivate duplicate coverage which is now an important contributor to cost-unconsciousness. That is, the applicable principle should be "one person, one tax break."

3. How to handle risk-adjusted employer contributions?

I recommend employers set an average monthly contribution for individuals/two-part/three-part, which they would report on W-2s. Then they may risk adjust the actual contributions to reflect relative risks in different health plans. Then the employee is taxed on the average level in his group, not on his risk-adjusted amount.

What about people in employment groups made up disproportionately of older people?

Each such equity-enhancing adjustment comes at the cost of greater complexity in administration. But if it were decided it is important to respond to this, the government could publish a set of age/sex cost weight factors and allow employers whose work force was, say, more than 10% costlier than average to make an additional employer contribution tax free. For example, the age composition of company X's employees is such that it exceeds a threshold by 10%. Then it may contribute, say, $110 per month tax free while reporting $100 on employee W-2 forms for tax purposes.

4. There should be a provision requiring defined contribution plans.

5. The question of indexing for overall inflation will arise.

The Medical CPI would appear to be the obvious choice. But check first with the Council of Economic Advisors. The Medical CPI used to have some strange features reflecting the fact that it measures the cost of living for urban workers, not quite the same as the total price of medical care. The cap ought to be indexed and opposition to it will be more intense if it isn't. But the All Services CPI or the overall CPI might be better.

6. Why set the Tax Cap (and Public Sponsor contributions) at 80% of the cost of the average plan?

- This is enough to motivate even the healthy to enroll.
- This should be enough to undercut claims that this is a huge takeaway.
- This should achieve the desired full marginal cost-consciousness while leaving room for efficient plans to price below inefficient plans.

7. Size of the revenue loss. CBO estimates that the open-ended exclusion will cost the budget $46 billion in 1990. That includes income and payroll taxes. The Treasury tends to point to a $33 billion figure on the argument that the legal definition of a "tax expenditure" refers only to Federal Income Tax; and that if employers put the money that formerly went into health insurance premium contributions into wages, the base on which people's entitlements to OASDI pensions are figured will rise, so eventually there will be an offsetting outlay. I applaud this long-range thinking, which stands in sharp contrast to today's short-term oriented budget gimmickry, but I object to its selective

application to this issue.

III. Other Comments on Options Paper

1. I distrust "affirmative action" for the "right types" of managed care plans because it is unnecessary and is likely to add to a pork barrel atmosphere of pressures for special preferences for "other types." It is far better to pursue a "level playing field" by knocking down the widespread preferential treatment for inefficient modes such as open-ended FFS.

2. New tools for spending efficiencies deserve renewed emphasis and support.

3. Liability reform, though desirable, would best be kept separate so as not to arouse the wrath of the trial lawyers right now. Talk to our newly-elected Congressman Tom Campbell about his good ideas for tort reform. The key point in his thinking is to correct today's unbalanced incentives by giving unsuccessful plaintiffs something to lose.

4. For small employers, I recommend state-sponsored METs, as in First and Second Best, above.

I'll be travelling this week Tuesday through Thursday. Rick Kronick could be a valuable source of technical knowledge, as well as broad experience on access. His telephone numbers are:

Office (619)534-4273: [redacted] (b)(6)

Best wishes.

Sincerely,

Alain Enthoven

AE:pb

MAJOR ELEMENTS OF POSSIBLE HEALTH CARE REFORM PROPOSAL

Limited Proposal

1. Tax Cap

Employees would be taxed on health insurance premium contributions by employers above a cap.

The cap would be set relatively high (perhaps 150% of average premiums) to minimize revenues.

The cap could be indexed by CPI (or nominal GNP growth) so its impact would increase in subsequent years if premiums continue to increase faster than general inflation (or the general economy).

The cap could be structured to provide an explicit preference for HMO (or other managed care) enrollment.

2. Access

Federal seed money and technical support would be provided to promote state and local "buyer cooperatives."

"Buyer cooperatives" would be non-profit membership organizations established to facilitate purchase of health insurance by small employers and self-employed workers.

Each cooperative would select one or more health care plan to provide health care services to members of the cooperative.

A health care plan selected by a buyer cooperative would be authorized to pay Medicare rates to hospitals, physicians, and other providers providing services to individuals receiving health insurance coverage through the cooperative.

The pricing advantage would be needed to offset higher than average health care costs likely to result from self-selection of high-risk individuals into the buyer cooperative.

Broader Proposal

Would combine items (1) and (2) above, with the following:

1. Increase revenues from the Tax Cap

   By setting the cap at a lower percent of average premium costs (perhaps 80 to 90%), the cap could generate revenues in the range of $10 to $15 billion a year.

   This would provide stronger incentives for individuals to make prudent decisions in selecting health insurance coverage.

2. Use tax cap revenues to finance low income refundable tax credit.

   Revenues from tax cap could be used to fund a low income refundable tax credit to assist in the purchase of health insurance.

   The tax credit could be used to purchase insurance offered by a "buyer's cooperative" or to purchase coverage from a Federally qualified HMO.

Ancillary Issues

A variety of additional issues could be addressed by a broad health care reform proposal. This could strengthen the initiative.

Additional issues that could be addressed in a reform package could include:

* Effectiveness research and research to develop methods to help purchasers assess the cost and quality of care.
* Tax treatment of health insurance premiums paid by unincorporated firms and the self-employed.
* Malpractice reform.
* Medicaid improvements.

HIMD FAX

TO: Bill Roper.

FROM: Steve Bandera.

Date: 11/15 **Time:**

Number of attached pages: 2

Fax Destination

Place:

Phone number:

Notes: Preliminary draft - suggest you discuss this with Glen Hackbarth, Alain Enthoven + others today so you get some feedback before meeting tomorrow.

FAX Number: 202/395-3910 These are new ideas, they need to be "reality-tested"

Voice Confirmation: 202/395-4922 ☐ ~~[illegible]~~ ~~et~~

-4926 ☐

-4686 ☐ I'm working at GHA tonight after 6PM so revisions should be back to me before then, or Hans can take over. Please call if that would be helpful.

MAJOR ELEMENTS OF POSSIBLE HEALTH CARE REFORM PROPOSAL

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pre-empt mandated benefit laws

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Additional issues that could be addressed in a reform package could include:

* Effectiveness research and research to develop methods to help purchasers assess the cost and quality of care.

* Tax treatment of health insurance premiums paid by unincorporated firms and the self-employed.

* Malpractice reform.

* Medicaid improvements.

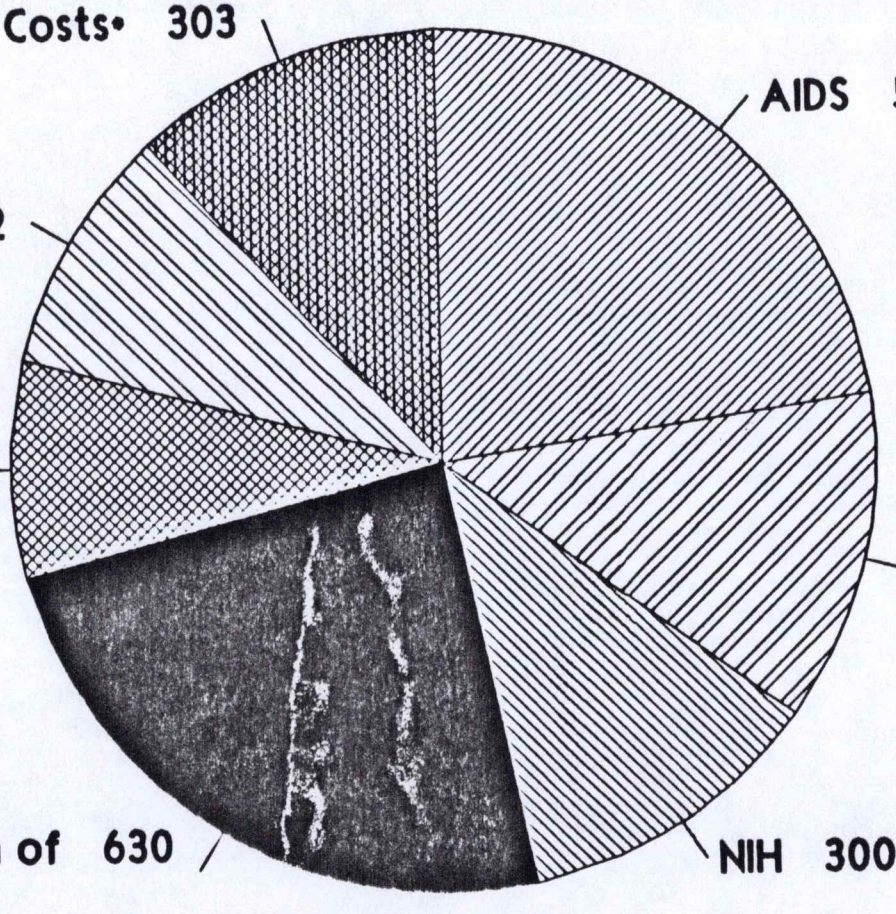
HHS REQUEST MEETS TOUGH OMB SPENDING TARGET

(Outlays in Billions)

	OMB Target	HHS Request	Difference
Discretionary	$22.0	$24.2	$2.2
Entitlement	406.7	404.0	-2.7
Total HHS	$428.7	$428.2	-$0.5

DASB926A

SUMMARY OF DISCRETIONARY INCREASES OVER TARGET
FISCAL YEAR 1990
(in Millions of Dollars)



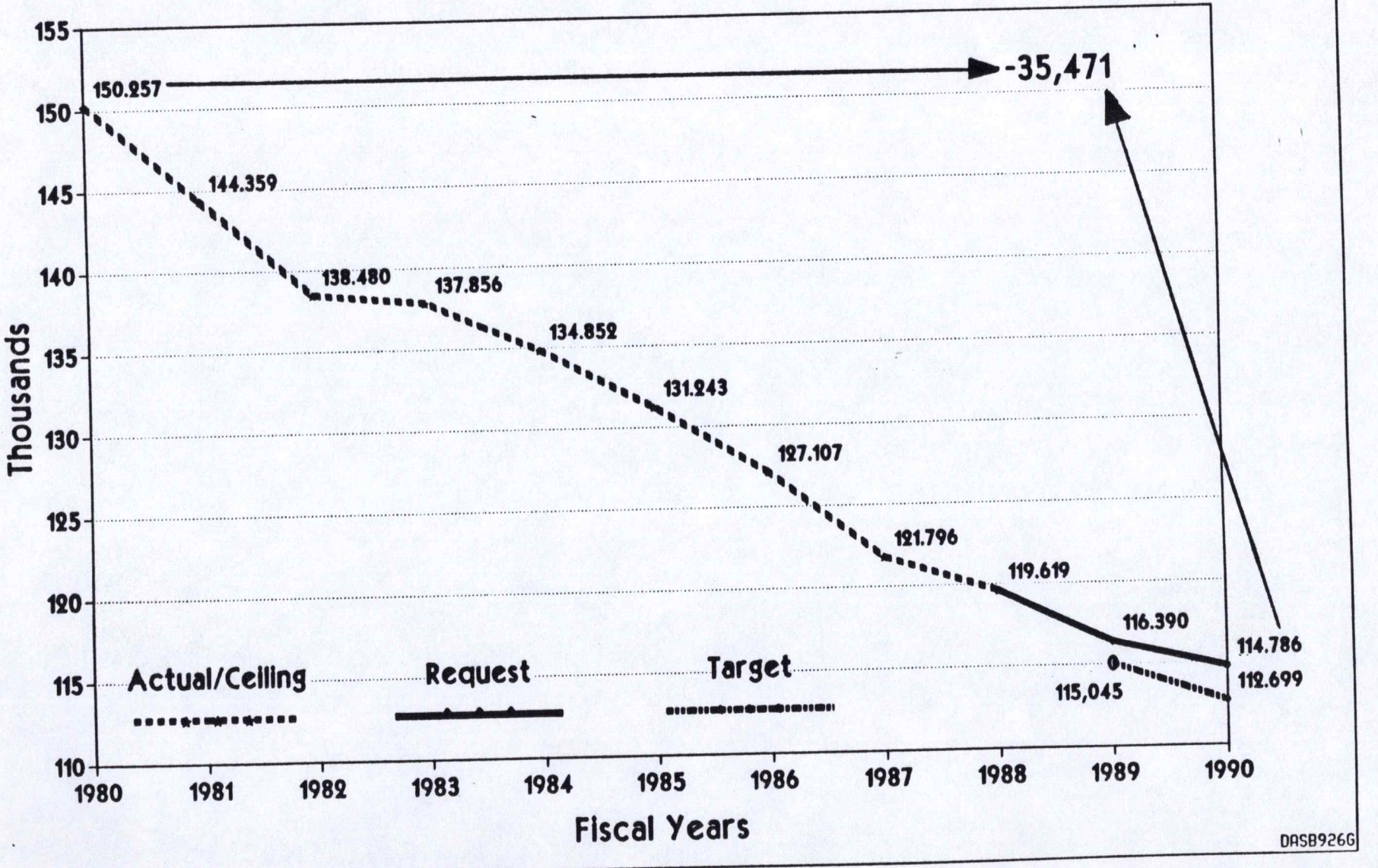
Increases	+$2,604
Decreases	-192
Net Increases	+$2,412

• Other than Health

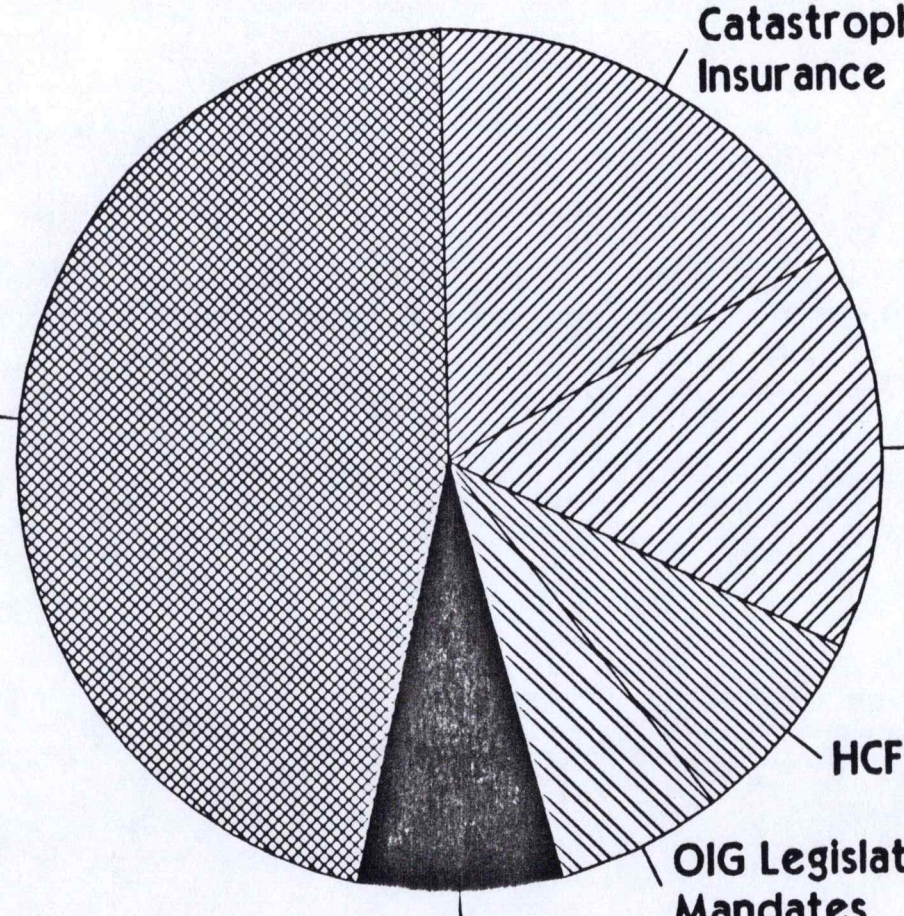
DASB926F

DEPARTMENT OF HEALTH & HUMAN SERVICES

Full-time Equivalent Employment



HHS FTE REQUEST OVER FY 1990 TARGET



Request	114,786
Target	112,699

	2,087

DASB926E

THE WHITE HOUSE

Office of the Press Secretary

#3933

For Immediate Release February 28, 1983

FACT SHEET

HEALTH CARE INCENTIVES REFORM

SUMMARY

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1) provides Medicare coverage for catastrophic illness involving lengthy hospital stays;

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more

(OVER)

#3933

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-- Over the last five years, Medicare costs have increased an average annual rate of 19 percent.

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- Provides more protection for the most ill
- Requires moderate per-day payments by beneficiaries early in illness, instead of high payments late in illness
- Limits subsidy of high-priced health insurance

Provisions:

- INITIATE MEDICARE CATASTROPHIC COVERAGE. The Reagan plan would provide unlimited hospital coverage of catastrophic illness for the first time. Under the new plan, all covered hospital costs would be paid by Medicare after 60 days' hospitalization each year. At present, Medicare hospital coverage expires completely after 150 consecutive days' hospitalization, with escalating patient copayments required for these lengthy stays.

  The practical effect:

  — Under current law, the beneficiary hospitalized in 1984 for 150 consecutive days would owe $13,475 from his or her own pocket. The beneficiary would also bear the full cost of all subsequent hospital days.

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  Some 170,000 Medicare beneficiaries each year experience a spell of illness involving more than 60 days in the hospital.

- IMPROVE MEDICARE COST-SHARING. Cost-sharing for hospitalization (Part A Medicare) would be restructured, with moderate cost-sharing rates per day, applied earlier in a hospital stay. This is fairer to those suffering prolonged illness, and it makes proper use of cost-sharing as an incentive for efficient care.

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* Under the proposal, a beneficiary's payment for an average hospital stay would be $280 more than at present. This new limited cost exposure early in an illness enables Medicare to provide its expanded coverage of catastrophic illness. In effect, beneficiaries would face only an affordable copayment and be relieved of the possibility of facing unlimited costs of catastrophic illness, including the $13,475 in cost-sharing required under current law.

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At present, all employer contributions to employee health benefits are tax-free to the employee. The new plan would allow tax-free treatment up to $175 per month for family coverage, or $70 per month for individual coverage.

Currently, about 30 percent of those with employment-based health coverage receive employer contributions above these limits.

While individuals and companies would remain free to purchase as much health coverage as they desire, the new provision would eliminate the bias that now works in favor of high-priced coverage and against comparable higher wages.

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o VOLUNTARY MEDICARE VOUCHERS. Beneficiaries, at their own option, would be enabled to seek alternatives to Medicare coverage. Where the beneficiary opted for such alternative coverage, the government would pay an amount equal to 95 percent of the per-person costs of the Medicare program.

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Budget Effect: No budget effect in FY' 1984

- o FREEZE PHYSICIANS' REIMBURSEMENT. The reimbursement rates to physicians under Medicare's "reasonable charge" system would be frozen for a year at 1983 rates.

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The Part B premium would first be frozen at the present $12.20 per month for the remainder of 1983, instead of being increased to $13.50 in July as was previously announced. The delay coincides with the delay in the cost-of-living increase for Social Security recommended by the National Commission on Social Security.

Gradual increases would be made between 1984 and 1988 to eventually recover 35 percent of annual program costs.

In addition, the Part B deductible would be adjusted annually according to the Medicare economic index to keep pace with costs. This deductible was unchanged from 1972 to 1981 despite a 250 percent increase in program reimbursements per aged enrollee during that period.

Budget Effect (Premiums):	FY' 84 - $151 million, additional costs FY' 85 - $245 million, savings
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We randomly assigned 2.5% of our sample with zero times the average cost for their wage and coverage class, 14.5% was assigned 50% of the average cost, 33% was assigned 83.3% of the average cost, 33% was assigned 116.7% of the average cost, 14.5% was assigned 150% and the final 2.5% was assigned 200% of the average cost.

The following table gives annual cost of single coverage by wage class. Family coverage would be twice as expensive.

Hourly Wage	2.5%	14.5%	33%	33%	14.5%	2.5%
3.35						
5.00						
7.50						
10.00						
12.50						
15.00						
20.00						
25.00						
30.00						
35.00						
40.00						
over						

creation date: 09/15/89 time: 20:31

health insurance imputation for 1990

1 constants requested

constant 1 = 1.0000000

25 variables requested

var 1: agi = behv(1)
var 2: single = behv(2)
var 3: joint = behv(3)
var 4: health = behv(4)
var 5: cost = behv(5)
var 6: get = behv(6)
var 7: cap2k = behv(7)
var 8: cap3k = behv(8)
var 9: cap4k = behv(9)
var10: get2k = behv(10)
var11: get3k = behv(11)
var12: get4k = behv(12)
var13: h0 = behv(13)
var14: h1000 = behv(14)
var15: h2000 = behv(15)
var16: h3000 = behv(16)
var17: h4000 = behv(17)
var18: h5000 = behv(18)
var19: h6000 = behv(19)
var20: h8000 = behv(20)
var21: h9999 = behv(21)
var22: hushlt = behv(22)
var23: wifhlt = behv(23)
var24: joint1 = behv(24)
var25: joint2 = behv(25)

3 tabulations requested

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tab 2: tabby= 1 subsample= 2 brachets= 7 no.revised= 0 no.totabs=25
tab 3: tabby= 1 subsample= 3 brachets= 7 no.revised= 0 no.totabs=25
021 tables requested

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table 3: tabulation= 1 no.columns= 6 columns=s16 s17 s18 s19 s20 s21
table 4: tabulation= 2 no.columns= 6 columns=s 4 s 5 s 6 s 7 s 8 s 9
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table 7: tabulation= 3 no.columns= 6 columns=s 4 s 5 s 6 s 7 s 8 s 9
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table 9: tabulation= 3 no.columns= 6 columns=s16 s17 s18 s19 s20 s21
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table21: tabulation= 3 no.columns= 4 columns=t22 t23 t24 t25

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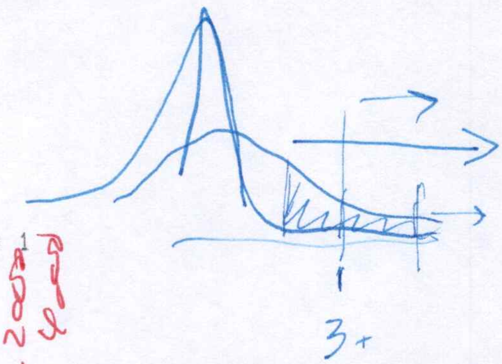

subroutines requested:

\+ setup
\+

health insurance imputation newlaw for 1990 table 1

1.1660 1.1660

tabulation over agi

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	27718361.	0.6810E+10	0.2971E+09	0.1597E+08	0.2568E+06	0.1488E+06	0.4078E+05
20k	26249786.	0.2526E+11	0.3676E+10	0.2129E+08	0.6265E+09	0.1159E+09	0.0000
30k	17551081.	0.2783E+11	0.4151E+10	0.1359E+08	0.1311E+10	0.4835E+09	0.1326E+09
40k	13577069.	0.2780E+11	0.4710E+10	0.1164E+08	0.1711E+10	0.7143E+09	0.1728E+09
50k	8594943.	0.2449E+11	0.4244E+10	0.7645E+07	0.2113E+10	0.1062E+10	0.3825E+09
75k	14388917.	0.3944E+11	0.1006E+11	0.1269E+08	0.4428E+10	0.2248E+10	0.9891E+09
100k	3130439.	0.8957E+10	0.2560E+10	0.2702E+07	0.1232E+10	0.6497E+09	0.2886E+09
200k	2604449.	0.6622E+10	0.2182E+10	0.1908E+07	0.1071E+10	0.6261E+09	0.3420E+09
over	705207.	0.1744E+10	0.4983E+09	0.5055E+06	0.2326E+09	0.1123E+09	0.4951E+08
grand means:		1475.2683	282.7428	0.7679	111.1112	52.5032	20.5825
totals:	114520251.	0.16894809E+12	0.32379774E+11	87943875.	0.12724479E+11	0.60126831E+10	0.23571173E+10

original data from 1985

health insurance imputation for 1990 table 2

1.1660 1.1660

tabulation over agi

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	27718361.	514.3	514.3	514.3	0.1175E+08	0.1498E+08	0.5590E+06
20k	26249786.	0.8784E+07	0.1296E+07	0.0000	0.4962E+07	0.1054E+08	0.8208E+07
30k	17551081.	0.9362E+07	0.3263E+07	0.1632E+07	0.3956E+07	0.1848E+07	0.6524E+07
40k	13577069.	0.8344E+07	0.5072E+07	0.1276E+07	0.1934E+07	0.7197E+06	0.5295E+07
50k	8594943.	0.6696E+07	0.4908E+07	0.2356E+07	0.9497E+06	0.3932E+06	0.9163E+06
75k	14388917.	0.1083E+08	0.6319E+07	0.3320E+07	0.1702E+07	0.6105E+06	0.3227E+07
100k	3130439.	0.2370E+07	0.1854E+07	0.9545E+06	0.4282E+06	0.2286E+06	0.1032E+06
200k	2604449.	0.1522E+07	0.1025E+07	0.7687E+06	0.6968E+06	0.1911E+06	0.3122E+06
over	705207.	0.4245E+06	0.2581E+06	0.1845E+06	0.1997E+06	0.1565E+05	0.6779E+05
grand means:		0.4220	0.2095	0.0916	0.2321	0.2578	0.2202
totals:	114520251.	48328319.	23996181.	10491725.	26576376.	29527054.	25212176.

original data from 1985

health insurance imputation for 1990 table 3

1.1660 1.1660

tabulation over agi

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	27718361.	0.0000	0.4341E+06	514.3	0.0000	0.0000	0.0000
20k	26249786.	0.2069E+07	0.4680E+06	0.0000	0.0000	0.0000	0.0000
30k	17551081.	0.3147E+07	0.9120E+06	0.8038E+06	0.3598E+06	0.0000	0.0000
40k	13577069.	0.2912E+07	0.1800E+07	0.5565E+06	0.3598E+06	0.0000	0.0000
50k	8594943.	0.1788E+07	0.2552E+07	0.1636E+07	0.3598E+06	0.0000	0.0000
75k	14388917.	0.3250E+07	0.2279E+07	0.1005E+07	0.1749E+07	0.5663E+06	0.0000
100k	3130439.	0.8259E+06	0.8997E+06	0.3097E+06	0.1032E+06	0.2318E+06	0.0000
200k	2604449.	0.3794E+06	0.2563E+06	0.4305E+06	0.7373E+05	0.2363E+06	0.2821E+05
over	705207.	0.1658E+06	0.7887E+05	0.1082E+06	0.2551E+05	0.4318E+05	514.3
grand means:		0.1269	0.0845	0.0423	0.0265	0.0094	0.0003
totals:	114520251.	14536641.	9680756.8	4849888.7	3031055.7	1077583.3	28720.168

original data from 1985

health insurance imputation for 1990 table 4

1.1660 1.1660

tabulation over agi
subsample by single

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	23689550.	0.4298E+10	0.2607E+09	0.1498E+08	0.0000	0.0000	0.0000
20k	18673190.	0.1504E+11	0.2160E+10	0.1558E+08	0.3110E+09	0.4474E+08	0.0000
30k	6347101.	0.7585E+10	0.1388E+10	0.5323E+07	0.3877E+09	0.1111E+09	0.3009E+08
40k	4228547.	0.6094E+10	0.1607E+10	0.3795E+07	0.6406E+09	0.2727E+09	0.6214E+08
50k	1112919.	0.1508E+10	0.4221E+09	0.9163E+06	0.1711E+09	0.8994E+08	0.3957E+08
75k	3158900.	0.3244E+10	0.9312E+09	0.2439E+07	0.2579E+09	0.7046E+08	0.0000
100k	420437.	0.6668E+09	0.2207E+09	0.3172E+06	0.1164E+09	0.6493E+08	0.1348E+08
200k	377355.	0.1801E+09	0.5787E+08	0.1314E+06	0.1622E+08	0.0000	0.0000
over	57829.	0.2738E+08	0.6654E+07	0.1921E+05	0.3236E+07	0.2203E+07	0.1371E+07
grand means:		665.4726	121.4865	0.7492	32.7924	11.2980	2.5256
totals:	58065828.	0.38641220E+11	0.70542170E+10	43501125.	0.19041158E+10	0.65603001E+09	0.14664933E+09

original data from 1985

health insurance imputation for 1990 table 5

1.1660 1.1660

tabulation over agi
subsample by single

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	23689550.	0.0000	0.0000	0.0000	0.8713E+07	0.1498E+08	0.0000
20k	18673190.	0.6444E+07	0.8278E+06	0.0000	0.3090E+07	0.9140E+07	0.6444E+07
30k	6347101.	0.4607E+07	0.1188E+07	0.4680E+06	0.1024E+07	0.7154E+06	0.4139E+07
40k	4228547.	0.3075E+07	0.2356E+07	0.3598E+06	0.4336E+06	0.7197E+06	0.2715E+07
50k	1112919.	0.7197E+06	0.3598E+06	0.3598E+06	0.1966E+06	0.1966E+06	0.3598E+06
75k	3158900.	0.1976E+07	0.7197E+06	0.0000	0.7197E+06	0.4631E+06	0.1976E+07
100k	420437.	0.3097E+06	0.3097E+06	0.3097E+06	0.1032E+06	7468.	0.0000
200k	377355.	0.1173E+06	0.0000	0.0000	0.2459E+06	0.1410E+05	0.1173E+06

grand means:		0.2972	0.0993	0.0259	0.2508	0.4519	0.2713
totals:	58065828.	17258830.	5767986.0	1504477.1	14564703.	26242295.	15754353.

original data from 1985

health insurance imputation for 1990 table 6

1.1660 1.1660

tabulation over agi
subsample by single

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	23689550.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
20k	18673190.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30k	6347101.	0.4680E+06	0.0000	0.0000	0.0000	0.0000	0.0000
40k	4228547.	0.3598E+06	0.0000	0.0000	0.0000	0.0000	0.0000
50k	1112919.	0.3598E+06	0.0000	0.0000	0.0000	0.0000	0.0000
75k	3158900.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
100k	420437.	0.3097E+06	0.0000	0.0000	0.0000	0.0000	0.0000
200k	377355.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
over	57829.	1316.	5753.	0.0000	0.0000	0.0000	0.0000
grand means:		0.0258	0.0001	0.0000	0.0000	0.0000	0.0000
totals:	58065828.	1498723.9	5753.2649	0.00000000	0.00000000	0.00000000	0.00000000

original data from 1985

health insurance imputation for 1990 table 7

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	4028810.	0.2511E+10	0.3633E+08	0.9936E+06	0.2568E+06	0.1488E+06	0.4078E+05
20k	7576596.	0.1022E+11	0.1516E+10	0.5705E+07	0.3155E+09	0.7111E+08	0.0000
30k	11203980.	0.2024E+11	0.2762E+10	0.8272E+07	0.9231E+09	0.3724E+09	0.1025E+09
40k	9348521.	0.2170E+11	0.3103E+10	0.7848E+07	0.1070E+10	0.4416E+09	0.1106E+09
50k	7482024.	0.2298E+11	0.3822E+10	0.6729E+07	0.1941E+10	0.9723E+09	0.3429E+09
75k	11230017.	0.3620E+11	0.9130E+10	0.1025E+08	0.4170E+10	0.2178E+10	0.9891E+09
100k	2710002.	0.8290E+10	0.2340E+10	0.2385E+07	0.1116E+10	0.5848E+09	0.2751E+09
200k	2227094.	0.6442E+10	0.2124E+10	0.1776E+07	0.1055E+10	0.6261E+09	0.3420E+09
over	647377.	0.1716E+10	0.4917E+09	0.4863E+06	0.2293E+09	0.1101E+09	0.4814E+08
grand means:		2308.1783	448.6018	0.7872	191.6655	94.8846	39.1549
totals:	56454423.	0.13030687E+12	0.25325557E+11	44442750.	0.10820363E+11	0.53566531E+10	0.22104679E+10

original data from 1985

health insurance imputation for 1990 table 8

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	get2k	get3k	get4k	h0	h1000	h2000

10k	4028810.	514.3	514.3	514.3	0.3035E+07	0.0000	0.5590E+06
20k	7576596.	0.2340E+07	0.4680E+06	0.0000	0.1872E+07	0.1404E+07	0.1764E+07
30k	11203980.	0.4755E+07	0.2076E+07	0.1164E+07	0.2932E+07	0.1133E+07	0.2385E+07
40k	9348521.	0.5269E+07	0.2717E+07	0.9163E+06	0.1500E+07	0.0000	0.2580E+07
50k	7482024.	0.5976E+07	0.4548E+07	0.1996E+07	0.7531E+06	0.1966E+06	0.5565E+06
75k	11230017.	0.8849E+07	0.5599E+07	0.3320E+07	0.9827E+06	0.1475E+06	0.1251E+07
100k	2710002.	0.2061E+07	0.1544E+07	0.6448E+06	0.3249E+06	0.2212E+06	0.1032E+06
200k	2227094.	0.1404E+07	0.1025E+07	0.7687E+06	0.4509E+06	0.1770E+06	0.1949E+06
over	647377.	0.4150E+06	0.2505E+06	0.1774E+06	0.1611E+06	5869.	0.6542E+05
grand means:		0.5503	0.3229	0.1592	0.2128	0.0582	0.1675
totals:	56454423.	31069489.	18228195.	8987247.8	12011673.	3284758.1	9457823.4

original data from 1985

health insurance imputation for 1990 table 9

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	4028810.	0.0000	0.4341E+06	514.3	0.0000	0.0000	0.0000
20k	7576596.	0.2069E+07	0.4680E+06	0.0000	0.0000	0.0000	0.0000
30k	11203980.	0.2679E+07	0.9120E+06	0.8038E+06	0.3598E+06	0.0000	0.0000
40k	9348521.	0.2552E+07	0.1800E+07	0.5565E+06	0.3598E+06	0.0000	0.0000
50k	7482024.	0.1428E+07	0.2552E+07	0.1636E+07	0.3598E+06	0.0000	0.0000
75k	11230017.	0.3250E+07	0.2279E+07	0.1005E+07	0.1749E+07	0.5663E+06	0.0000
100k	2710002.	0.5162E+06	0.8997E+06	0.3097E+06	0.1032E+06	0.2318E+06	0.0000
200k	2227094.	0.3794E+06	0.2563E+06	0.4305E+06	0.7373E+05	0.2363E+06	0.2821E+05
over	647377.	0.1645E+06	0.7312E+05	0.1082E+06	0.2551E+05	0.4318E+05	514.3
grand means:		0.2309	0.1714	0.0859	0.0537	0.0191	0.0005
totals:	56454423.	13037917.	9675003.6	4849888.7	3031055.7	1077583.3	28720.168

original data from 1985

health insurance imputation for 1990 table 10

1.1660 1.1660

tabulation over agi

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	27718361.	245.7	10.72	0.5762	0.9264E-02	0.5368E-02	0.1471E-02
20k	26249786.	962.3	140.1	0.8110	23.87	4.413	0.0000
30k	17551081.	1585.	236.5	0.7746	74.69	27.55	7.557
40k	13577069.	2047.	346.9	0.8576	126.0	52.61	12.72
50k	8594943.	2849.	493.7	0.8895	245.8	123.6	44.50
75k	14388917.	2741.	699.2	0.8817	307.7	156.3	68.74
100k	3130439.	2861.	817.9	0.8632	393.5	207.6	92.19
200k	2604449.	2543.	837.9	0.7325	411.3	240.4	131.3
over	705207.	2473.	706.7	0.7169	329.8	159.2	70.20
grand means:		1475.2683	282.7428	0.7679	111.1112	52.5032	20.5825
totals:	114520251.	0.16894809E+12	0.32379774E+11	87943875.	0.12724479E+11	0.60126831E+10	0.23571173E+10

original data from 1985

health insurance imputation for 1990 table 11

1.1660 1.1660

tabulation over agi

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	27718361.	0.1856E-04	0.1856E-04	0.1856E-04	0.4238	0.5403	0.2017E-01
20k	26249786.	0.3346	0.4937E-01	0.0000	0.1890	0.4017	0.3127
30k	17551081.	0.5334	0.1859	0.9297E-01	0.2254	0.1053	0.3717
40k	13577069.	0.6146	0.3736	0.9399E-01	0.1424	0.5301E-01	0.3900
50k	8594943.	0.7790	0.5710	0.2741	0.1105	0.4575E-01	0.1066
75k	14388917.	0.7523	0.4392	0.2307	0.1183	0.4243E-01	0.2243
100k	3130439.	0.7572	0.5923	0.3049	0.1368	0.7304E-01	0.3298E-01
200k	2604449.	0.5843	0.3936	0.2952	0.2675	0.7336E-01	0.1199
over	705207.	0.6019	0.3660	0.2616	0.2831	0.2219E-01	0.9612E-01
grand means:		0.4220	0.2095	0.0916	0.2321	0.2578	0.2202
totals:	114520251.	48328319.	23996181.	10491725.	26576376.	29527054.	25212176.

original data from 1985

health insurance imputation for 1990 table 12

1.1660 1.1660

tabulation over agi

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	27718361.	0.0000	0.1566E-01	0.1856E-04	0.0000	0.0000	0.0000
20k	26249786.	0.7881E-01	0.1783E-01	0.0000	0.0000	0.0000	0.0000
30k	17551081.	0.1793	0.5196E-01	0.4580E-01	0.2050E-01	0.0000	0.0000
40k	13577069.	0.2145	0.1326	0.4099E-01	0.2650E-01	0.0000	0.0000
50k	8594943.	0.2080	0.2969	0.1903	0.4187E-01	0.0000	0.0000
75k	14388917.	0.2259	0.1584	0.6982E-01	0.1216	0.3936E-01	0.0000
100k	3130439.	0.2638	0.2874	0.9894E-01	0.3298E-01	0.7405E-01	0.0000
200k	2604449.	0.1457	0.9840E-01	0.1653	0.2831E-01	0.9072E-01	0.1083E-01
over	705207.	0.2351	0.1118	0.1535	0.3617E-01	0.6123E-01	0.7293E-03
grand means:		0.1269	0.0845	0.0423	0.0265	0.0094	0.0003
totals:	114520251.	14536641.	9680756.8	4849888.7	3031055.7	1077583.3	28720.168

original data from 1985

health insurance imputation for 1990 table 13

1.1660 1.1660

tabulation over agi
subsample by single

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	23689550.	181.4	11.01	0.6322	0.0000	0.0000	0.0000
20k	18673190.	805.3	115.7	0.8345	16.65	2.396	0.0000
30k	6347101.	1195.	218.7	0.8386	61.09	17.50	4.741
40k	4228547.	1441.	380.0	0.8975	151.5	64.49	14.70
50k	1112919.	1355.	379.3	0.8233	153.7	80.82	35.55
75k	3158900.	1027.	294.8	0.7722	81.64	22.31	0.0000
100k	420437.	1586.	524.9	0.7544	276.8	154.4	32.06
200k	377355.	477.3	153.4	0.3483	42.98	0.0000	0.0000
over	57829.	473.5	115.1	0.3322	55.96	38.09	23.70

grand means:		665.4726	121.4865	0.7492	32.7924	11.2980	2.5256
totals:	58065828.	0.38641220E+11	0.70542170E+10	43501125.	0.19041158E+10	0.65603001E+09	0.14664933E+09

original data from 1985

health insurance imputation for 1990 table 14

1.1660 1.1660

tabulation over agi
subsample by single

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	23689550.	0.0000	0.0000	0.0000	0.3678	0.6322	0.0000
20k	18673190.	0.3451	0.4433E-01	0.0000	0.1655	0.4894	0.3451
30k	6347101.	0.7259	0.1871	0.7374E-01	0.1614	0.1127	0.6521
40k	4228547.	0.7273	0.5571	0.8510E-01	0.1025	0.1702	0.6422
50k	1112919.	0.6467	0.3233	0.3233	0.1767	0.1767	0.3233
75k	3158900.	0.6256	0.2278	0.0000	0.2278	0.1466	0.6256
100k	420437.	0.7367	0.7367	0.7367	0.2456	0.1776E-01	0.0000
200k	377355.	0.3110	0.0000	0.0000	0.6517	0.3737E-01	0.3110
over	57829.	0.1631	0.1311	0.1222	0.6678	0.1691	0.4088E-01
grand means:		0.2972	0.0993	0.0259	0.2508	0.4519	0.2713
totals:	58065828.	17258830.	5767986.0	1504477.1	14564703.	26242295.	15754353.

original data from 1985

health insurance imputation for 1990 table 15

1.1660 1.1660

tabulation over agi
subsample by single

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	23689550.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
20k	18673190.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
30k	6347101.	0.7374E-01	0.0000	0.0000	0.0000	0.0000	0.0000
40k	4228547.	0.8510E-01	0.0000	0.0000	0.0000	0.0000	0.0000
50k	1112919.	0.3233	0.0000	0.0000	0.0000	0.0000	0.0000
75k	3158900.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
100k	420437.	0.7367	0.0000	0.0000	0.0000	0.0000	0.0000
200k	377355.	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
over	57829.	0.2275E-01	0.9949E-01	0.0000	0.0000	0.0000	0.0000
grand means:		0.0258	0.0001	0.0000	0.0000	0.0000	0.0000
totals:	58065828.	1498723.9	5753.2649	0.00000000	0.00000000	0.00000000	0.00000000

original data from 1985

health insurance imputation for 1990 table 16

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	health	cost	get	cap2k	cap3k	cap4k

20k	7576596.	1349.	200.1	0.7529	41.65	9.385	0.0000
30k	11203980.	1807.	246.6	0.7383	82.39	33.24	9.153
40k	9348521.	2322.	331.9	0.8395	114.5	47.24	11.83
50k	7482024.	3072.	510.8	0.8993	259.5	130.0	45.84
75k	11230017.	3224.	813.0	0.9125	371.3	193.9	88.07
100k	2710002.	3059.	863.4	0.8801	411.6	215.8	101.5
200k	2227094.	2893.	953.9	0.7976	473.7	281.1	153.6
over	647377.	2651.	759.5	0.7512	354.3	170.1	74.36
grand means:		2308.1783	448.6018	0.7872	191.6655	94.8846	39.1549
totals:	56454423.	0.13030687E+12	0.25325557E+11	44442750.	0.10820363E+11	0.53566531E+10	0.22104679E+10

original data from 1985

health insurance imputation for 1990 table 17

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	4028810.	0.1277E-03	0.1277E-03	0.1277E-03	0.7534	0.0000	0.1387
20k	7576596.	0.3089	0.6177E-01	0.0000	0.2471	0.1853	0.2328
30k	11203980.	0.4244	0.1853	0.1039	0.2617	0.1011	0.2129
40k	9348521.	0.5636	0.2906	0.9802E-01	0.1605	0.0000	0.2759
50k	7482024.	0.7987	0.6079	0.2667	0.1007	0.2628E-01	0.7437E-01
75k	11230017.	0.7880	0.4986	0.2956	0.8751E-01	0.1313E-01	0.1114
100k	2710002.	0.7604	0.5699	0.2379	0.1199	0.8162E-01	0.3810E-01
200k	2227094.	0.6306	0.4602	0.3452	0.2024	0.7946E-01	0.8750E-01
over	647377.	0.6411	0.3870	0.2741	0.2488	0.9065E-02	0.1011
grand means:		0.5503	0.3229	0.1592	0.2128	0.0582	0.1675
totals:	56454423.	31069489.	18228195.	8987247.8	12011673.	3284758.1	9457823.4

original data from 1985

health insurance imputation for 1990 table 18

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	4028810.	0.0000	0.1077	0.1277E-03	0.0000	0.0000	0.0000
20k	7576596.	0.2730	0.6177E-01	0.0000	0.0000	0.0000	0.0000
30k	11203980.	0.2391	0.8140E-01	0.7175E-01	0.3212E-01	0.0000	0.0000
40k	9348521.	0.2730	0.1926	0.5952E-01	0.3849E-01	0.0000	0.0000
50k	7482024.	0.1908	0.3411	0.2187	0.4809E-01	0.0000	0.0000
75k	11230017.	0.2894	0.2030	0.8946E-01	0.1557	0.5043E-01	0.0000
100k	2710002.	0.1905	0.3320	0.1143	0.3810E-01	0.8554E-01	0.0000
200k	2227094.	0.1703	0.1151	0.1933	0.3310E-01	0.1061	0.1266E-01
over	647377.	0.2541	0.1129	0.1672	0.3940E-01	0.6670E-01	0.7945E-03
grand means:		0.2309	0.1714	0.0859	0.0537	0.0191	0.0005
totals:	56454423.	13037917.	9675003.6	4849888.7	3031055.7	1077583.3	28720.168

original data from 1985

health insurance imputation for 1990 table 19

1.1660 1.1660

tabulation over agi

	returns	hushlt	wifhlt	joint1	joint2
10k	27718361.	245.7	0.0000	0.1453	0.0000
20k	26249786.	962.3	0.0000	0.2173	0.7132E-01
30k	17551081.	1536.	49.08	0.4126	0.2257
40k	13577069.	1975.	72.46	0.2431	0.4455
50k	8594943.	2651.	198.3	0.3832	0.4873
75k	14388917.	2473.	267.8	0.1933	0.5871
100k	3130439.	2587.	274.1	0.2828	0.5829
200k	2604449.	2188.	354.4	0.4882	0.3669
over	705207.	2374.	98.77	0.6031	0.3149
grand means:		1394.4588	80.8094	0.2527	0.2403
totals:	114520251.	0.15969378E+12	0.92543161E+10	28933588.	27520835.

original data from 1985

health insurance imputation for 1990 table 20

1.1660 1.1660

tabulation over agi
subsample by single

	returns	hushlt	wifhlt	joint1	joint2
10k	23689550.	181.4	0.0000	0.0000	0.0000
20k	18673190.	805.3	0.0000	0.0000	0.0000
30k	6347101.	1195.	0.0000	0.0000	0.0000
40k	4228547.	1441.	0.0000	0.0000	0.0000
50k	1112919.	1355.	0.0000	0.0000	0.0000
75k	3158900.	1027.	0.0000	0.0000	0.0000
100k	420437.	1586.	0.0000	0.0000	0.0000
200k	377355.	477.3	0.0000	0.0000	0.0000
over	57829.	473.5	0.0000	0.0000	0.0000
grand means:		665.4726	0.0000	0.0000	0.0000
totals:	58065828.	0.38641220E+11	0.00000000	0.00000000	0.00000000

original data from 1985

health insurance imputation for 1990 table 21

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	hushlt	wifhlt	joint1	joint2
10k	4028810.	623.4	0.0000	1.000	0.0000
20k	7576596.	1349.	0.0000	0.7529	0.2471
30k	11203980.	1730.	76.88	0.6464	0.3536
40k	9348521.	2216.	105.2	0.3530	0.6470
50k	7482024.	2844.	227.8	0.4402	0.5598
75k	11230017.	2880.	343.2	0.2477	0.7523
100k	2710002.	2742.	316.6	0.3267	0.6733
200k	2227094.	2478.	414.5	0.5709	0.4291

over	647577.	2344.	187.0	[illegible]	[illegible]
grand means:		2144.2528	163.9254	0.5125	0.4875
totals:	56454423.	0.12105256E+12	0.92543161E+10	28933588.	27520835.

original data from 1985

tables printed: 21
records read: 725
division errors: 0
seconds/return: 0.0527

martin s. feldstein
daniel j. frisch
daniel erdmann
daniel r. feenberg
larry lindsey
andrew mitrusi

----- taxsim-pc -----

20 june 1987

```
c  employer paid health insurance imputation           tax year  1990
c  imputation is based on unpublished BLS data on fringe benefits
c  costs for medium and small business.  a seperate establishment survey
c  done by  foster higgins indicates that amount spent on health does not
c  vary greatly by firm size.  variance is added by assuming a normal
c  distribution.
c  use with health.txm, lawopd and vbig85
c
      subroutine newtax (data,nfile)
      real nwtx,joint,joint1,joint2
      dimension data(100),dnew(100)
      common / newshr / nwtx(100)
      common / flags / behave,year,tab,txyear,flag5
      common / psubr / xndx1,xndx2
      common / behshr / agi,single,joint,health,cost,get,cap2k,
     *cap3k,cap4k,get2k,get3k,get4k,h0,h1000,h2000,h3000,
     *h4000,h5000,h6000,h8000,h9999,hushlt,wifhlt,joint1,joint2
c
      data nrec /0/
      save nrec
      nrec = nrec+1
      if (mod(nrec,100).eq.0) write (*,*) nrec
c
c  increase number of taxpayers to 1990 levels
c
      data(01) = data(01)*1.099
c
c  increase all other items to 1990 levels
c
      do 10 i=11,100
10    data(i) = data(i)*1.268
      do 11 i = 1,100
11    dnew(i) = data(i)
c
      year = 1990.
      txyear = 1985.
      behave = 0.
      call nlaw(data,nfile)
      agi = nwtx(02)
      tax = nwtx(01)
c
c  demographics
c
      status = data(02)
      joint = 0.
      if (status.eq.2.) joint = 1.
      joint1 = 0.
      joint2 = 0.
      wage = data(11)
      husb = wage
      wife = 0.
      if (joint.eq.1.) then
         husb = max(data(85),data(86))
         wife = min(data(85),data(86))
         if (husb.gt.wage) then
            wife = 0.
            husb = wage
          else if (husb+wife.ge.wage) then
            wife = wage-husb
          else
            husb = wage-wife
        endif
        if (wife.lt.1.) joint1 = 1.
        if (wife.gt.1.) joint2 = 1.
```

```
      single = 1.-joint
C
      random = sqrt(6.*(abs(data(15)+data(01))))
      random = random - float(ifix(random))
      var = 0.
      if (random.gt..025) var =  .500
      if (random.gt..170) var =  .833
      if (random.gt..500) var = 1.167
      if (random.gt..830) var = 1.670
      if (random.gt..975) var = 2.000
C
      huswag = husb/2000.
      hushlt =                        .143*.86*2000.*var
      if (huswag.gt.3.35)  hushlt =  .171*.86*2000.*var
      if (huswag.gt.4.99)  hushlt =  .437*.86*2000.*var
      if (huswag.gt.7.49)  hushlt =  .628*.86*2000.*var
      if (huswag.gt.9.99)  hushlt =  .706*.86*2000.*var
      if (huswag.gt.12.49) hushlt =  .959*.86*2000.*var
      if (huswag.gt.14.99) hushlt =  .911*.86*2000.*var
      if (huswag.gt.19.99) hushlt =  .833*.86*2000.*var
      if (huswag.gt.24.99) hushlt =  .884*.86*2000.*var
      if (huswag.gt.29.99) hushlt =  .764*.86*2000.*var
      if (huswag.gt.34.99) hushlt =  .762*.86*2000.*var
      if (huswag.gt.39.99) hushlt = 1.046*.86*2000.*var
      if (huswag.lt.1.) hushlt = 0.000
      if (joint.eq.1.) hushlt = 2.*hushlt
C
      wifwag = wife/2000.
      wifhlt =                        .143*.86*2000.*var
      if (wifwag.gt.3.35) wifhlt =  .171*.86*2000.*var
      if (wifwag.gt.4.99) wifhlt =  .437*.86*2000.*var
      if (wifwag.gt.7.49) wifhlt =  .628*.86*2000.*var
      if (wifwag.gt.9.99) wifhlt =  .706*.86*2000.*var
      if (wifwag.gt.12.49) wifhlt = .959*.86*2000.*var
      if (wifwag.gt.14.99) wifhlt = .911*.86*2000.*var
      if (wifwag.gt.19.99) wifhlt = .833*.86*2000.*var
      if (wifwag.gt.24.99) wifhlt = .884*.86*2000.*var
      if (wifwag.gt.29.99) wifhlt = .764*.86*2000.*var
      if (wifwag.gt.34.99) wifhlt = .762*.86*2000.*var
      if (wifwag.gt.39.99) wifhlt =1.046*.86*2000.*var
      if (wifwag.lt.1.) wifhlt = 0.
      random = sqrt(600.*random)
      random = random - float(ifix(random))
      if (random.lt..5) wifhlt = 0.
      health = hushlt+wifhlt
C
C  cost of deductibility of health insurance
C
      data(11) = data(11)+health
      data(49) = data(49)+health
      call nlaw(data,nfile)
      cost = nwtx(01)-tax
      get = 0.
      if (health.ge.1.) get = 1.
      do 21 i = 1,100
21    data(i) = dnew(i)
C
C  caps
C
      cap = 0.
      if (single.eq.1..and.health.gt.1000.) cap = health-1000.
      if (single.ne.1..and.health.gt.2000.) cap = health-2000.
      data(11) = data(11)+cap
      data(49) = data(49)+cap
      call nlaw(data,nfile)
```

```
      cap2k = nwtx(01)-tax
      if (cap2k.ge.1.) get2k = 1.
      do 22 i = 1,100
22    data(i) = dnew(i)
c
      cap = 0.
      if (single.eq.1..and.health.gt.1500.) cap = health-1500.
      if (single.ne.1..and.health.gt.3000.) cap = health-3000.
      data(11) = data(11)+cap
      data(49) = data(49)+cap
      call nlaw(data,nfile)
      get3k = 0.
      cap3k = nwtx(01)-tax
      if (cap3k.ge.1.) get3k = 1.
      do 23 i = 1,100
23    data(i) = dnew(i)
c
      cap = 0.
      if (single.eq.1..and.health.gt.2000.) cap = health-2000.
      if (single.ne.1..and.health.gt.4000.) cap = health-4000.
      data(11) = data(11)+cap
      data(49) = data(49)+cap
      call nlaw(data,nfile)
      get4k = 0.
      cap4k = nwtx(01)-tax
      if (cap4k.ge.1.) get4k = 1.
c
      h0 = 0.
      h1000 = 0.
      h2000 = 0.
      h3000 = 0.
      h4000 = 0.
      h5000 = 0.
      h6000 = 0.
      h8000 = 0.
      h9999 = 0.
      if (health.lt.1.) h0 = 1.
      if (health.ge.1..and.health.lt.1000.) h1000 = 1.
      if (health.ge.1000..and.health.lt.2000.) h2000 = 1.
      if (health.ge.2000..and.health.lt.3000.) h3000 = 1.
      if (health.ge.3000..and.health.lt.4000.) h4000 = 1.
      if (health.ge.4000..and.health.lt.5000.) h5000 = 1.
      if (health.ge.5000..and.health.lt.6000.) h6000 = 1.
      if (health.ge.6000..and.health.lt.8000.) h8000 = 1.
      if (health.ge.8000.) h9999 = 1.
c
      return
      end
```

10k	3776540.	401.5	-7.250	0.4816	0.5744	0.4088	0.7257E-01
20k	7689589.	1054.	171.4	0.6798	25.76	5.749	0.6645
30k	8346897.	1963.	275.6	0.8164	81.53	30.56	9.048
40k	8416247.	2758.	374.0	0.8931	155.0	75.02	28.75
50k	7337533.	2977.	530.3	0.9062	225.4	112.9	48.56
75k	10695414.	3080.	788.2	0.9080	355.3	189.1	88.74
100k	3441422.	3073.	843.3	0.9057	375.8	202.5	100.0
200k	2210449.	2987.	958.9	0.8592	440.3	240.3	115.1
over	672309.	3054.	881.9	0.8225	427.9	242.8	119.5
grand means:		2343.4947	469.2248	0.8235	193.8459	98.3899	43.8769
totals:	52586400.	0.12323595E+12	0.24674846E+11	43306807.	0.10193656E+11	0.51739697E+10	0.23073288E+10

original data from 1985

health insurance imputation for 1990 table 17

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	3776540.	0.4972E-02	0.3503E-02	0.1692E-02	0.5184	0.4212	0.1924E-01
20k	7689589.	0.1663	0.4356E-01	0.8141E-02	0.3202	0.2385	0.2697
30k	8346897.	0.5002	0.1778	0.7973E-01	0.1836	0.7458E-01	0.2239
40k	8416247.	0.6972	0.3846	0.1806	0.1069	0.2452E-01	0.1685
50k	7337533.	0.7568	0.4731	0.2214	0.9376E-01	0.1793E-01	0.1305
75k	10695414.	0.7689	0.5157	0.2419	0.9198E-01	0.1769E-01	0.1214
100k	3441422.	0.7609	0.5102	0.2697	0.9432E-01	0.2647E-01	0.1178
200k	2210449.	0.6969	0.4710	0.3354	0.1408	0.4777E-01	0.1129
over	672309.	0.6712	0.4617	0.3669	0.1775	0.3466E-01	0.1145
grand means:		0.5653	0.3264	0.1594	0.1765	0.0912	0.1601
totals:	52586400.	29728346.	17164080.	8382532.5	9279592.9	4794629.6	8421023.7

original data from 1985

health insurance imputation for 1990 table 18

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	3776540.	0.2153E-01	0.1108E-01	0.7696E-02	0.8156E-03	0.3315E-04	0.0000
20k	7689589.	0.1152	0.4759E-01	0.7453E-02	0.9359E-03	0.3958E-03	0.0000
30k	8346897.	0.3331	0.1037	0.5162E-01	0.2427E-01	0.5173E-02	0.0000
40k	8416247.	0.3133	0.2046	0.6862E-01	0.9445E-01	0.1913E-01	0.0000
50k	7337533.	0.2847	0.2452	0.1086	0.8546E-01	0.3383E-01	0.0000
75k	10695414.	0.2531	0.2730	0.8234E-01	0.1119	0.4665E-01	0.2019E-02
100k	3441422.	0.2511	0.2405	0.1187	0.8152E-01	0.6935E-01	0.1471E-03
200k	2210449.	0.2272	0.1350	0.1908	0.4644E-01	0.9373E-01	0.5454E-02
over	672309.	0.2107	0.9521E-01	0.2033	0.2570E-01	0.1273	0.1099E-01
grand means:		0.2413	0.1693	0.0711	0.0615	0.0283	0.0008
totals:	52586400.	12687739.	8904407.3	3739361.8	3232107.7	1485996.2	41541.904

original data from 1985

1.1660 1.1660

tabulation over agi

	returns	hushlt	wifhlt	joint1	joint2
10k	27345071.	208.2	0.2214	0.1310	0.7078E-02
20k	25234669.	825.9	5.635	0.2373	0.6741E-01
30k	17667603.	1566.	23.78	0.2979	0.1745
40k	12584650.	2182.	91.32	0.3067	0.3621
50k	9512661.	2429.	159.3	0.3222	0.4491
75k	12330245.	2561.	265.3	0.2763	0.5911
100k	3775827.	2551.	337.1	0.3177	0.5937
200k	2518899.	2530.	193.7	0.4617	0.4158
over	819852.	2490.	122.2	0.5456	0.2744
grand means:		1381.0739	74.8323	0.2503	0.2201
totals:	111789476.	0.15438953E+12	0.83654594E+10	27976748.	24609652.

original data from 1985

1.1660 1.1660

tabulation over agi
subsample by single

	returns	hushlt	wifhlt	joint1	joint2
10k	23568530.	177.4	0.0000	0.0000	0.0000
20k	17545080.	734.1	0.0000	0.0000	0.0000
30k	9320706.	1256.	0.0000	0.0000	0.0000
40k	4168404.	1294.	0.0000	0.0000	0.0000
50k	2175128.	1277.	0.0000	0.0000	0.0000
75k	1634830.	1166.	0.0000	0.0000	0.0000
100k	334405.	983.3	0.0000	0.0000	0.0000
200k	308449.	833.1	0.0000	0.0000	0.0000
over	147543.	600.1	0.0000	0.0000	0.0000
grand means:		667.5166	0.0000	0.0000	0.0000
totals:	59203076.	0.39519039E+11	0.00000000	0.00000000	0.00000000

original data from 1985

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	hushlt	wifhlt	joint1	joint2
10k	3776540.	399.9	1.603	0.9488	0.5125E-01
20k	7689589.	1035.	18.49	0.7788	0.2212
30k	8346897.	1913.	50.33	0.6306	0.3694
40k	8416247.	2621.	136.6	0.4585	0.5415
50k	7337533.	2770.	206.6	0.4178	0.5822
75k	10695414.	2774.	305.8	0.3186	0.6814
100k	3441422.	2704.	369.9	0.3486	0.6514

over	672309.	2905.	149.1	0.6653	0.3347

grand means:		2184.4144	159.0803	0.5320	0.4680
totals:	52586400.	0.11487049E+12	0.83654594E+10	27976748.	24609652.

original data from 1985

tables printed: 21
records read: 36233
division errors: 0
seconds/return: 0.0534

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andrew mitrusi

----- taxsim-pc -----

20 june 1987

```
creation date:    09/15/89            time:    21:19

 health insurance imputation                          for 1990


 1 constants requested

 constant 1 =   1.0000000


25 variables requested

 var 1: agi      = behv( 1)
 var 2: single   = behv( 2)
 var 3: joint    = behv( 3)
 var 4: health   = behv( 4)
 var 5: cost     = behv( 5)
 var 6: get      = behv( 6)
 var 7: cap2k    = behv( 7)
 var 8: cap3k    = behv( 8)
 var 9: cap4k    = behv( 9)
 var10: get2k    = behv(10)
 var11: get3k    = behv(11)
 var12: get4k    = behv(12)
 var13: h0       = behv(13)
 var14: h1000    = behv(14)
 var15: h2000    = behv(15)
 var16: h3000    = behv(16)
 var17: h4000    = behv(17)
 var18: h5000    = behv(18)
 var19: h6000    = behv(19)
 var20: h8000    = behv(20)
 var21: h9999    = behv(21)
 var22: hushlt   = behv(22)
 var23: wifhlt   = behv(23)
 var24: joint1   = behv(24)
 var25: joint2   = behv(25)


 3 tabulations requested

 tab 1: tabby= 1 subsample= 0 brachets= 7 no.revised= 0 no.totabs=25
 tab 2: tabby= 1 subsample= 2 brachets= 7 no.revised= 0 no.totabs=25
 tab 3: tabby= 1 subsample= 3 brachets= 7 no.revised= 0 no.totabs=25
021 tables requested

 table 1: tabulation= 1 no.columns= 6 columns=s 4 s 5 s 6 s 7 s 8 s 9
 table 2: tabulation= 1 no.columns= 6 columns=s10 s11 s12 s13 s14 s15
 table 3: tabulation= 1 no.columns= 6 columns=s16 s17 s18 s19 s20 s21
 table 4: tabulation= 2 no.columns= 6 columns=s 4 s 5 s 6 s 7 s 8 s 9
 table 5: tabulation= 2 no.columns= 6 columns=s10 s11 s12 s13 s14 s15
 table 6: tabulation= 2 no.columns= 6 columns=s16 s17 s18 s19 s20 s21
 table 7: tabulation= 3 no.columns= 6 columns=s 4 s 5 s 6 s 7 s 8 s 9
 table 8: tabulation= 3 no.columns= 6 columns=s10 s11 s12 s13 s14 s15
 table 9: tabulation= 3 no.columns= 6 columns=s16 s17 s18 s19 s20 s21
 table10: tabulation= 1 no.columns= 6 columns=t 4 t 5 t 6 t 7 t 8 t 9
 table11: tabulation= 1 no.columns= 6 columns=t10 t11 t12 t13 t14 t15
 table12: tabulation= 1 no.columns= 6 columns=t16 t17 t18 t19 t20 t21
 table13: tabulation= 2 no.columns= 6 columns=t 4 t 5 t 6 t 7 t 8 t 9
 table14: tabulation= 2 no.columns= 6 columns=t10 t11 t12 t13 t14 t15
 table15: tabulation= 2 no.columns= 6 columns=t16 t17 t18 t19 t20 t21
 table16: tabulation= 3 no.columns= 6 columns=t 4 t 5 t 6 t 7 t 8 t 9
```

table17: tabulation= 3 no.columns= 6 columns=t16 t17 t18 t19 t20 t21
table18: tabulation= 3 no.columns= 6 columns=t16 t17 t18 t19 t20 t21
table19: tabulation= 1 no.columns= 4 columns=t22 t23 t24 t25
table20: tabulation= 2 no.columns= 4 columns=t22 t23 t24 t25
table21: tabulation= 3 no.columns= 4 columns=t22 t23 t24 t25

options section:

user-supplied brackets specified: 1
upper limits for 9 classes: 10000.0 20000.0 30000.0 40000.0 50000.0 75000.0 100000. 200000.
0.100000E+12

subroutines requested:

+ setup
+ newlaw

health insurance imputation for 1990 table 1

1.1660 1.1660

tabulation over agi

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	27345071.	0.5698E+10	0.1887E+09	0.1682E+08	0.3228E+07	0.1760E+07	0.4126E+06
20k	25234669.	0.2098E+11	0.3412E+10	0.1969E+08	0.4964E+09	0.1112E+09	0.8879E+07
30k	17667603.	0.2809E+11	0.4430E+10	0.1510E+08	0.1428E+10	0.5798E+09	0.1922E+09
40k	12584650.	0.2861E+11	0.4532E+10	0.1100E+08	0.1844E+10	0.8747E+09	0.3375E+09
50k	9512661.	0.2462E+11	0.4641E+10	0.8495E+07	0.1927E+10	0.9383E+09	0.3944E+09
75k	12330245.	0.3485E+11	0.8985E+10	0.1094E+08	0.4016E+10	0.2119E+10	0.9862E+09
100k	3775827.	0.1091E+11	0.3007E+10	0.3344E+07	0.1332E+10	0.7109E+09	0.3467E+09
200k	2518899.	0.6860E+10	0.2202E+10	0.2064E+07	0.1007E+10	0.5483E+09	0.2621E+09
over	819852.	0.2142E+10	0.6172E+09	0.6120E+06	0.2973E+09	0.1679E+09	0.8236E+08
grand means:		1455.9062	286.3856	0.7878	110.4861	54.1385	23.3544
totals:	111789476.	0.16275499E+12	0.32014896E+11	88069879.	0.12351183E+11	0.60521157E+10	0.26107802E+10

original data from 1985

health insurance imputation for 1990 table 2

1.1660 1.1660

tabulation over agi

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	27345071.	0.4387E+05	0.1403E+05	7095.	0.1052E+08	0.1656E+08	0.1011E+06
20k	25234669.	0.5461E+07	0.1452E+07	0.2058E+06	0.5542E+07	0.1204E+08	0.6195E+07
30k	17667603.	0.1074E+08	0.3874E+07	0.2065E+07	0.2566E+07	0.2315E+07	0.7037E+07
40k	12584650.	0.8716E+07	0.4726E+07	0.2007E+07	0.1583E+07	0.8429E+06	0.3780E+07
50k	9512661.	0.7156E+07	0.4357E+07	0.1877E+07	0.1018E+07	0.3743E+06	0.2307E+07
75k	12330245.	0.9229E+07	0.6181E+07	0.2835E+07	0.1392E+07	0.4107E+06	0.2055E+07
100k	3775827.	0.2794E+07	0.1862E+07	0.9819E+06	0.4319E+06	0.1432E+06	0.5268E+06
200k	2518899.	0.1658E+07	0.1105E+07	0.7972E+06	0.4545E+06	0.1529E+06	0.3114E+06
over	819852.	0.4900E+06	0.3318E+06	0.2650E+06	0.2078E+06	0.4360E+05	0.9743E+05
grand means:		0.4140	0.2138	0.0988	0.2122	0.2941	0.2005
totals:	111789476.	46285953.	23902260.	11041236.	23719598.	32881934.	22412100.

original data from 1985

1.1660 1.1660

tabulation over agi

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	27345071.	0.8155E+05	0.4239E+05	0.2906E+05	3080.	125.2	0.0000
20k	25234669.	0.1029E+07	0.3660E+06	0.5731E+05	7197.	3043.	0.0000
30k	17667603.	0.4132E+07	0.9401E+06	0.4309E+06	0.2026E+06	0.4318E+05	0.0000
40k	12584650.	0.3014E+07	0.1830E+07	0.5775E+06	0.7949E+06	0.1610E+06	0.0000
50k	9512661.	0.2338E+07	0.1803E+07	0.7968E+06	0.6271E+06	0.2483E+06	0.0000
75k	12330245.	0.2933E+07	0.2941E+07	0.8807E+06	0.1197E+07	0.4989E+06	0.2159E+05
100k	3775827.	0.9158E+06	0.8298E+06	0.4087E+06	0.2805E+06	0.2387E+06	506.4
200k	2518899.	0.5429E+06	0.3135E+06	0.4218E+06	0.1026E+06	0.2072E+06	0.1206E+05
over	819852.	0.1550E+06	0.6901E+05	0.1367E+06	0.1728E+05	0.8558E+05	7389.
grand means:		0.1354	0.0817	0.0335	0.0289	0.0133	0.0004
totals:	111789476.	15141316.	9135521.2	3739361.8	3232107.7	1485996.2	41541.904

original data from 1985

1.1660 1.1660

tabulation over agi
subsample by single

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	23568530.	0.4182E+10	0.2161E+09	0.1500E+08	0.1059E+07	0.2164E+06	0.1385E+06
20k	17545080.	0.1288E+11	0.2094E+10	0.1447E+08	0.2983E+09	0.6696E+08	0.3769E+07
30k	9320706.	0.1170E+11	0.2130E+10	0.8287E+07	0.7470E+09	0.3248E+09	0.1167E+09
40k	4168404.	0.5395E+10	0.1384E+10	0.3485E+07	0.5398E+09	0.2433E+09	0.9558E+08
50k	2175128.	0.2778E+10	0.7495E+09	0.1845E+07	0.2733E+09	0.1099E+09	0.3808E+08
75k	1634830.	0.1906E+10	0.5552E+09	0.1226E+07	0.2158E+09	0.9709E+08	0.3709E+08
100k	334405.	0.3288E+09	0.1048E+09	0.2271E+06	0.3852E+08	0.1403E+08	0.2476E+07
200k	308449.	0.2570E+09	0.8260E+08	0.1651E+06	0.3419E+08	0.1722E+08	0.7610E+07
over	147543.	0.8854E+08	0.2431E+08	0.5908E+05	0.9593E+07	0.4686E+07	0.1998E+07
grand means:		667.5166	123.9809	0.7561	36.4428	14.8328	5.1256
totals:	59203076.	0.39519039E+11	0.73400505E+10	44763071.	0.21575270E+10	0.87814594E+09	0.30345134E+09

original data from 1985

1.1660 1.1660

tabulation over agi
subsample by single

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	23568530.	0.2510E+05	799.5	705.6	0.8566E+07	0.1497E+08	0.2837E+05
20k	17545080.	0.4182E+07	0.1117E+07	0.1432E+06	0.3079E+07	0.1020E+08	0.4121E+07
30k	9320706.	0.6562E+07	0.2390E+07	0.1400E+07	0.1034E+07	0.1693E+07	0.5169E+07
40k	4168404.	0.2849E+07	0.1489E+07	0.4863E+06	0.6833E+06	0.6365E+06	0.2362E+07
50k	2175128.	0.1603E+07	0.8861E+06	0.2528E+06	0.3297E+06	0.2428E+06	0.1350E+07
75k	1634830.	0.1005E+07	0.6647E+06	0.2482E+06	0.4086E+06	0.2214E+06	0.7566E+06
100k	334405.	0.1750E+06	0.1060E+06	0.5367E+05	0.1073E+06	0.5211E+05	0.1213E+06

over	147543.	0.3877E+05	0.2137E+05	0.1835E+05	0.8847E+05	0.2030E+05	0.2043E+05
grand means:		0.2797	0.1138	0.0449	0.2439	0.4744	0.2363
totals:	59203076.	16557607.	6738180.5	2658703.4	14440005.	28087304.	13991076.

original data from 1985

1.1660 1.1660

tabulation over agi
subsample by single

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	23568530.	222.6	553.6	0.0000	0.0000	0.0000	0.0000
20k	17545080.	0.1432E+06	0.0000	0.0000	0.0000	0.0000	0.0000
30k	9320706.	0.1351E+07	0.7414E+05	0.0000	0.0000	0.0000	0.0000
40k	4168404.	0.3776E+06	0.1086E+06	0.0000	0.0000	0.0000	0.0000
50k	2175128.	0.2488E+06	3932.	0.0000	0.0000	0.0000	0.0000
75k	1634830.	0.2266E+06	0.2159E+05	0.0000	0.0000	0.0000	0.0000
100k	334405.	0.5161E+05	2065.	0.0000	0.0000	0.0000	0.0000
200k	308449.	0.4066E+05	0.1521E+05	0.0000	0.0000	0.0000	0.0000
over	147543.	0.1334E+05	5005.	0.0000	0.0000	0.0000	0.0000
grand means:		0.0414	0.0039	0.0000	0.0000	0.0000	0.0000
totals:	59203076.	2453577.3	231113.83	0.00000000	0.00000000	0.00000000	0.00000000

original data from 1985

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	3776540.	0.1516E+10	-0.2738E+08	0.1819E+07	0.2169E+07	0.1544E+07	0.2741E+06
20k	7689589.	0.8104E+10	0.1318E+10	0.5227E+07	0.1981E+09	0.4421E+08	0.5110E+07
30k	8346897.	0.1639E+11	0.2301E+10	0.6814E+07	0.6805E+09	0.2550E+09	0.7552E+08
40k	8416247.	0.2321E+11	0.3148E+10	0.7516E+07	0.1304E+10	0.6314E+09	0.2419E+09
50k	7337533.	0.2184E+11	0.3891E+10	0.6650E+07	0.1654E+10	0.8285E+09	0.3563E+09
75k	10695414.	0.3294E+11	0.8430E+10	0.9712E+07	0.3800E+10	0.2022E+10	0.9491E+09
100k	3441422.	0.1058E+11	0.2902E+10	0.3117E+07	0.1293E+10	0.6968E+09	0.3442E+09
200k	2210449.	0.6603E+10	0.2120E+10	0.1899E+07	0.9732E+09	0.5311E+09	0.2545E+09
over	672309.	0.2053E+10	0.5929E+09	0.5529E+06	0.2877E+09	0.1633E+09	0.8036E+08
grand means:		2343.4947	469.2248	0.8235	193.8459	98.3899	43.8769
totals:	52586400.	0.12323595E+12	0.24674846E+11	43306807.	0.10193656E+11	0.51739697E+10	0.23073288E+10

original data from 1985

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	get2k	get3k	get4k			
10k	3776540.	0.1878E+05	0.1323E+05	6389.	0.1958E+07	0.1591E+07	0.7268E+05
20k	7689589.	0.1279E+07	0.3350E+06	0.6260E+05	0.2463E+07	0.1834E+07	0.2074E+07
30k	8346897.	0.4175E+07	0.1484E+07	0.6655E+06	0.1532E+07	0.6225E+06	0.1869E+07
40k	8416247.	0.5868E+07	0.3237E+07	0.1520E+07	0.9001E+06	0.2064E+06	0.1418E+07
50k	7337533.	0.5553E+07	0.3471E+07	0.1624E+07	0.6880E+06	0.1316E+06	0.9575E+06
75k	10695414.	0.8224E+07	0.5516E+07	0.2587E+07	0.9838E+06	0.1893E+06	0.1298E+07
100k	3441422.	0.2619E+07	0.1756E+07	0.9282E+06	0.3246E+06	0.9109E+05	0.4055E+06
200k	2210449.	0.1540E+07	0.1041E+07	0.7413E+06	0.3111E+06	0.1056E+06	0.2495E+06
over	672309.	0.4513E+06	0.3104E+06	0.2467E+06	0.1194E+06	0.2330E+05	0.7700E+05
grand means:		0.5653	0.3264	0.1594	0.1765	0.0912	0.1601
totals:	52586400.	29728346.	17164080.	8382532.5	9279592.9	4794629.6	8421023.7

original data from 1985

health insurance imputation for 1990 table 9

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	3776540.	0.8133E+05	0.4183E+05	0.2906E+05	3080.	125.2	0.0000
20k	7689589.	0.8855E+06	0.3660E+06	0.5731E+05	7197.	3043.	0.0000
30k	8346897.	0.2781E+07	0.8659E+06	0.4309E+06	0.2026E+06	0.4318E+05	0.0000
40k	8416247.	0.2636E+07	0.1722E+07	0.5775E+06	0.7949E+06	0.1610E+06	0.0000
50k	7337533.	0.2089E+07	0.1799E+07	0.7968E+06	0.6271E+06	0.2483E+06	0.0000
75k	10695414.	0.2707E+07	0.2919E+07	0.8807E+06	0.1197E+07	0.4989E+06	0.2159E+05
100k	3441422.	0.8642E+06	0.8277E+06	0.4087E+06	0.2805E+06	0.2387E+06	506.4
200k	2210449.	0.5022E+06	0.2983E+06	0.4218E+06	0.1026E+06	0.2072E+06	0.1206E+05
over	672309.	0.1417E+06	0.6401E+05	0.1367E+06	0.1728E+05	0.8558E+05	7389.
grand means:		0.2413	0.1693	0.0711	0.0615	0.0283	0.0008
totals:	52586400.	12687739.	8904407.3	3739361.8	3232107.7	1485996.2	41541.904

original data from 1985

health insurance imputation for 1990 table 10

1.1660 1.1660

tabulation over agi

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	27345071.	208.4	6.900	0.6151	0.1181	0.6438E-01	0.1509E-01
20k	25234669.	831.6	135.2	0.7804	19.67	4.406	0.3518
30k	17667603.	1590.	250.8	0.8548	80.80	32.82	10.88
40k	12584650.	2273.	360.1	0.8742	146.5	69.50	26.82
50k	9512661.	2588.	487.9	0.8930	202.6	98.64	41.46
75k	12330245.	2826.	728.7	0.8871	325.7	171.9	79.98
100k	3775827.	2888.	796.4	0.8856	352.7	188.3	91.81
200k	2518899.	2723.	874.2	0.8196	399.9	217.7	104.1
over	819852.	2612.	752.9	0.7465	362.6	204.8	100.5
grand means:		1455.9062	286.3856	0.7878	110.4861	54.1385	23.3544
totals:	111789476.	0.16275499E+12	0.32014896E+11	88069879.	0.12351183E+11	0.60521157E+10	0.26107802E+10

original data from 1985

1.1660 1.1660

tabulation over agi

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	27345071.	0.1604E-02	0.5130E-03	0.2594E-03	0.3849	0.6057	0.3695E-02
20k	25234669.	0.2164	0.5753E-01	0.8155E-02	0.2196	0.4769	0.2455
30k	17667603.	0.6078	0.2193	0.1169	0.1452	0.1310	0.3983
40k	12584650.	0.6926	0.3755	0.1594	0.1258	0.6698E-01	0.3004
50k	9512661.	0.7523	0.4581	0.1973	0.1070	0.3935E-01	0.2426
75k	12330245.	0.7485	0.5013	0.2300	0.1129	0.3331E-01	0.1667
100k	3775827.	0.7399	0.4931	0.2600	0.1144	0.3793E-01	0.1395
200k	2518899.	0.6583	0.4387	0.3165	0.1804	0.6070E-01	0.1236
over	819852.	0.5977	0.4047	0.3232	0.2535	0.5318E-01	0.1188
grand means:		0.4140	0.2138	0.0988	0.2122	0.2941	0.2005
totals:	111789476.	46285953.	23902260.	11041236.	23719598.	32881934.	22412100.

original data from 1985

1.1660 1.1660

tabulation over agi

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	27345071.	0.2982E-02	0.1550E-02	0.1063E-02	0.1126E-03	0.4578E-05	0.0000
20k	25234669.	0.4077E-01	0.1450E-01	0.2271E-02	0.2852E-03	0.1206E-03	0.0000
30k	17667603.	0.2339	0.5321E-01	0.2439E-01	0.1147E-01	0.2444E-02	0.0000
40k	12584650.	0.2395	0.1455	0.4589E-01	0.6316E-01	0.1279E-01	0.0000
50k	9512661.	0.2458	0.1896	0.8376E-01	0.6592E-01	0.2610E-01	0.0000
75k	12330245.	0.2379	0.2385	0.7142E-01	0.9706E-01	0.4047E-01	0.1751E-02
100k	3775827.	0.2425	0.2198	0.1082	0.7430E-01	0.6321E-01	0.1341E-03
200k	2518899.	0.2155	0.1245	0.1675	0.4075E-01	0.8226E-01	0.4786E-02
over	819852.	0.1891	0.8418E-01	0.1668	0.2107E-01	0.1044	0.9013E-02
grand means:		0.1354	0.0817	0.0335	0.0289	0.0133	0.0004
totals:	111789476.	15141316.	9135521.2	3739361.8	3232107.7	1485996.2	41541.904

original data from 1985

1.1660 1.1660

tabulation over agi
subsample by single

	returns	health	cost	get	cap2k	cap3k	cap4k
10k	23568530.	177.4	9.167	0.6365	0.4495E-01	0.9181E-02	0.5878E-02
20k	17545080.	734.1	119.4	0.8245	17.00	3.817	0.2148
30k	9320706.	1256.	228.5	0.8891	80.15	34.85	12.52
40k	4168404.	1294.	332.0	0.8361	129.5	58.36	22.93
50k	2175128.	1277.	344.6	0.8484	125.7	50.51	17.51
75k	1634830.	1166.	339.6	0.7501	132.0	59.39	22.69
100k	334405.	983.3	313.3	0.6792	115.2	41.96	7.404
200k	308449.	833.1	267.8	0.5353	110.8	55.83	24.67

over	147543.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
grand means:		667.5166	123.9809	0.7561	36.4428	14.8328	5.1256
totals:	59203076.	0.39519039E+11	0.73400505E+10	44763071.	0.21575270E+10	0.87814594E+09	0.30345134E+09

original data from 1985

health insurance imputation for 1990 table 14

1.1660 1.1660

tabulation over agi
subsample by single

	returns	get2k	get3k	get4k	h0	h1000	h2000
10k	23568530.	0.1065E-02	0.3392E-04	0.2994E-04	0.3635	0.6353	0.1204E-02
20k	17545080.	0.2384	0.6365E-01	0.8161E-02	0.1755	0.5814	0.2349
30k	9320706.	0.7041	0.2564	0.1502	0.1109	0.1816	0.5545
40k	4168404.	0.6834	0.3572	0.1167	0.1639	0.1527	0.5667
50k	2175128.	0.7368	0.4074	0.1162	0.1516	0.1116	0.6206
75k	1634830.	0.6146	0.4066	0.1518	0.2499	0.1354	0.4628
100k	334405.	0.5234	0.3171	0.1605	0.3208	0.1558	0.3629
200k	308449.	0.3820	0.2069	0.1811	0.4647	0.1534	0.2009
over	147543.	0.2628	0.1448	0.1244	0.5996	0.1376	0.1385
grand means:		0.2797	0.1138	0.0449	0.2439	0.4744	0.2363
totals:	59203076.	16557607.	6738180.5	2658703.4	14440005.	28087304.	13991076.

original data from 1985

health insurance imputation for 1990 table 15

1.1660 1.1660

tabulation over agi
subsample by single

	returns	h3000	h4000	h5000	h6000	h8000	h9999
10k	23568530.	0.9447E-05	0.2349E-04	0.0000	0.0000	0.0000	0.0000
20k	17545080.	0.8161E-02	0.0000	0.0000	0.0000	0.0000	0.0000
30k	9320706.	0.1450	0.7954E-02	0.0000	0.0000	0.0000	0.0000
40k	4168404.	0.9060E-01	0.2606E-01	0.0000	0.0000	0.0000	0.0000
50k	2175128.	0.1144	0.1808E-02	0.0000	0.0000	0.0000	0.0000
75k	1634830.	0.1386	0.1321E-01	0.0000	0.0000	0.0000	0.0000
100k	334405.	0.1543	0.6175E-02	0.0000	0.0000	0.0000	0.0000
200k	308449.	0.1318	0.4932E-01	0.0000	0.0000	0.0000	0.0000
over	147543.	0.9043E-01	0.3392E-01	0.0000	0.0000	0.0000	0.0000
grand means:		0.0414	0.0039	0.0000	0.0000	0.0000	0.0000
totals:	59203076.	2453577.3	231113.83	0.00000000	0.00000000	0.00000000	0.00000000

original data from 1985

health insurance imputation for 1990 table 16

1.1660 1.1660

tabulation over agi
subsample by joint

	returns	health	cost	get	cap2k	cap3k	cap4k

MAJOR OBJECTIVES

Intensify Battle Against AIDS

- Greater Funding -- $1.9 billion total or 50% over 1989 appropriation

Reduce Demand For Illegal Drugs

- Combine ADAMHA block grants & increase funding by 30%

Implement Catastrophic Health Insurance

- More resources -- careful planning

DASB926B

Building for Future Health of Americans

- Highest number of research project grants in history of NIH & ADAMHA
- Infant mortality initiative
  - Funding doubles - greater focus under Medicaid
- Preparing for biotechnology in FDA

Improve Quality & Effectiveness of Health Care System

- Outcome Research - Data Development - Information Dissemination

DASB926C

Simplify Programs & Target Scarce Resources

- Support for Commission on Nursing recommendations
- Restructuring preventive health block grant
- Crisis assistance block grant

Entitlement Reform

- Eliminate SSA retirement earnings test
- Medicaid reform

Deficit Reduction

- Entitlement Savings: $8.5 billion in 1990; $76 billion over five years

DASB926D

November 9, 1989

MEMORANDUM FOR BILL ROPER

FROM: [redacted]

SUBJECT: Health Insurance Imputation for TAXSIM

Larry Lindsey and I developed a method of imputing employer cost of health insurance premiums for TAXSIM. The method is sophisticated and rigorous.

The underlying health insurance data was derived from an unpublished BLS survey done in 1988 of medium and large establishments. Small firms are not represented in the BLS survey, but a separate study published in 1988 by the consulting firm of Foster Higgins indicates that small firms do not have significantly lower health insurance costs than larger firms. In fact, any difference can be accounted for by the fact that larger firms tend to pay higher wages than smaller firms.

The BLS data presents employer insurance costs by wage class. We were told by the BLS that health insurance costs are 85-87% of total insurance costs. We used 86% as the rule of thumb.

1) As a first step, we used TAXSIM to determine the number of single workers, primary family workers and secondary family workers in 1988. We assumed that single workers would get single coverage, primary family workers would get family coverage and that 50% of secondary workers would opt out but 50% would choose single coverage because they would not be given the choice of opting out of coverage.

2) Using this data, and the rule of thumb that family coverage costs employers twice as much as single coverage, we were able to transform hourly costs of insurance for all workers in a given wage class to hourly costs per worker for single coverage and hourly costs per worker for family coverage. We used this data to impute an average level of employer insurance expense for each taxpayer based on marital status. Secondary workers were randomly chosen to opt out at a 50% rate.

3) Not all insurance plans cost the same. Unfortunately, data does not exist on this issue. We added variance artificially by assuming that variations in health insurance costs are normally distributed. With no evidence to the contrary, this is a perfectly valid assumption.