Employee Benefits in the Sunlight Following Election Day

Joel Wood
Senior Vice President
Government Affairs

Joel Kopperud
Vice President
Government Affairs

The Council of Insurance Agents & Brokers
DEWEY DEFEATS TRUMAN

G.O.P. Sweep Indicated in State; Boyle Leads in City
Would you believe it's Jake from State Farm?
The Nasty 2016 Election: What Does it Mean for Us?

Joel Wood
Senior Vice President
Government Affairs

The Council of Insurance Agents & Brokers
Electoral College has swung back in the Republicans’ favor

Electoral College votes, by party
1952-2016, as of November 9th at 5:04 am

- Democratic
- Republican
Donald Trump wins the electoral college with 276 votes

2016 Electoral College map
Reported as of November 9th at 5:34 am

Hillary Clinton (D)
Running Mate: Tim Kaine
Popular Vote: 47%
States Carried: 20 + DC

Donald Trump (R)
Running Mate: Mike Pence
Popular Vote: 48%
States Carried: 30
2016 popular vote is close, with Trump having a 1 percent lead

Presidential popular vote in millions, by party
1952-2016, reported as of November 9th at 5:11 am
Government is seen as biggest problem in US second year in a row

Percentage of respondents on most important problem facing the US

Annual average percentage across monthly measures for each year

- Government
- Economy
- Unemployment
- Iraq/ISIS
- Immigration

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

<table>
<thead>
<tr>
<th>Year</th>
<th>President</th>
<th>Party</th>
<th>Result</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>G.W. Bush</td>
<td>Republican</td>
<td>Lost</td>
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<tr>
<td>2000</td>
<td>Clinton</td>
<td>Democrat</td>
<td>Lost</td>
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<tr>
<td>1988</td>
<td>Reagan</td>
<td>Republican</td>
<td>Won</td>
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<tr>
<td>1976</td>
<td>Nixon/Ford</td>
<td>Republican</td>
<td>Lost</td>
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<tr>
<td>1968</td>
<td>Kennedy/Johnson</td>
<td>Democrat</td>
<td>Lost</td>
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<tr>
<td>1960</td>
<td>Eisenhower</td>
<td>Republican</td>
<td>Lost</td>
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</tbody>
</table>
Clinton has spent more money than Trump

Money spent by presidential candidates

Millions of dollars; as of November 3

## 2012 Election Demographics

<table>
<thead>
<tr>
<th>Category</th>
<th>Demographic</th>
<th>Voted for Obama</th>
<th>Voted for Romney</th>
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</thead>
<tbody>
<tr>
<td><strong>Gender</strong></td>
<td>Women</td>
<td>55%</td>
<td>44%</td>
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<tr>
<td></td>
<td>Men</td>
<td>45%</td>
<td>52%</td>
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<tr>
<td><strong>Race</strong></td>
<td>White (non-Hispanic)</td>
<td>39%</td>
<td>59%</td>
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<tr>
<td></td>
<td>Black</td>
<td>93%</td>
<td>6%</td>
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<tr>
<td></td>
<td>Hispanic</td>
<td>71%</td>
<td>27%</td>
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<tr>
<td><strong>Education</strong></td>
<td>Non-College Graduate</td>
<td>51%</td>
<td>47%</td>
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<td></td>
<td>College Graduate</td>
<td>50%</td>
<td>48%</td>
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<tr>
<td><strong>Age</strong></td>
<td>18 to 29 years</td>
<td>60%</td>
<td>37%</td>
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<td>30 to 44 years</td>
<td>52%</td>
<td>45%</td>
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<td>45 to 64 years</td>
<td>47%</td>
<td>51%</td>
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<td>64+ years</td>
<td>44%</td>
<td>56%</td>
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<td><strong>Income</strong></td>
<td>Less than $50,000</td>
<td>60%</td>
<td>38%</td>
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<td>$50,000 to $100,000</td>
<td>46%</td>
<td>52%</td>
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<td>$100,000 or more</td>
<td>44%</td>
<td>54%</td>
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</table>
The Republican Party maintains its majority in the Senate after the 2016 elections

Composition of the 115th Senate map

*Louisiana will hold a runoff on Dec. 10
Control of the 114th vs. 115th Senate

Control of the 114th Senate (2014-2016)

---

Control of the 115th Senate (2016-2018)

*Louisiana and New Hampshire Senate races not yet called*
Sen. Duckworth’s (D-IL) victory marks the only Senate seat gained by either party

Map of seats gained and held, 2016 Senate elections

*Louisiana will hold a runoff on Dec. 10
Most Senate races were won with a margin greater than 5%.

Margins of victory, 2016 Senate elections

*Louisiana will hold a runoff on Dec. 10*
2016 House election results map

- Democratic winner
- Republican winner
- Not yet called

Democrats: 191
Republicans: 235
Independents: 0
Not yet called: 9
Republicans retain control of House; limit Democratic gains in 2016 elections

Control of the 114th vs. 115th House

- **Control of the 114th House (2014-2016)**
  - 218 Seats Needed for a Majority
  - 234-201 Republican House Majority

- **Control of the 115th House (2016-2018)**
  - 218 Needed for Majority
  - 235-191 Republican House Majority

*As of 5:30 AM on Nov. 9, nine House races have yet to be called*
North Carolina race declared too close to declare a winner

Map of state gubernatorial election results, by party

- Blue: Democratic governor
- Red: Republican governor
- Green: Independent governor
- Gray: No election
- Yellow: Not called as of publishing time

*NC race was declared too close to call, with only .1% difference and 100% pf votes reported
Marijuana ballot initiative results

- **Recreational use passed**
- **Medical use passed**
- **Recreational use failed**
- **Medical use failed**
- **Not yet called**

The map shows the results of marijuana ballot initiatives across the United States. States with green areas have passed recreational marijuana use, while those with yellow have passed medical marijuana use. Red areas indicate where recreational use has failed, and pink areas show where medical use has failed. The color gray represents states where the results are not yet called.
VOTE “NO” ON AMENDMENT 69 - COLORADO CARE

It’s a terrible idea for Colorado...and for your family
I'M FOR 69!

BY COLORADANS FOR COLORADANS
NO CO-PAYS • NO PREMIUMS
EVERYONE SAVES MONEY
HELPS SMALL BUSINESSES • HELPS FAMILIES

Say YES to Amendment 69.
COLORADOCARE.ORG
“Health care must be recognized as a right, not a privilege.”

- Sen. Bernie Sanders (I-Vt.)
## Favor or Oppose Three Proposals Relating to the Affordable Care Act

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

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Favor</th>
<th>Oppose</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Replacing the ACA with a federally funded healthcare program providing insurance for all Americans</td>
<td>58</td>
<td>37</td>
<td>5</td>
</tr>
<tr>
<td>Repealing the Affordable Care Act</td>
<td>51</td>
<td>45</td>
<td>3</td>
</tr>
<tr>
<td>Keeping the Affordable Care Act in place</td>
<td>48</td>
<td>49</td>
<td>2</td>
</tr>
</tbody>
</table>

GALLUP, MAY 6-8, 2016
Amendment 69: State Health Care

Establish a statewide system to finance health care

- NO: 80% (1,232,315 votes)
- YES: 20% (313,757 votes)
Budget among many lame duck priorities

- Senate in session
- Both chambers in session

### November

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### Congress leadership election process

- Expected to take place within the first few weeks after the election

### Current continuing resolution expires Dec. 9th

### Other possible congressional priorities in the lame duck session

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

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October 12, 2016 | Katharine Conlon
Average Projected Premium Increases in State Exchanges with Key Senate Races

**POLITICO; http://www.politico.com/story/2016/08/obamacare-senate-races-227428**
$1 BILLION in Obamacare losses expected

*In 2015 and 2016 / Source: UnitedHealth Group
BUDGET RECONCILIATION

BUDGET
Both House and Senate pass an identical budget with Reconciliation instructions.

COMMITTEES
Specific committees report legislation in response to Reconciliation instructions.

FULL CHAMBER
Reconciliation Measure considered on chamber floor

CONFERENCE COMMITTEES
Differences Resolved

PRESIDENT OF THE US
Reconciliation Bill enacted into law or vetoed.

BUDGET COMMITTEES
If needed, Budget Committee bundles committee reports together
Top Statutory Corporate Tax Rate by OECD Nation, 2013

- United States: 39.1%
- Japan: 35.0%
- France: 33.0%
- Belgium: 30.0%
- OECD Weighted: 28.0%
- Portugal: 27.0%
- Germany: 26.0%
- Australia: 25.0%
- Mexico: 25.0%
- Spain: 25.0%
- Luxembourg: 25.0%
- New Zealand: 25.0%
- Norway: 25.0%
- Italy: 25.0%
- Greece: 25.0%
- Austria: 25.0%
- Denmark: 24.0%
- Israel: 24.0%
- Netherlands: 24.0%
- OECD Average: 25.0%
- Finland: 23.0%
- Korea: 23.0%
- Slovak Republic: 23.0%
- United Kingdom: 22.0%
- Sweden: 22.0%
- Switzerland: 22.0%
- Estonia: 22.0%
- Chile: 21.0%
- Iceland: 21.0%
- Turkey: 21.0%
- Czech Republic: 21.0%
- Poland: 21.0%
- Slovenia: 21.0%
- Ireland: 20.0%
Repeal and replace – with *what*?

- Buying across state borders
- Association health plans
- Medical malpractice reform
  (really? Trump?)
- HSAs
Repeal and replace – with what?, cont.:

- Off-ramp for exchanges ... to high-risk pools?
- Ryan healthcare Blueprint – tax the 1%?
- Individual market premiums tax deductible
- Medicaid block grants – roll back coverage?
“This will have tragic consequences for tens of millions of people. We at Families USA are going to be on a total war footing to make sure this never comes about.”

– Ron Pollack, Families USA, Nov. 9
HEALTH INSURANCE COVERAGE IN 2016 FOR PEOPLE UNDER 65

- Employment Based Coverage
- Medicaid and CHIP
- Nongroup Coverage
- Medicare
- Other
- Uninsured

Sources: Congressional Budget Office; staff of the Joint Committee on Taxation
CHIP = Children’s Health Insurance Program.
a. Includes the Basic Health Program.
PRIMARY DRIVERS TO THE EMPLOYER-PROVIDED GROUP PLATFORM:

Pre-tax treatment of both employer and employee paid premiums

Ease of distribution from carrier perspective

Expectation by employees that good employers will provide benefits
Largest Tax Expenditures, FY 2014

$164.2B
Exclusion of employer health insurance

$162.7B
Exclusion of employer pensions

$99.8B
Mortgage interest deduction

$76.2B
Exclusion of Medicare

$71.4B
Capital gains rates

$58.4B
Earned Income Credit

$51.6B
Deduction of charitable contributions
Future of Employer-Sponsored Coverage

“Historic Accident”
President Barack Obama
Clinton Global Initiative, Sept. 24, 2013

“Historic Anomaly”
Senator Ted Cruz
Senate Floor, Sept. 24, 2013
“Evidence also suggests that the employer exclusion leads to higher health care costs for all Americans. Often times, someone who participates in an employer-sponsored health plan does not face the actual – and increasingly expensive – cost of care. This encourages beneficiaries to consume more health services, including services they may not even need, driving up overall costs.” —Chairman Brady, April 13, 2016
7. Tax Fairness at Work: For the first time, the federal government will give everyone the same tax relief for health insurance, regardless of where it is obtained— at work, in the marketplace or in an exchange. Employees will not be able to double dip, however. Other tax relief, such as the ability of an employer to purchase insurance with pre-tax dollars, will be clawed back or topped up to the tax credit amount.
The Cadillac Tax

Individual Plan
$10,200 Threshold

Plan Cost: $13,000

Amount Above Threshold: $2,800
Tax Paid: $1,120

Family Plan
$27,500 Threshold

Plan Cost: $32,000

Amount Above Threshold: $4,500
Tax Paid: $1,800
Ultimate Cadillac Tax Impact

Plans Exceeding ACA ‘Cadillac Tax’ Threshold

2018
2019
2020
2021
2022
2023
2024
2025
2026
2027
2028
2029
Buying:

Aetna

$54 billion

Selling:

Humana

Cigna

$33 billion
Employee Benefits in the Sunlight Following Election Day

Joel Wood
Senior Vice President
Government Affairs

Joel Kopperud
Vice President
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The Council of Insurance Agents & Brokers