The Affordable Care Act: Healthcare Reform 101

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Project HOPE
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Wide Agreement on the Challenges

- Long-term spending growth
- Problems with patient safety
- Problems with quality/clinical appropriateness and …

Too Many Uninsured!
Unclear What's Happening With Spending

- Healthcare spending has been growing at historically low rates
  -- 3.7% in 2012
  -- expect 4% in 2013
- Unclear how much is recession-related v. ACA-related
- Economy is picking up and so is health care spending
  -- 4th quarter 2013, health care spending ↑5.6%; fastest pace in 10 years
  Too soon to know!
Focus of the ACA Thus Far

♦ Initial expansions of coverage; getting ready for 2014

♦ Insurance reforms

♦ Limited delivery system reforms
  -- value based purchasing, Accountable Care Org.

♦ Medicare Innovation Center and its pilot projects
  -- bundling pilots, medical homes, primary care
Most Agree --- Incentives in Health Care Need to be Reformed

♦ Most of Medicare uses “bundled” payments
  -- encourages efficiency within the bundle but no reward for quality, outcome or overall cost

♦ Care coordination is key especially for seniors with chronic conditions
  -- little reimbursement under FFS except for PCMH; MA plans are better suited
Desperately Needed: Physician Payment Reform

- Too much attention on the “SGR” spending limit -- not enough on changing reimbursement

- Difficult to reform health care without reforming how physicians are paid

- SGR repeal bill stalled; temp patch is back -- better rewards for value and efficiency -- challenges of financing $140 billion cost
Interesting Medicare Demos

Past: Premier demo; physician group practice demo

Present: Gain sharing demo; medical homes

Future: Bundling demos of hospitals with post-acute; physicians with hospitals; hospitals with all services; discounted DRG

**Missing Demo:**
How to reimburse physicians separately from hospitals
Challenge: Translating Pilots Into Practice

♦ Historical precedence: Discouraging!
  -- even successful demos rarely become law

But …

♦ Secretary has new authority under ACA
  -- can “scale-up” successful pilots
  -- can make successful pilots national

♦ Still … can ≠ will
Also Need Liability Reform to Drive Change

Need to protect docs/institutions who practice conservative medicine

♦ Arbitrary caps on pain/suffering don’t improve quality

♦ Need to consider “quid pro quo” strategy
  -- get protection if adopt IOM patient-safety measures, evidenced-based clinical protocols
  -- no provable criminal negligence
**Initial Expectations Have Been Tempered**

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<thead>
<tr>
<th>Administration:</th>
<th>32 million fewer uninsured</th>
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<td>(2010)</td>
<td>-- 16 million on Medicaid</td>
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<td>-- 24 million subsidized in Exchanges</td>
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<tr>
<th>Latest CBO:</th>
<th>25 million fewer uninsured</th>
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<tr>
<td>(2017-2024)</td>
<td>-- 12-13 Medicaid/CHIP</td>
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<tr>
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<td>-- 24 million in Exchanges</td>
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<td>(12 million fewer thru employers and non-group)</td>
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**31 million will remain uninsured in 2023!**
These are obviously just projections.

**Obamacare’s Effect on the Uninsured:**
What CBO Predicts

Graphic by the *New Republic*.

Sources: CBO May 2013 Update on Affordable Care Act and February 2014 Update on Budget and Economic Outlook
Most Polls Continue to Show Negative ACA Views

CBS News: 53% negative v. 41% positive
KFF Poll: 46% negative v. 38% positive
AP/GFK: Only 26% positive

BUT …

3/31 ABC/WP polls shows 49% support v. 48% against

Most people don’t want or don’t think ACA will be repealed
Many Unknowns Ahead

♦ Will 2014 continue to be bumpy?
♦ Will more reluctant Republican governors change their position on Medicaid? After November?
♦ How many young/healthy people will enroll?
♦ How many enrollees will pay? All year?
♦ How will employers respond? In 2016?
With Expected Challenges In the Near-Term

♦ In credibility in Federal gov’t capability with exchange snafu’s

♦ Expect large in demand for care (starting 2014)
  -- especially concentrated in South and SE
  -- raises workforce questions

♦ Continued financial pressure from reductions in Medicare reimbursement
What Happens Next?

♦ What happens when newly insured try to use health care?

♦ What happens if they stop paying their premiums?

♦ Will the bumpy roll-out affect the 2014 election?
  -- Will the 2014 election affect the ACA?

♦ When will \textit{clean-up legislation} start?

\textit{Take Note}: ACA is only \textit{Health Care Reform 1.0}; \textit{More legislation} will be coming . . .