THE INDIVIDUAL MANDATE, IS IT WORKING?

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INTRODUCTION

- Individual Mandate was created as a mechanism to control the rising COSTS of healthcare
- Tangential ACCESS and QUALITY initiatives were also embedded in the ACA
- The Individual Mandate was the mechanism for cost controls
- Discuss how the Individual Mandate has not lived up to expectations
- Alternatives to the Individual Mandate as a way forward
PLAN of ACTION

- Set the minimum (10%) and maximum (20%) of what citizens are expected to spend on healthcare annually.
- The aggregate amount of the minimums and maximums is the budgetary range for which the healthcare market has to operate.
- Based on 2014 GDP, the minimum would be $1.8T and maximum is $3.6T.
US spent $3.8T on healthcare in 2014

Goal of the ACA was to mitigate financial and health risk amongst the uninsured and make healthcare affordable for all

The vehicle to accomplish this individual insurance requirement created by the ACA is widely referred to as the “Individual Mandate”
2014, CBO estimated that the total number of uninsured was 30 million
- 23 million of the 30 million qualified for at least one exemption
- 4 million were estimated to pay the penalties
- 3 million ignored the mandate

This leaves a loss in tax revenue of $3 billion from the exempt and those avoiding the penalties
FINANCIAL IMPLICATIONS

- Per CBO, 10-year revenue from the ACA is $27 billion, but abolishing the mandate would save $282 billion over the same 10 years.
- Healthcare spending grew 5% in 2014.
- Health plan premiums grew on average 15% in 2014.
RECOMMENDATION

- Set premiums to no more than 10% of annual household income
- Set max out-of-pocket to be no more 20% of annual household income
- One Silver-style plan for all
- Plan is a public-private partnership
STAKEHOLDERS

- Citizen patient / tax payers
- Government officials
- Clinicians

- Healthcare industry
  - Pharmaceutical industry
  - Device manufacturers
  - Hospitals / health systems
  - Insurance companies
UNITENDED CONSEQUENCES

- Massive resistance from stakeholders
- Higher healthcare spending
- Continued access issues to physicians
- Failure of the program would make the advocating political party look bad
- Even a 10% to 20% contribution from the poorest may be unaffordable and this group may need a more substantial subsidy
CONCLUSION

- Something has to be done
- There is no perfect solution
- If we know we want to freeze our growing healthcare expenditures, then let’s do it
- As the economy grows so does the healthcare budget
QUESTIONS?

- Thank you!