Health Care Reform: Its Impact and Future Directions

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Health Care Reform

The Big Fix

- What the president wants
- What the power brokers must have
- What you need to know
<table>
<thead>
<tr>
<th>Models</th>
<th>Other Countries</th>
<th>United States</th>
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<tr>
<td>Bismark</td>
<td>Germany, Japan, France, Belgium, Switzerland</td>
<td>Private Employer Sponsored Insurance</td>
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<td>Beveridge</td>
<td>U.K., Italy, Spain, Scandinavia, Hong Kong, Cuba</td>
<td>U.S. Department of Veterans Affairs</td>
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<tr>
<td>National Health</td>
<td>Canada, Taiwan, South Korea</td>
<td>Medicare</td>
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<td>Health Insurance</td>
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<td>Out-of-Pocket</td>
<td>3rd World Countries</td>
<td>Uninsured</td>
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Total National Health Expenditures (NHE), 2009–2020 Current Projection and Alternative Scenarios

CUMULATIVE REDUCTION IN NHETHROUGH 2020: $3 TRILLION

Average Health Insurance Premiums and Worker Contributions for Family Coverage, 1999–2008

- **1999**
  - Employer Contribution: $4,247
  - Worker Contribution: $1,543
  - Total: $5,791
  - 117% increase

- **2008**
  - Employer Contribution: $9,325
  - Worker Contribution: $3,354
  - Total: $12,680
  - 119% increase
Social Security and Medicare Costs as a Percentage of GDP
Uninsured Projected to Rise to 61 Million by 2020, Not Counting Underinsured or Part-Year Uninsured

Number of uninsured, in millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
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<tr>
<td>2000</td>
<td>38</td>
</tr>
<tr>
<td>2005</td>
<td>44</td>
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<td>2010</td>
<td>49</td>
</tr>
<tr>
<td>2015</td>
<td>56</td>
</tr>
<tr>
<td>2020</td>
<td>61</td>
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</tbody>
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Projected Lewin estimates

Consequences of Being Uninsured

- Deaths due to lack of health coverage, 25 TO 64 Year Olds 2005-2010
  - U.S. 134,120
  - Indiana 2,458

(IOM. Families USA)
Affordable Care Act 2010

**Democrats**
- Require purchase of health insurance beginning in 2014.
- Young adults may stay on their parents’ health plan to age 26.
- Prohibition of preexisting condition exclusions for children.
- Insurance companies must accept every individual who applies in 2014.
- Prohibition against dropping coverage (Rescissions).
- Prohibition against lifetime benefit caps in 2014.
- National high risk pool/state exchanges (2014).

**Republicans**
- Repeal all provisions of the health care act.
- Refusal to fund provisions of the bill
Status of State Legislation to Establish Exchanges, As of May 2012


- State exchange in existence prior to passage of ACA
- Legislation signed into law post passage of ACA
- Legislation signed: intent to establish an exchange, creation of study panel or appropriation
- Legislation passed one or both houses
- Legislation pending in one or both houses
- Legislation failed/no gubernatorial action
- Governors pursuing non-legislative options
- Governors working with HHS on options
- Governor veto or decision not to establish exchange
- No legislative activity to date
Medicaid

Democrats

• State option to expand Medicaid eligibility for adults up to 133% of the poverty level ($14,856).
• Subsidies will be available for adults earning 133% to 400% of the poverty level ($14,856 to $44,680 in 2012).

Republicans

• Convert Medicaid to block grants to states in 2013 indexed to the CPI and population growth.
• The CPI is projected to grow annually by 2.5%; Health spending per capita is projected to increase by 5.4% annually.
Medicaid

• Currently covers 60 million poor and disabled persons.

• Coverage includes:
  – 70% of all nursing home residents
  – 40% of all deliveries
  – 30% of all children

• The Affordable Care Act is predicted to add 17 million uninsured persons to Medicaid.
Mediocre Health Insurance
Medicare

**Democrats**

- Rebates to Medicare Part D enrollees in the doughnut hole.
- The coverage gap is phased out completely by 2020.
- Eliminate cost-sharing for preventive care.

**Republicans**

- For those under 55, replace Medicare benefits with vouchers toward purchase of private health insurance starting in 2022.
- Raise age of eligibility to 67 over 10 years.
Impact
Affordable Care Act

Democrats
• Extend health insurance coverage to 33 million uninsured.
• Reform private health insurance.

Republicans
• Repeal of the Health Care Reform Act would eliminate coverage for 33 million by 2019.
• Repeal would increase the deficit by $230 billion by 2021.
• Repeal would reverse the health care insurance reforms.
Impact on Medicare

**Democrats**
- Saves $1 trillion over the next 22 years by holding spending to the rate of growth of the GDP.
- Saves $200 billion on prescriptions by leveraging the governments’ purchasing power.
- Adjusts physicians’ payment rates.

**Republicans**
- Restore the doughnut hole in prescription coverage.
- Vouchers would cost enrollees $6,000 out of pocket the first year.
- Private coverage would be 40% more expensive by 2030.
Impact on Medicaid

Democrats

• Expansion of coverage to 17 million additional low income individuals with federal assistance.

• Currently the federal government pays 57% of state Medicaid costs. Under the ACA the federal share for new enrollees will be 100% declining to 90% in 2020.

Republicans

• Federal Medicaid funding would be cut by $810 billion or 22% over 10 years (CBO).

• Cutting Medicaid spending would result in states dropping 14-27 million from coverage by 2021 (Urban Institute).

• States would reduce provider payments by 31% by 2021 (Urban Institute).
This may take long time to reduce. May be, I am not sure... it will add some weight initially!

DEFICIT

http://globetoons.blogspot.com
Impact on Costs

**Democrats**

- By 2019 the ACA will save each family about $2,000 in insurance premiums (CBO).
- The ACA will save $56 billion (2.2% of total health care spending in 2008) for uncompensated care (WSJ).
- Total reduction in budget deficit of $1.7 trillion over 10 years (CMS).

**Republicans**

- Total reduction of federal spending of $5.8 trillion over 10 years (House Budget Committee).
- $4.2 trillion would finance *tax cuts for the wealthy and corporations.*
- $1.65 trillion would be used for *deficit reduction.*
Unfinished Business

- State Health Insurance Exchanges
- Health Care Mandate “Tax”
- Medicaid
- Cost Controls
- Primary Health Care Providers
- No “Plan B”
Bending the Curve

Overall spending on healthcare in the U.S. is currently growing at an unsustainable rate. One main goal of health reform is to slow this growth, which would “bend the curve” that represents spending over time.
WHO Rankings of 191 Countries on Overall Health System Performance

• 1. France
• 2. Italy
• 3. San Marino
• 4. Andorra
• 5. Malta
• 6. Singapore
• 7. Spain
• 8. Oman
• 9. Austria
• 10. Japan
• 37. United States
How the $938 Billion* Health Care Bill Is Financed

- Net cuts to Medicare (incl. donut hole fix) $416.5 billion
- Increased Medicare tax on high-income taxpayers $210 billion
- Other revenue provisions $149 billion
- Fees on insurers & medical producers $107 billion
- Excise tax on Cadillac health plans $32 billion
- Penalty payments by employers & individuals $69 billion
- Other net spending cuts (incl. education reforms) $52 billion
- Net cuts to Medicaid (excl. coverage provisions) $45 billion

* $938 billion is cost of coverage provisions from 2010-2019; chart adds to $1.08 trillion due to deficit reduction
Summary

Democrats

• Provides health insurance coverage for the majority of Americans.
• Reforms private health insurance.
• Attempts to keep spending increases under control.

Republicans

• Shifts healthcare costs onto consumers and other payers.
• Forces future Medicare beneficiaries to pay much more out-of-pocket.
• Require states to absorb rising Medicaid costs.
• Dramatically increases the number of uninsured.