

# Federal Health Care Reform



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# Implementation of the ACA

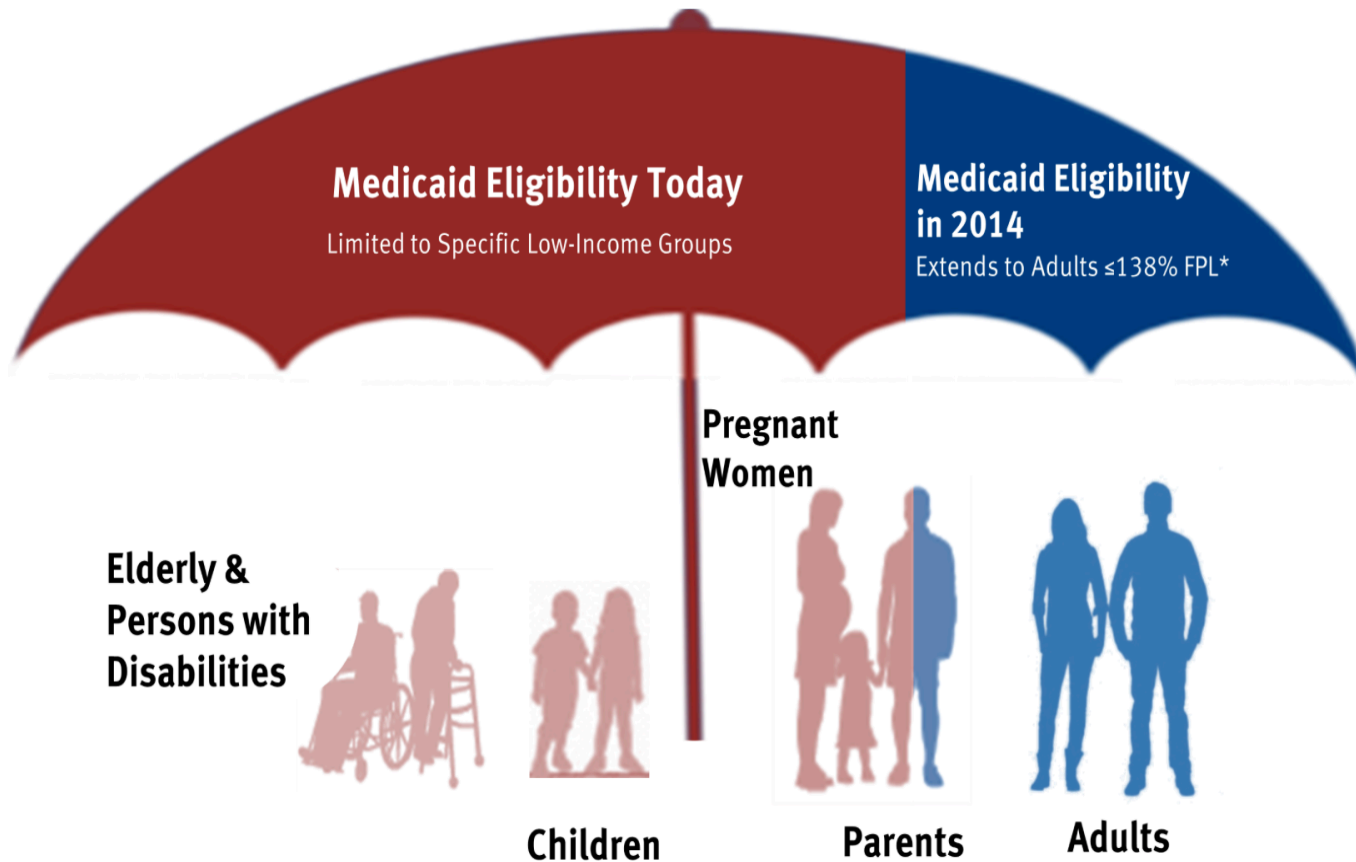


# How The ACA Works



- No exclusions for pre-existing conditions
- Individual mandate
- Financial support for low-income individuals
  - Medicaid expansion
  - Marketplace subsidies

# Medicaid Expansion



# Health Insurance Marketplaces



- Like a virtual farmer's market
- Vendors compete on price and quality
- Guaranteed issue
- Essential health benefits
- Actuarial value of product
- Limits on price differences by age

# Impact of the ACA



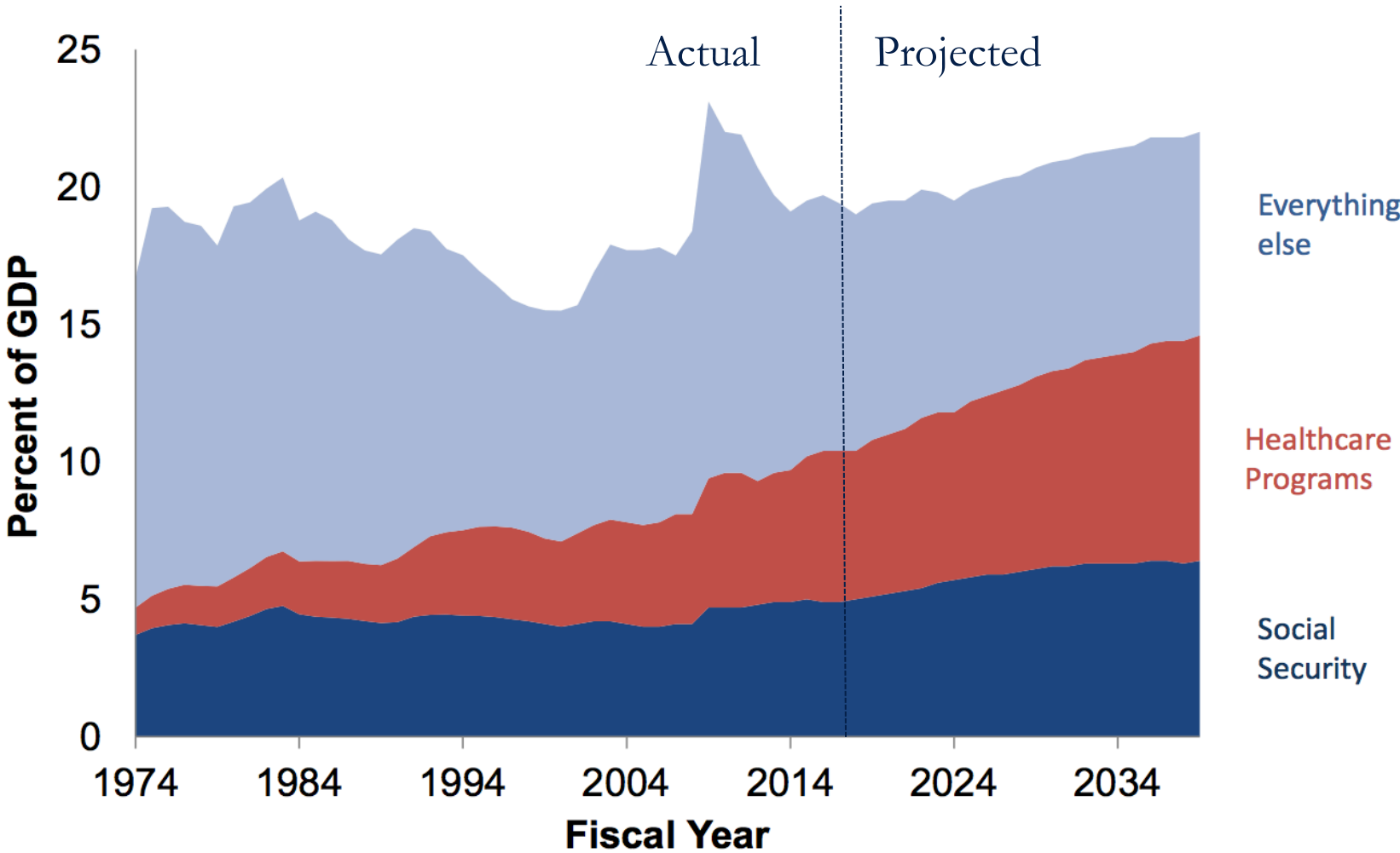
- >20 million have gained coverage nationally
- Decrease in coverage disparities by race/ethnicity
- California's uninsured rate from 17.2% to 7.4%
- 3% of San Francisco General hospitalizations in 2016 were uninsured

# Republican Critique of ACA



- Focus on access/coverage rather than cost
- Expansion of entitlement programs
  - Medicaid
  - Subsidies in Exchanges
- Makes essential benefits of what insurance covers too expansive/expensive
- Individual mandate

# Healthcare and Federal Budget



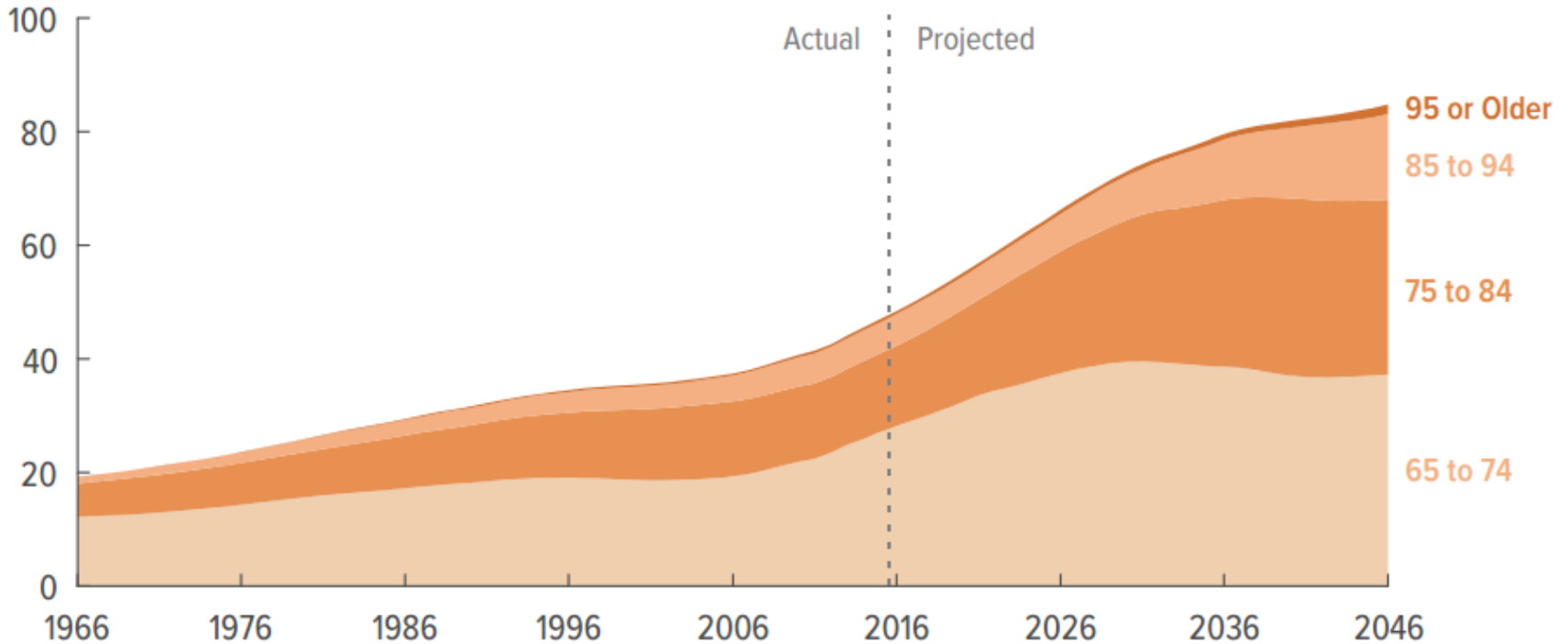
Source: McClellan and Saunders, 2016, based on Congressional Budget Office, 2016 Long-Term Budget Outlook.



# Aging of the US Population

## Number of People Age 65 or Older, by Age Group

Millions of People



Source: Congressional Budget Office.

# Repealing the ACA



PART ONE

**ACT TWO**

# Republican Health Reform



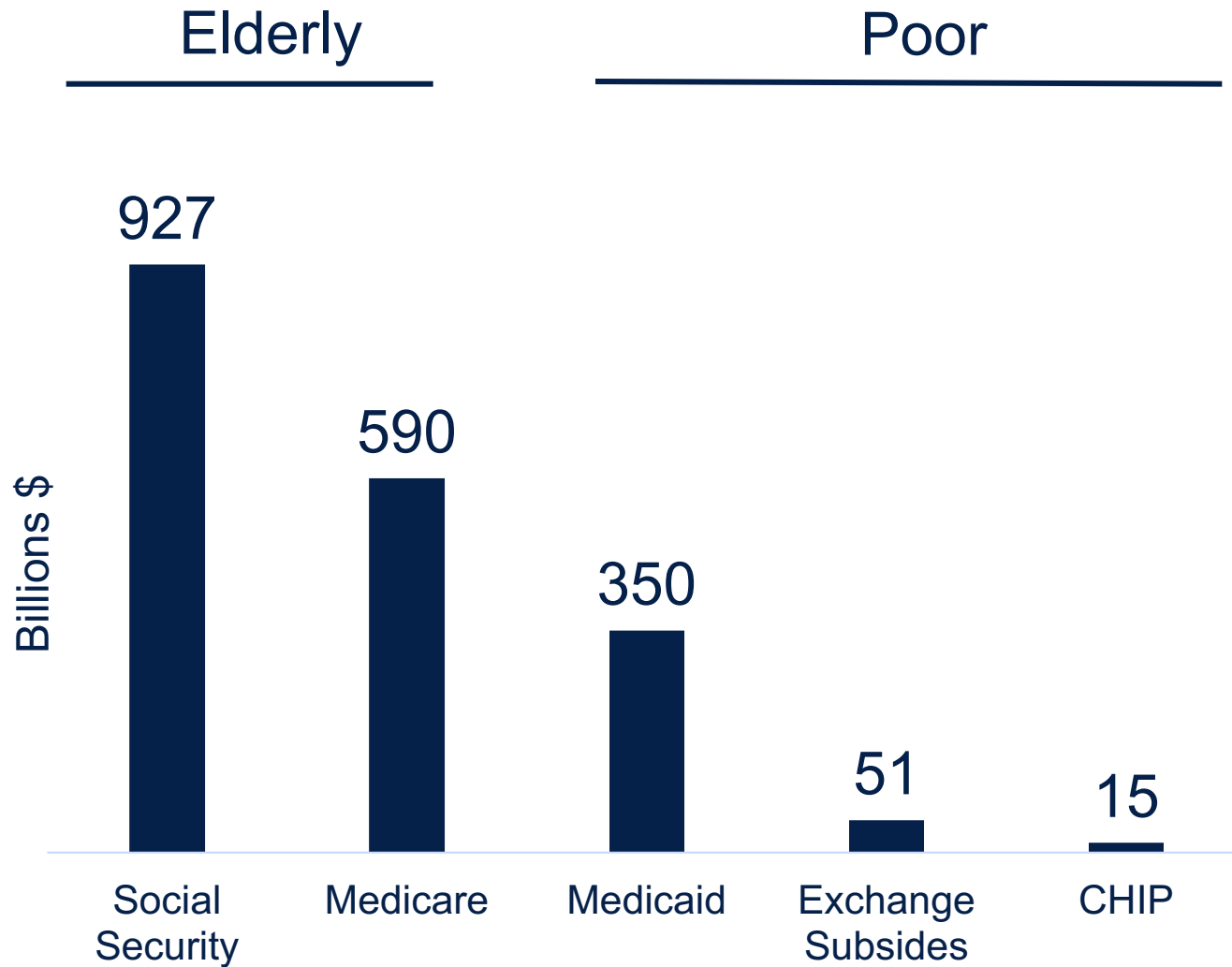
## ■ Medicaid

- Rapid phase down of federal support for expansion population
- Block grants/per capita caps with reduced growth rate for historical population

## ■ Individual Market

- No mandate but incentives for coverage
- Reduce/eliminate premium and cost sharing subsidies

# Federal Mandatory Entitlements: 2017



# Potential Impact of Medicaid Cuts



- More would lose coverage than gained it under the ACA
  - Medicaid cuts beyond expansion population
- ~\$1 trillion in Medicaid cuts (25-30%) over 10 years
- A Medicaid block grant would not expand when economy sours

# Would It Be Different in California



- CA is state with most to lose
  - Expanded coverage more than any other state
- Med-Cal
  - Coverage for 1 in 3 in state
  - 1 in 2 children in the state
- \$62 billion of Medi-Cal's \$102 billion annual budget is federal
  - Funding gap of >\$25 billion per year within decade
- Medicaid block grant “flexibility” could not make up difference

# Disconnect Between Rx and Dx



- Focus of repeal:
  - Tax policy for the rich rather than health policy for all
  
- Doesn't:
  - Make care more accessible
  - Make care more affordable
  - Improve health outcomes
  - Reduce stress on health professionals

# What Will Happen



- Pause on legislative repeal – clock expired
- Attempt to use annual budget process and other legislative vehicles to cut entitlement programs
- Use of executive orders, regulatory process and Medicaid waivers to undermine ACA



# Sabotaging the ACA



- Not promoting Marketplace open enrollment
- Shortening open enrollment period
- Withholding cost sharing reductions (CSRs)
- Enable associations to sell inferior insurance products and undermine Marketplace risk pools

# Unraveling ACA Through State Flexibility

- Medicaid waivers to reduce enrollment/use
  - Co-payments
  - Financial penalties for unhealthy behaviors
  - Linking entitlement to work requirements
  - Limit benefits
- State basic health plan waivers can
  - Redirect low income subsidies to state control
  - Remove minimum benefit floor of exchange plans
  - Remove individual mandate

# Political Reaction



- ACA popularity growing
- Active resistance to repeal
- Single payer movement

# What Needs To Happen



- Bi-partisan solutions
- A social agenda that reduces health care need and associated costs

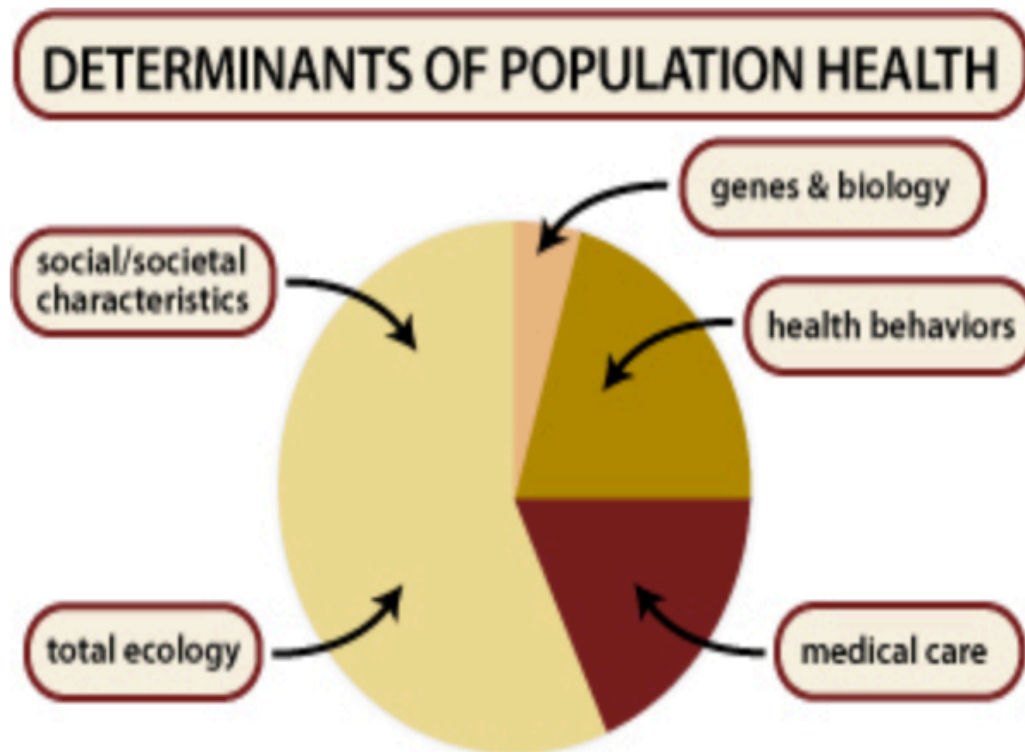
# Bipartisan Approaches



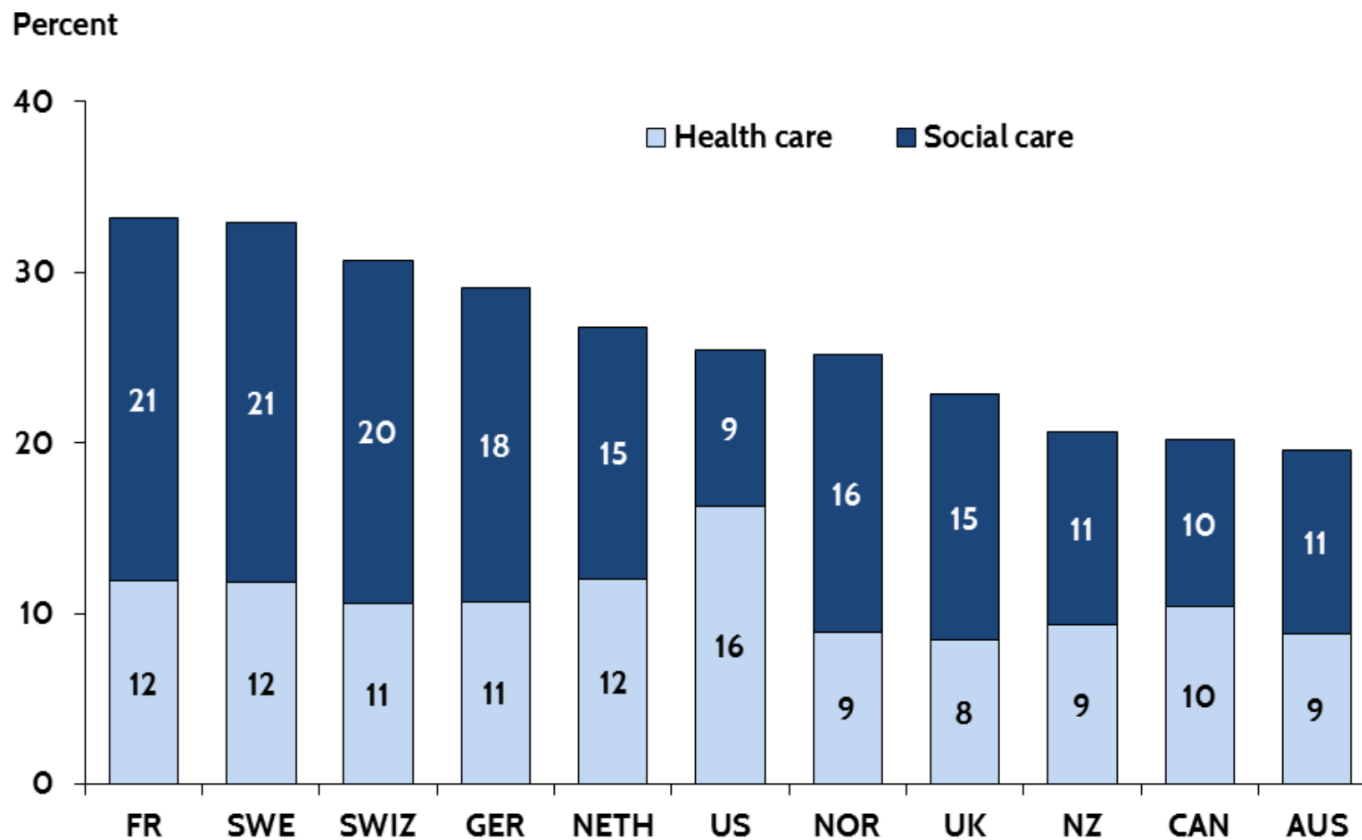
- Requires give and take
- For example:
  - Low income subsidies in return for ability to sell “Copper” plans
  - Funding for outreach in return for more rapid processing of state waivers
  - Wider pay banding by age in return for funding for reinsurance
  - Replace individual mandate with default enrollment

# Return on Medical Investment

US leads world in per capita health care spending but outcomes lag behind many countries that spend less



# Health and Social Care Spending as %GDP



Notes: GDP refers to gross domestic product.

Source: E. H. Bradley and L. A. Taylor, *The American Health Care Paradox: Why Spending More Is Getting Us Less*, Public Affairs, 2013.

# Leading the Way



- Integrating medical and social care to deliver whole person care
- Academic and public health partnership extending into the community
- Innovating, evaluating, and implementing



# The Next Generation



- Applicants are idealistic
- Students are engaged
- They recognize the power and limitations of medicine
- They are seeking new solutions
- They give me hope