



THE FUTURE OF HEALTH REFORM: THE CHALLENGES AHEAD

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OVERVIEW

- The health care conundrum
- Health care reform in 2010 – an epic policy breakthrough
- Toward an epic policy repeal?
 - The court challenge – what will the Supreme Court do?
 - The partisan electoral challenge – the 2012 election
- Some administrative challenges if the reform stays on track
- Reform proposals in face of rising deficits and debt – Medicare and Medicaid
 - Bowles-Simpson
 - Domenici-Rivlin
 - Representative Paul Ryan

THE HEALTH CARE CONUNDRUM

- Relentlessly rising health care costs
 - The role of medical research and innovation
 - Some sources of waste and flat-of-the-curve medicine
- The erosion of employer insurance
- Fewer firms offer insurance and some rely on Medicaid
- The ranks of the uninsured trend upward
- A thinning of insurance occurs
 - Greater cost sharing
 - Restrictions on provider networks
 - Limits on benefit packages

THE PATIENT PROTECTION AND AFFORDABLE CARE ACT OF 2010 **A.K.A. – “OBAMACARE”**

- The Massachusetts model

Origins in negotiation around a Medicaid waiver

“People ask me if this is conservative or liberal, and my answer is yes. It’s liberal in the sense that we are getting our citizens health insurance. It’s conservative in that we are not getting a government take-over.”

Governor Mitt Romney –2006

- The politics of polarization – passage in March 2010
- Two thousand pages and ten titles
- Primary elements to provide coverage to over 30 million uninsured in 2014
 - The individual mandate and the insurance exchanges – about half
 - Medicaid – about half
- Who gets left out?
- Other elements – additional regulation of insurance companies, adult children on parents’ policies, and more

THE INDIVIDUAL MANDATE AND THE EXCHANGES

- The unpopular individual mandate and why it's so important for reform
 - Antidote to the “death spiral” of affordable health insurance
 - Individual mandate penalties
 - Not everyone pays them
- What is an insurance exchange?
- Subsidies and choice at the exchanges
 - Bronze, silver, gold and platinum options
 - Subsidies up to 400 percent of poverty
 - Are the subsidies sufficient and predictable?
- State or federal creation of the exchanges

THE MEDICAID EXPANSION

- Medicaid as an intergovernmental colossus
 - Open-ended entitlement where the federal government must match what states decide to spend
 - Over 60 million enrollees with costs to federal and state governments close to \$400 billion annually
 - Four key cohorts of enrollees: children, adults under 65 without disabilities, the elderly, people with disabilities under 65
- Eligibility and benefits vary greatly from state to state with many programs operating through waivers
- Medicaid to cover all uninsured adults up to 133 percent of poverty (with disregards 138%) – poor single adults likely to benefit most
- Amount of federal subsidy to the states for the newly covered
- Coverage impact varies from state to state – how about New Jersey?
- State complaints about new costs overblown

THE COURT CHALLENGE

- The Florida Attorney General leads the charge and targets Judge Roger Vinson in Pensacola
- The lower court rulings and acceptance of the case by the Supreme Court
- Issue 1: Does the individual mandate go too far?
- Issue 2: Severability – if one part falls does the whole law get tossed?
- Issue 3: Is the Medicaid expansion a case of federal commandeering, or coercion?
- Issue 4: Is it premature to rule?
- The court hearings and possible outcomes – another variant of “Bush v. Gore”?
- Implications of different outcomes

THE PARTISAN CHALLENGE

- Partisan polarization and repeal of the ACA as a rallying cry
- Likely demise if Republicans gain control of government in 2012 election
- But would they repeal all of it?
- Aspects of the reform have broad public support.

IMPLEMENTATION CHALLENGES OF THE ACA

- Adequacy of provider networks
 - Shortage of primary care providers
 - Medicaid as a particular challenge
 - Investment in community health centers as a partial remedy
- The exchanges and seamless enrollment structures
 - Fluctuating incomes, take-up, and penalties
 - “No wrong door” and streamlined eligibility processes
- The problem of large lagging states
 - The cases of Florida and Texas
 - Would sluggish implementation undercut the ACA?

HEALTH REFORM, THE DEBT, AND BENDING THE COST CURVE

- Back to the health care conundrum and rising health care prices
- The ACA tries to bend the cost curve – “throwing spaghetti against the wall”
- The political creation of scarcity through tax cuts – “starve the beast”
- The federal deficit and debt surge upward
 - Role of Medicare and Medicaid
 - Other health care contributors – defense and veterans
- Two reform proposals that balance cuts with revenue enhancements
 - Bowles-Simpson and Domenici-Rivlin proposals
- Reform proposals without much revenue enhancement – Paul Ryan’s plan
 - Medicare – transition to a premium support model
 - Medicaid – radical retrenchment

THE FUTURE – SOME KEY QUESTIONS

- Will the ACA survive in whole or part?
- Will Medicare and Medicaid survive the latest threats to their durability?
- Can we bend the cost curve without impairing access and quality?
- Will we move all the more toward a market-based system that rations care to middle and low-income people?