

PCH 358 – Affordable Care Act

Ellen Andrews, PhD
SCSU
Spring 2018

The problems – pre-ACA

- Skyrocketing health costs
- More people uninsured,
 - not recovering with economy
- Quality poor
- Access difficult
- More costs on consumers
- Not fair
 - Individuals, small businesses, low wage workers pay more
 - Sick denied coverage or pay more
- Prevention, maintenance not supported

The problems

- Mergers raising prices, lowering competition
- Administrative costs rising
- Incentives are to provide more care, not to prevent problems
- Payments not linked to quality
- Aging population
- Rising chronic illness rates
- Workforce shortages
- Holding back economic recovery, growth
 - Job lock

Stakeholders and silos



Process to pass the ACA

- Messy, very messy
 - And it shows in the final bill, implementation
- Obama's signature issue in campaign
 - Has challenged every President since Truman
- Accommodated industry, provider groups from the start
- Single payer never considered, no hearing
- Poisonous politics
 - Political infighting, missteps
 - August recess Town Halls
 - Tea Party, abortion, industry opposition despite “deal”

Process to pass ACA

- Senate and House committees, chambers with different bills
 - Dithered, spent lots of time accommodating opponents, including CT Sen. Joe Lieberman

Senate bill	House bill
States implement	Feds implement
No public option	Public option
Fund with Cadillac taxes	Fund with income taxes
Lower insurance subsidies	Higher subsidies

- Expected to work it out in conference

Process to pass the ACA

- Scott Brown surprise election in MA
 - Senate lost 60 vote filibuster-proof majority
- Getting a deal was all that mattered
- Had to work from Senate bill
- Reconciliation only on budget issues
- Not enough time to correct mistakes, educate everyone, build consensus
- President signed March 23, 2010
- Fortunately implemented by administration that passed the bill, that wants it to work
 - Would have been very different if Obama not re-elected
- Lesson – too often health policy decisions have nothing to do with health policy

The goals of reform

- Reduce the uninsured rate
- Improve the quality of care
- Control costs of care, make coverage affordable
- Ease pressure on economy and businesses
- Allow people to keep coverage while moving between jobs or starting a business

The promises

- If you're happy with it, you can keep your coverage
- You can keep your doctor
- No negative impact on Medicare -- only positive, i.e. remove donut hole
- We'll build on what works in our current system
- Costs will come under control
- Coverage will become affordable for everyone, subsidies/Medicaid for those who can't afford
- Ease pressure on businesses
- No job losses, will help ease "job lock"

The “solution”

- 906 pages
- Every good idea thrown in (and a few questionable ones?)
- Tortured process
- No Republican votes, but included 106 Republican-sponsored amendments
- Much implementation TBD
- Much implementation sent to states
 - Reasons – politics and some makes sense
 - In ACA text and later implementation decisions
 - E.g. choice of essential benefit package

Strategies

- Mandates – shared responsibility
 - Individuals and employers
- Insurance reform
- Subsidies for those who can't afford it
- Expand Medicaid for low income, regardless of family circumstances
- Exchanges to make buying coverage easy and fair
- Improve quality
- Align incentives to lower cost, reward value

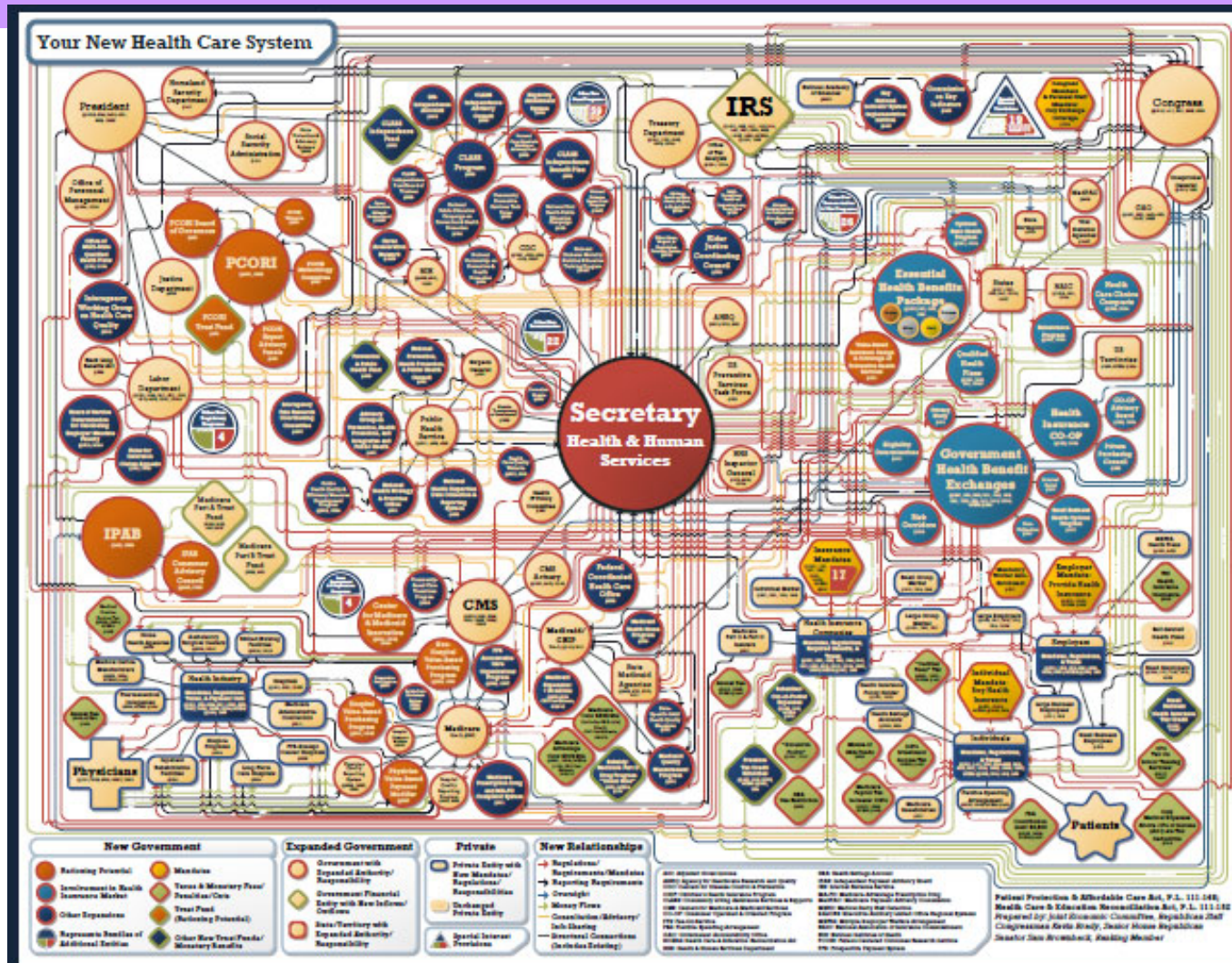
Concerns from the Right

- “Government takeover” of health care
- Limits on profits will hinder innovation
- Not enough cost control in bill
- Individual mandate
- Costs too much
- Too little flexibility for states

Concerns from the Left

- Insurance and drug industry “wrote the bill”
 - Too many deals
- No public option
- No discussion of single payer
- Not universal
- Subsidies are too weak to be meaningful
- Too much reliance on states
- Leaves out undocumented immigrants

906 pages



Source: Joint Economic Committee, Republican Staff Congressman Kevin Brady, Senior House Republican Senator Sam Brownback, Ranking Member

Not as complicated as all that

- Increases coverage to 32 million more Americans
 - Extra 200,000 + in CT
 - Insurance reforms
- Improving quality of care
- Supports primary care, care coordination
- Reducing rate of cost increases
 - “bending the cost curve”
 - Payment reforms, value-based purchasing
- Stabilizing Medicare’s future
- Reforming Medicaid
- Reduces federal deficit by \$143 to \$400 billion by 2019
 - CT state government health spending down by 10% for first few years

Reform is a 3 legged stool



Medicaid

Employer
sponsored
coverage

Insurance
exchange

SCOTUS challenges, impact

- NFIB v Sebelius, decided 2012
 - individual mandate – upheld
 - Medicaid expansion – changed to state option
- Burwell v Hobby Lobby Stores, decided 2014
 - ACA requires that employers cover all forms of contraception at no cost
 - Hobby Lobby owners suing that coverage of emergency contraception violates their religious beliefs
 - Hobby Lobby won
- King v Burwell, decided 2015
 - Question whether insurance subsidies are legal in healthcare.gov states
 - Language about subsidies “established by the State under 1311” in nine locations in ACA
 - Because they used the Senate language for the final bill
 - 5 to 8.2 million Americans could have lost subsidies
 - Decided in favor of Obama administration
 - Wouldn't have affected CT

What it means to the uninsured

- Affordable coverage options available
 - Affordable for everyone?
- Traps in policy fine print gone
- Subsidies for low income
- Basic benefit package
- Mandate to buy/get coverage
- Possible safety net capacity problem
- More options for coverage, more leverage in purchasing, can become a market driver
- Will need to change behavior i.e. ER use → PCMH
- Most entered Medicaid

What it means to insured consumers

- More options?
- Reductions in rising costs?
- Insurance reforms
 - Rescissions
 - 26 year olds
 - No caps, pre-existing conditions
 - Guaranteed issue, renewal
 - Essential benefit package
 - Standard insurance documents
 - Community rating
- More information on options
- Consumer assistance programs
- Limits variation in rates, no variation for health status or gender

What it means to providers

- No more bad debt, or at least less of it
- More funding to medical care
- Pressure to coordinate care, join larger groups, ACOs
- More scrutiny on quality of care
- Support for care coordination, HIT → lower admin costs
- More Medicaid clients
- Higher primary care rates
- Workforce supports?

What it means to employers

- Penalty if not covering workers for large companies
 - Level playing field for the 98.7% with >50 workers in CT who provide coverage
- Lower health benefit cost increases?
- Subsidies, options for small businesses
- Wellness, prevention support
- Better information on value of benefits
- Need to work with other payers in data, delivery and payment reforms

What it means to government(s)

- Lower state cost increases – temporary?
- Far more oversight – state and federal
- New data and analysis needs
- Vigilance
- Can create and monitor exchanges
- Less need for safety net
- Difficult role in mandates
- Choose if expand Medicaid
- States get unprecedented federal subsidies, federal deficit reductions

What it means to insurers, drug companies, etc.

- More people have coverage, more business
- Insurers required to cover everyone who signs up and pays
- Everyone legally required to buy their product
- More competition?
- Limits on administration/profit
- Limits on marketing
- Insurance rate review process
- More scrutiny on business practices
- Better informed consumers?
- Help from government in reducing escalating costs?
- New taxes

Coverage expansions

- 32 million fewer uninsured Americans, 95%
 - 23 million remain uninsured in 2020
- Medicaid to 138% FPL
 - State choice
 - >200,000 new eligibles in CT – expected only 133,000
 - Mainly childless adults, more men, many young, working
 - Lower cost than current enrollees
- Subsidies to 400% FPL
 - To purchase only through insurance exchange
- Individual mandate
- Employer mandate, exempts small businesses
- Small business subsidies
- Private coverage more affordable, easier to get

Affordable ?

AccessHealthCT

<https://www.accesshealthct.com/AHCT/FamilyInformation.action?activetab=health>

- Example – 30 year old New Haven resident, making median county income of \$34,968 – federal subsidy \$214.98/month

	Silver	Bronze
Monthly premium	\$269.26	\$90.88
Out of pocket max	7,350	6,550
Deductible annual	4,000	5,685
Prim care copay	5	10%
ER copay	200	10%

Individual mandate

- Penalty = zero next year, federal tax law
- Citizens and legal residents over tax filing level
- Tax penalty assessed in April of next year
 - Not the best way to structure an incentive
- Exemptions – Trump administration very generous
- Implemented through withhold on tax refunds
 - No liens for ACA penalties
- Penalties increase by year
- 2017 tax year
 - 2.5% of income or \$695/adult + \$347.50
 - Max \$2,085
 - 2018 penalties not published yet

Individual mandate

- Very controversial when passed
- CBO predicts by 2025 mandate repeal will
 - Raise premiums by 10%
 - 13 million more uninsured
- It didn't work very well
 - Badly designed
 - Not strong enough
 - Subsidies not enough
 - E.g. CT drivers required to have auto insurance, but 9.4% are uninsured – twice healthcare uninsured rate

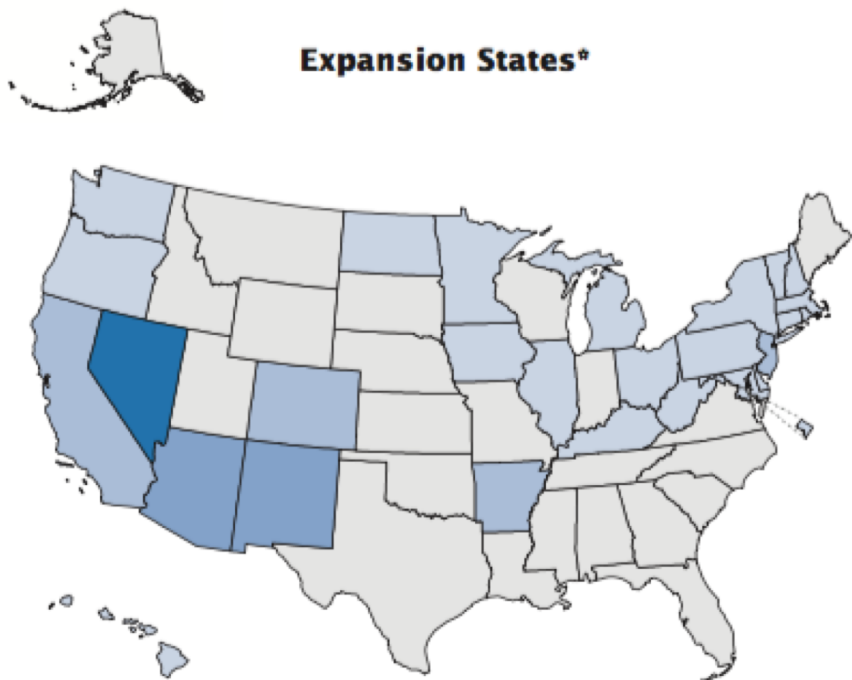
Employer mandate

- Only applies to firms >50 workers, where at least one accessed subsidies in the exchange
- Penalty for those who offer but have workers who take federal subsidies
- Penalty for those who don't offer benefits at all
- Firms >200 workers must automatically enroll employees into benefits
- Small businesses get tax credits to offer benefits
- Can access coverage through health insurance exchange

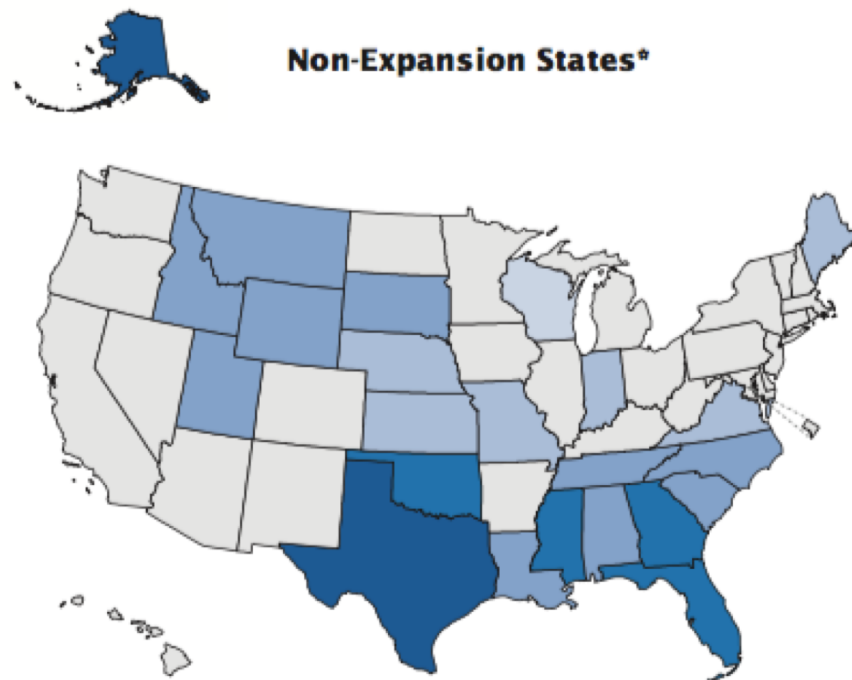
Medicaid

- State option – 32 + DC are expanding (some sort of expanding), some not
- To 138% FPL regardless of family circumstances
 - \$16,753 now single, \$28,676 for family of 3
- Fed.s pay full cost of new enrollees through 2017, tapers down to 90% by 2020 and on
- Primary care rate increase to Medicare level, feds pay full cost 2013-2014
 - CT policymakers voted to maintain that level with state funding until last year
- Pilots for community based care, payment reforms
- \$\$ for care coordination, chronic disease management

Expansion States*



Non-Expansion States*



Source: 2015 US Census

Insurance changes

- Temporary High Risk Pool
 - Not much help, ended in 2015, all to exchange
- Medical Loss Ratio standards
 - At least 80% for individual and small group policies
 - At least 85% for large groups
- States must create a process to review rates
- Must cover children to age 26 on parents' plans
- No lifetime or annual limits on coverage
- No rescissions

Insurance changes

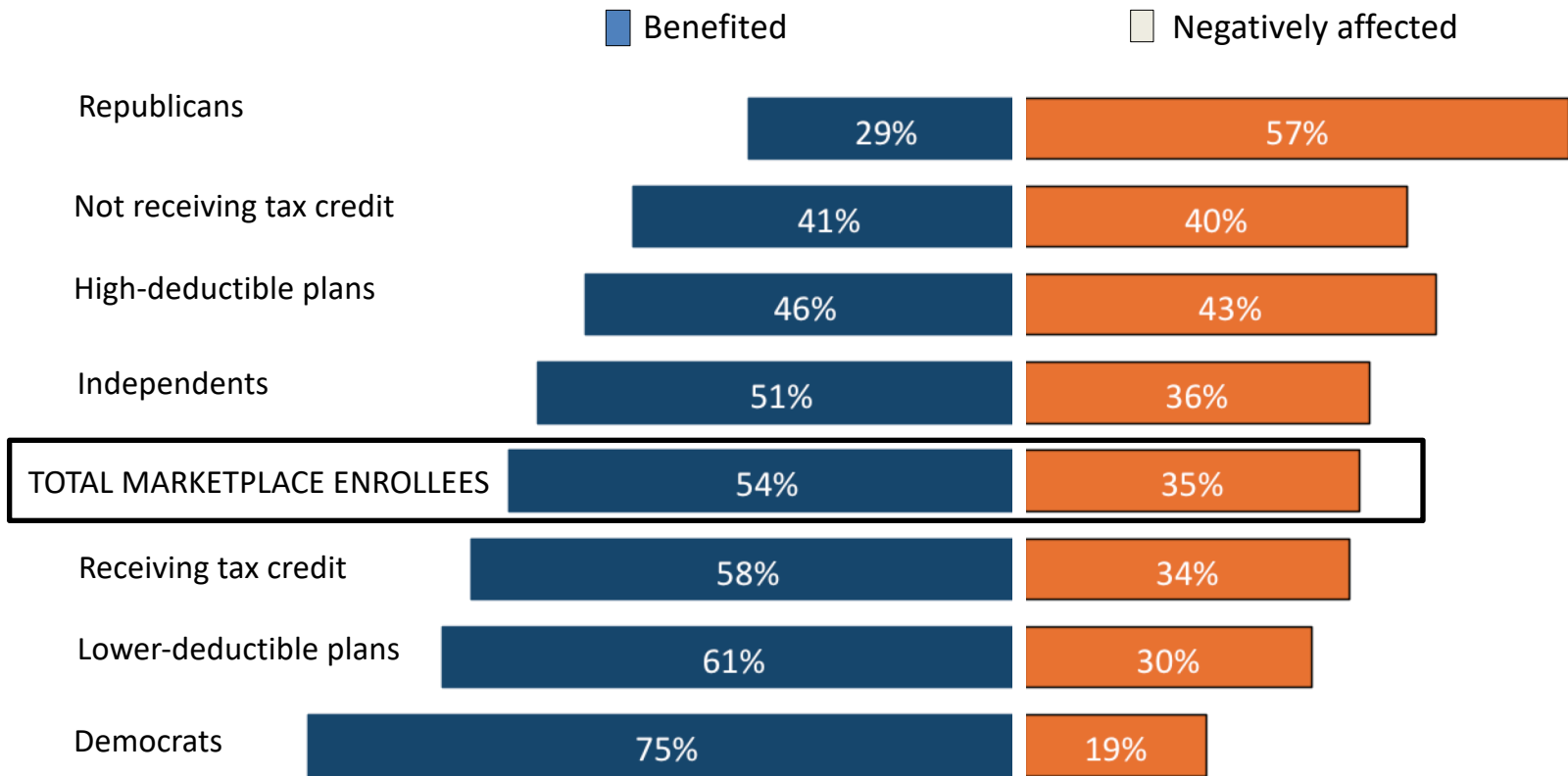
- No pre-existing condition exclusions
- Guaranteed issue and renewal
- Limit deductibles
- Out of pocket limits 2018
 - \$7,350 individuals
 - \$14,700 for families
- Limit waiting period for coverage to 90 days
- Essential benefit package – state decision
- Limits on rate variation
 - Can only base on age, tobacco use, geography
 - Cannot use gender, health status

Insurance Exchanges

- Cover 11.6 million Americans (2016) – about half the expected
- Covers 114,134 CT residents
- Run at state level or default to federal plan
- For individuals and businesses up to 100 workers
- Only citizens and legal immigrants
- Have to buy here to get subsidies, cost sharing reductions
- Four benefit tiers
 - Platinum covers 90% of population medical costs
 - Gold covers 80%
 - Silver covers 70%
 - Bronze covers 60%
- Catastrophic option for young adults to age 30

People in ACA Marketplaces Who Say They Benefited or Were Negatively Affected By ACA

AMONG NON-GROUP ENROLLEES WITH MARKETPLACE PLANS: So far, would you say you and your family have personally benefited from the health reform law, or not?/ So far, would you say you and your family have been negatively affected by the health reform law, or not?



NOTE: The share who say they neither benefited nor were negatively affected is not shown.

SOURCE: Analysis of Kaiser Family Foundation Survey of Non-Group Health Insurance Enrollees, Wave 3 (Feb. 9-Mar. 31, 2016)

AccessHealthCT

- 114,134 enrolled
 - 73% getting subsidies
- 14th highest premiums in US, down from 5th highest in 2014
- But premiums are up 51% since 2014
- Decision not to negotiate rates with insurers
 - Killed a bill to negotiate every year
- No independent consumer rep.s on Board
- Insurance industry insiders and investors dominate Board
 - Against state law, but unenforceable
- Far less \$\$ for outreach, marketing now
- Open enrollment now over

Medicare

- Lots of misinformation during passage, and during repeal efforts
 - Check out what you hear from multiple credible sources
- Donut hole gone by 2020
- Ends Medicare Advantage Plan overpayments
- Creates an independent board to set payment levels
- ACO shared savings model
- Innovation Center created to test payment reform pilots
- Reduce payments for readmissions, hospital acquired infections
- Increase provider rates in underserved areas

Quality, delivery reform

- Over 100 demo projects and >\$22 billion for innovation
- Medical malpractice demos
- Comparative Effectiveness Research support
- Medicare and Medicaid pilots of basing payments on quality rather than volume – bundling, ACOs
- Care coordination
- Increase Medicaid primary care payments – but only 2 years federal support
- National quality strategy
- New data and reporting on disparities

Workforce

- Develop a national workforce strategy
- Shift residency slots to primary care and underserved areas
- Promote training in outpatient areas
- Scholarships and loan repayment, target primary care and underserved areas
- Include prevention in training professionals
- Include Nurse Practitioners and Physician Assistants as clinicians in patient-centered medical homes
- Promote diversity and cultural competence
- Support nursing education
- Support training in patient-centered medical homes, teams, chronic disease management, integration of physical and mental health
- \$\$\$ to community health centers and Nat Health Services Corp
- Unfortunately much of this money has been taken for other things

Kaiser Health Tracking Poll: The Public's Views on the ACA

We asked: "Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?"

— **All Adults – Favorable** — **All Adults – Unfavorable**

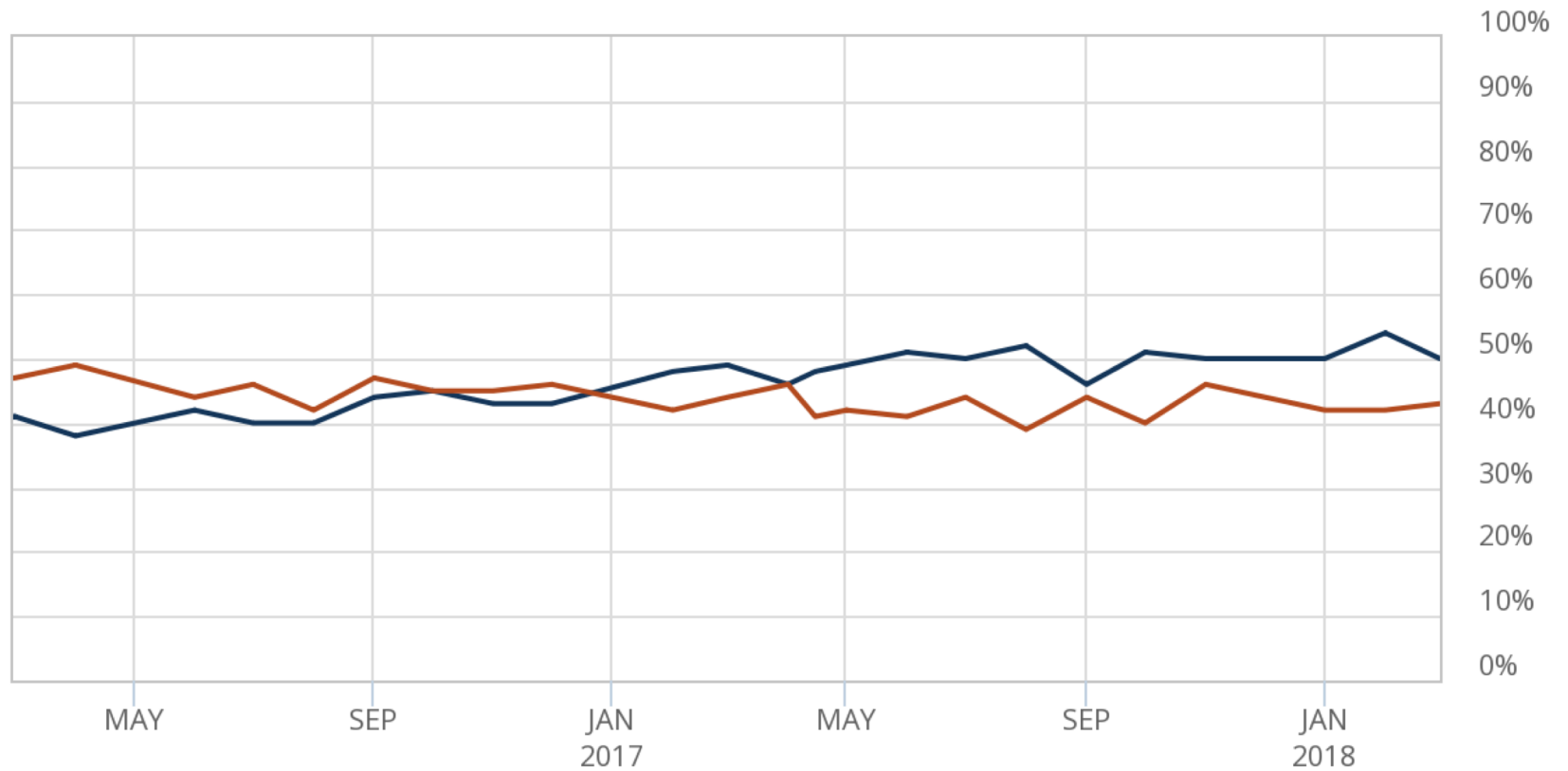
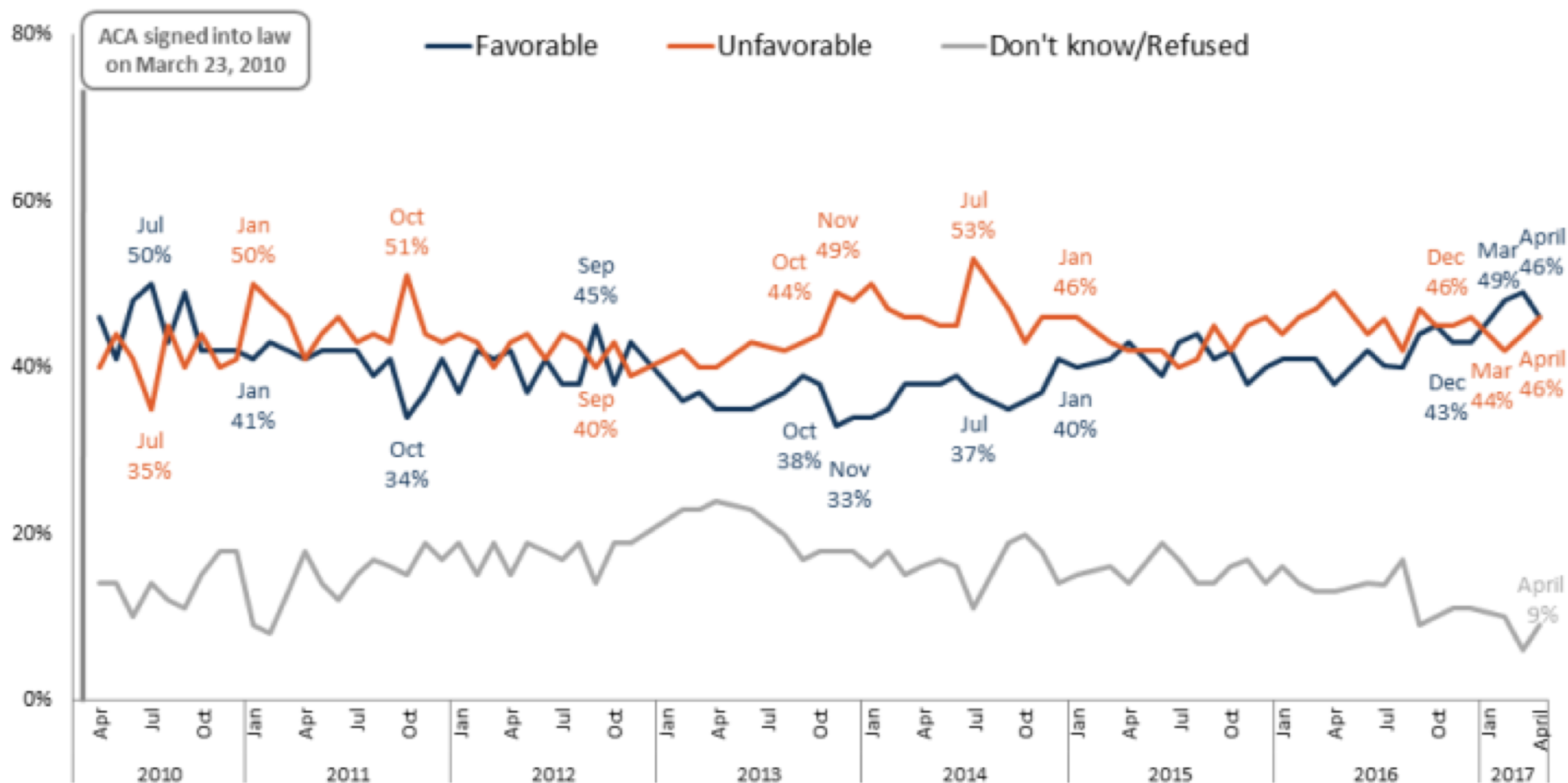


Figure 10

Public Divided in Views of the Affordable Care Act

As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?

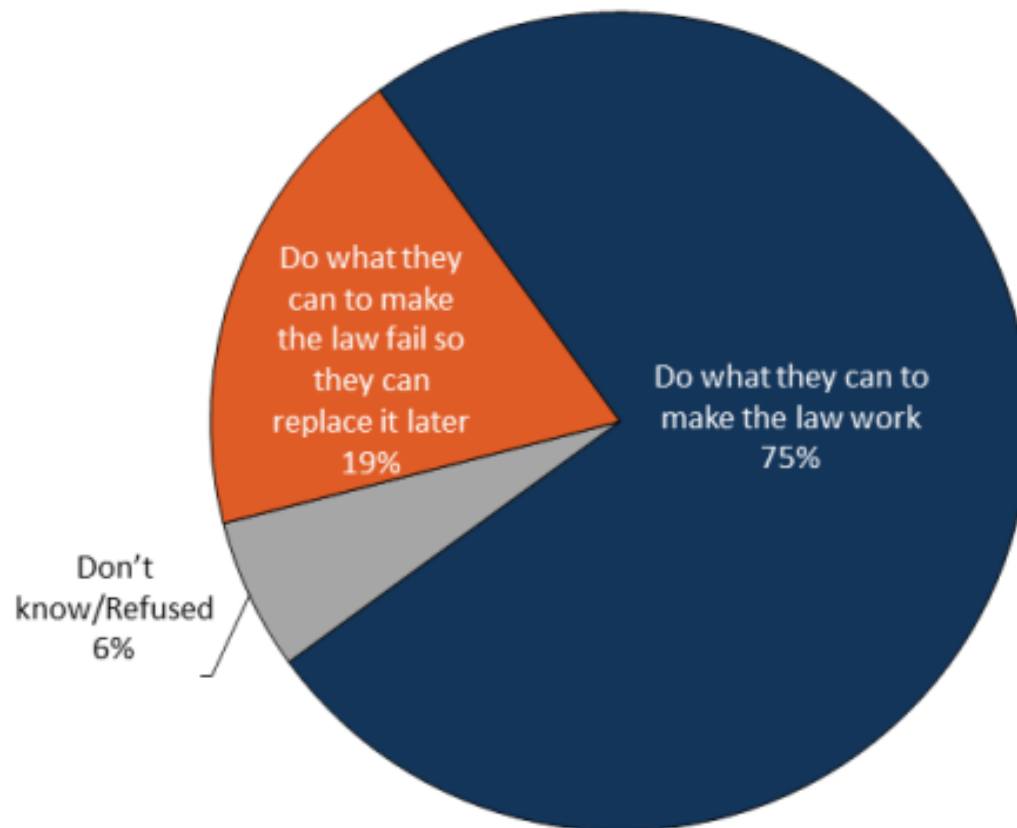


NOTE: Data not collected for Dec 2012, Jan 2013, May 2013, Jul 2013, Aug 2014, Feb 2015, May 2015, Jul 2015, May 2016, and Jan 2017.

SOURCE: Kaiser Family Foundation Health Tracking Polls

A Majority of Americans Say President Trump and his Administration Should Do What They Can to Make ACA Work

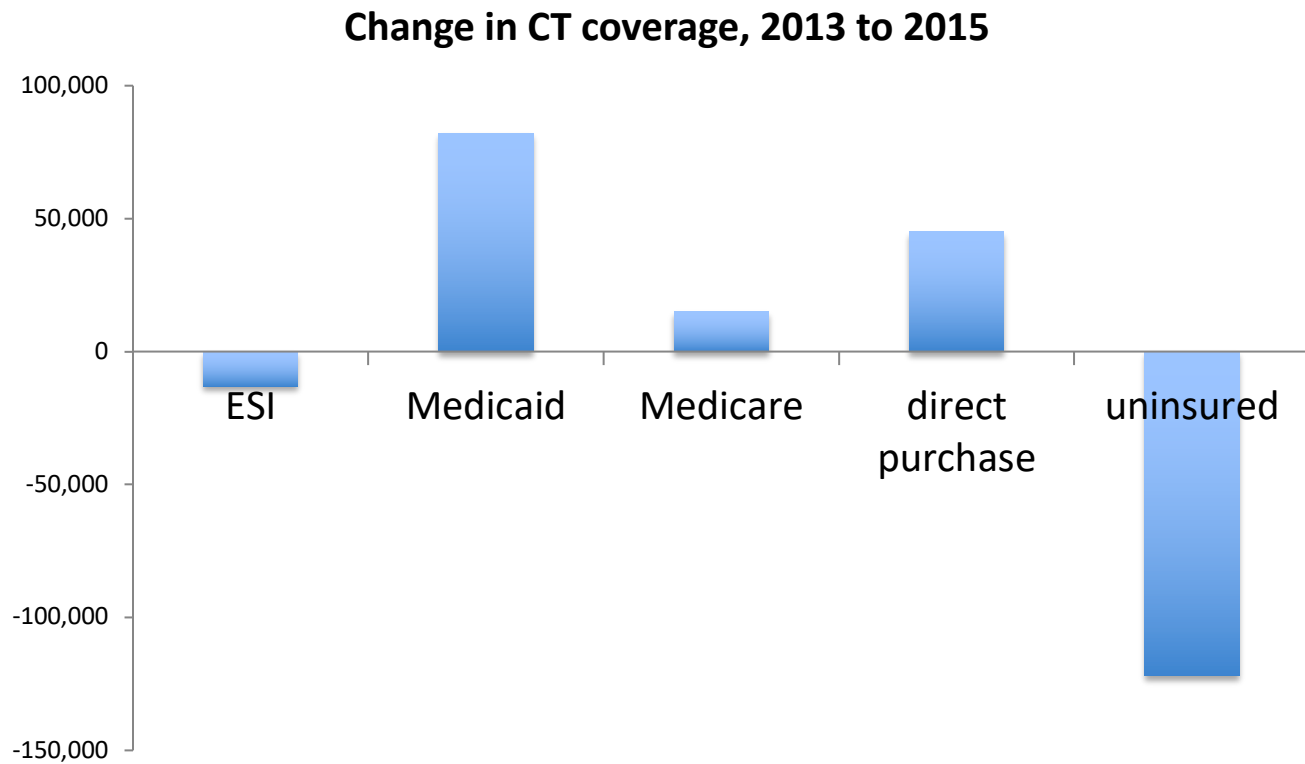
Moving forward, do you think President Trump and his administration should do what they can to make the current health care law work or should they do what they can to make the law fail so they can replace it later?



ACA impact on uninsured

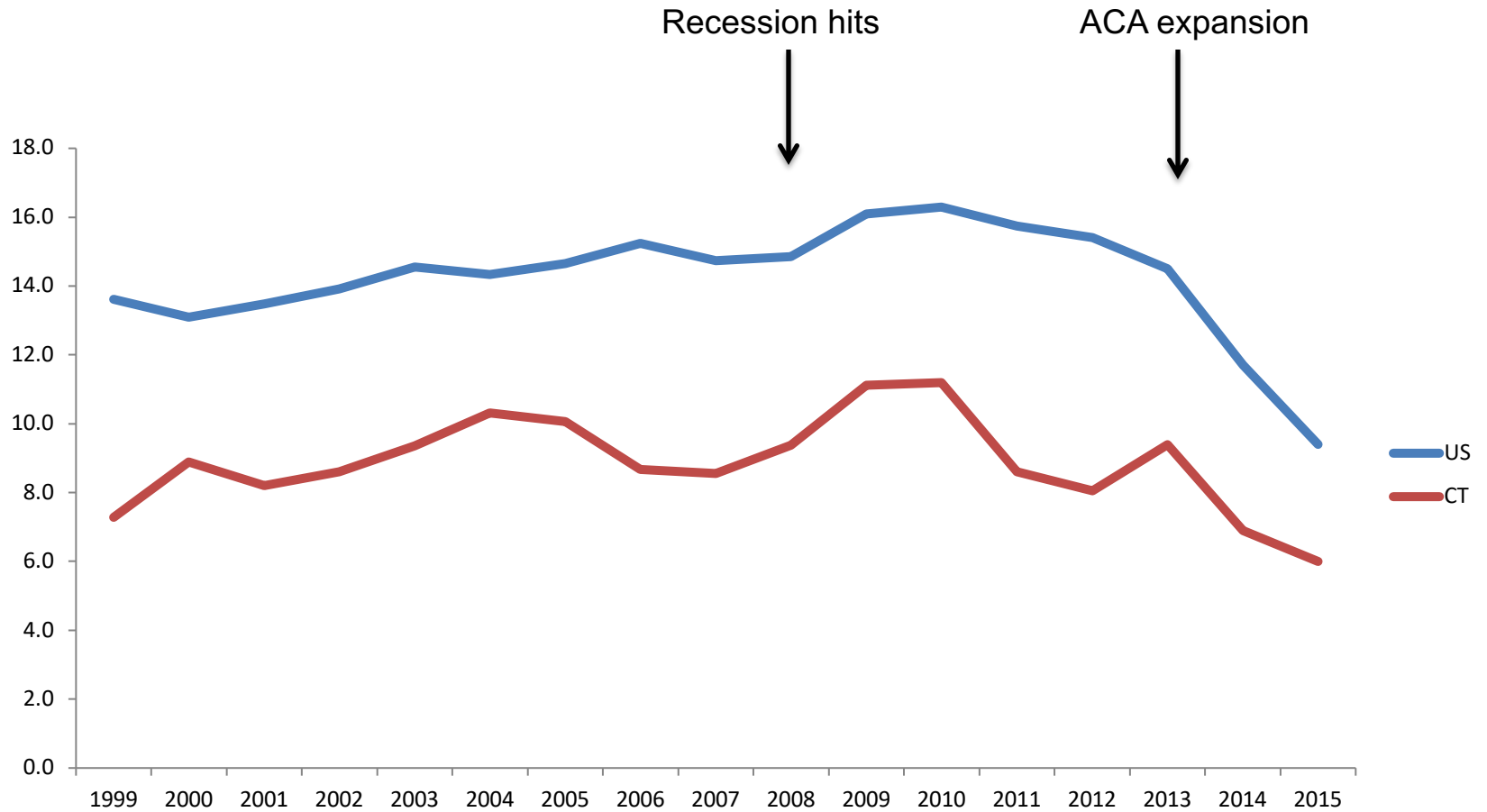
- US rate dropped from 14.5% (2013) to 8.6% in 2016
- CT rate 9.4% in 2013 to 4.9% in 2016
 - 333,000 to 172,000
- 161,000 more CT residents had coverage in 2016 than before the ACA
- CT expanded Medicaid and created our own state insurance exchange
 - AccessHealthCT

CT ACA impact



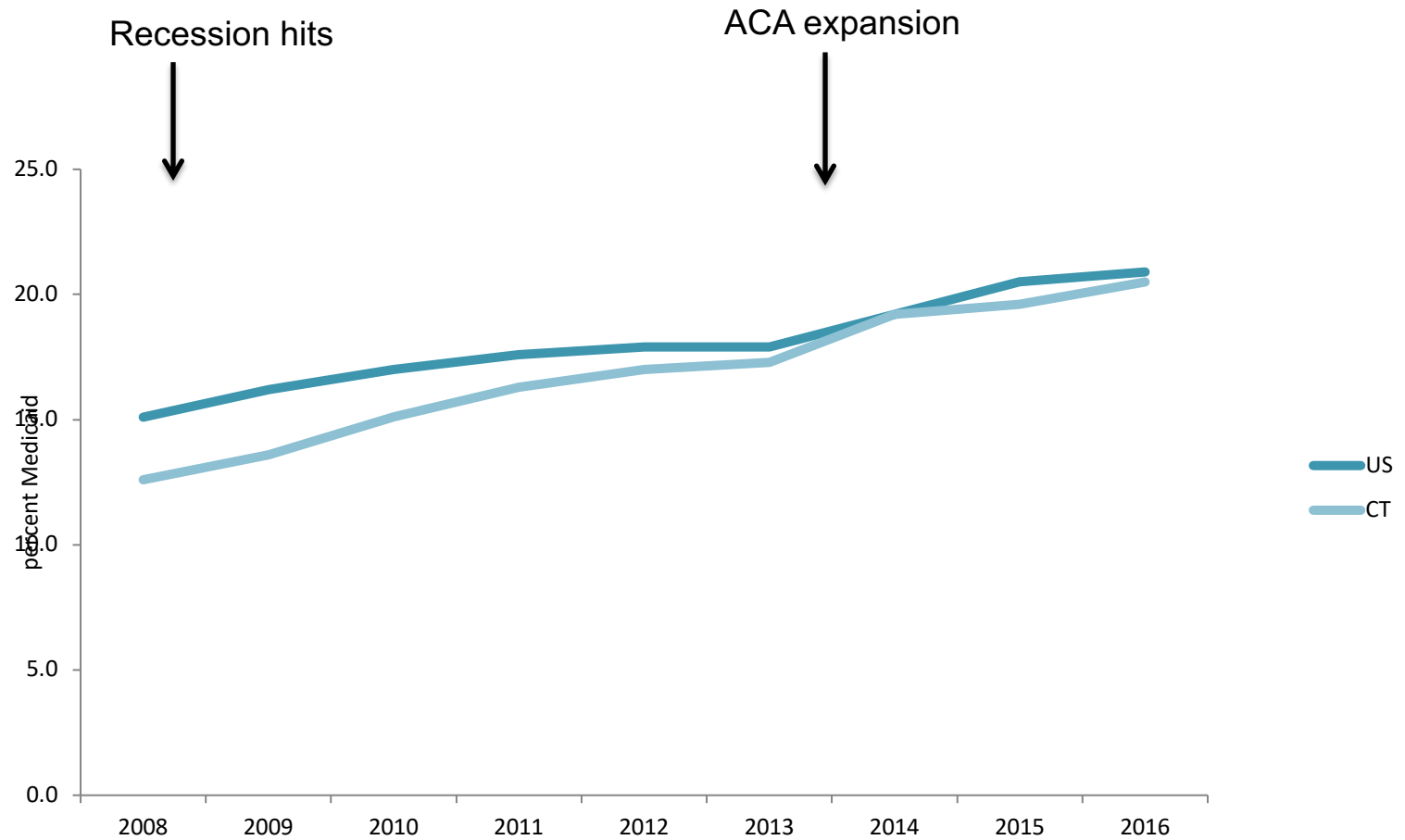
Source: 2015 US Census

Uninsured trend



Source: 2017 US Census

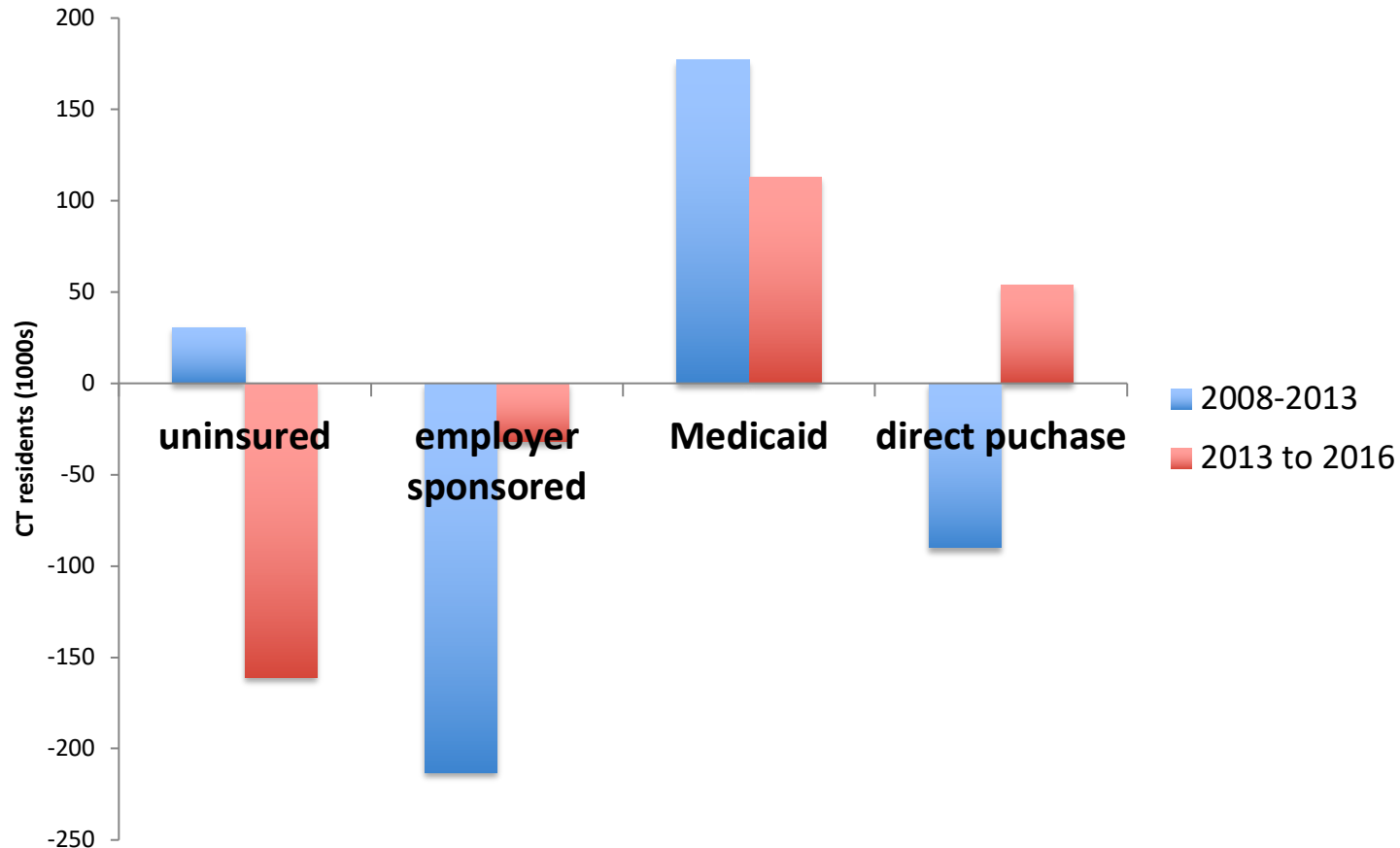
Medicaid trend



Source: 2017 US Census

Relative trend

impact of recession vs. ACA



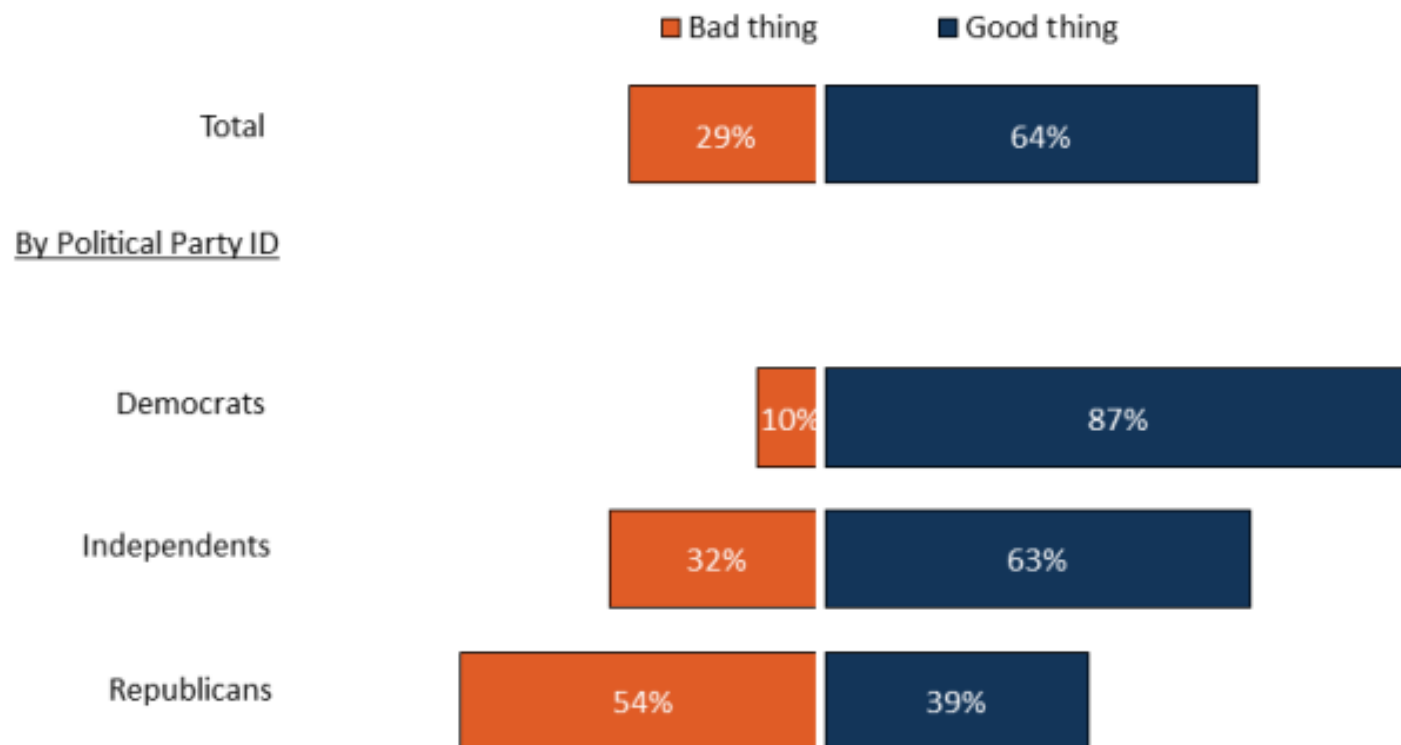
Source: 2017 US Census

ACA status

- 52% of Americans who got an exchange subsidy to buy insurance in 2014 had to pay the federal government back last tax day, average penalty of \$530 for overpayment
- About one third paid too much and are getting refunds averaging \$365
- 7.5 million paid the individual mandate penalty, averaging \$200
- Half of CT's uninsured qualify for subsidized coverage
 - Don't know, still too expensive

Democrats and Independents Say It Is a “Good Thing” Congress Did Not Pass AHCA, Republicans Say It Is a “Bad Thing”

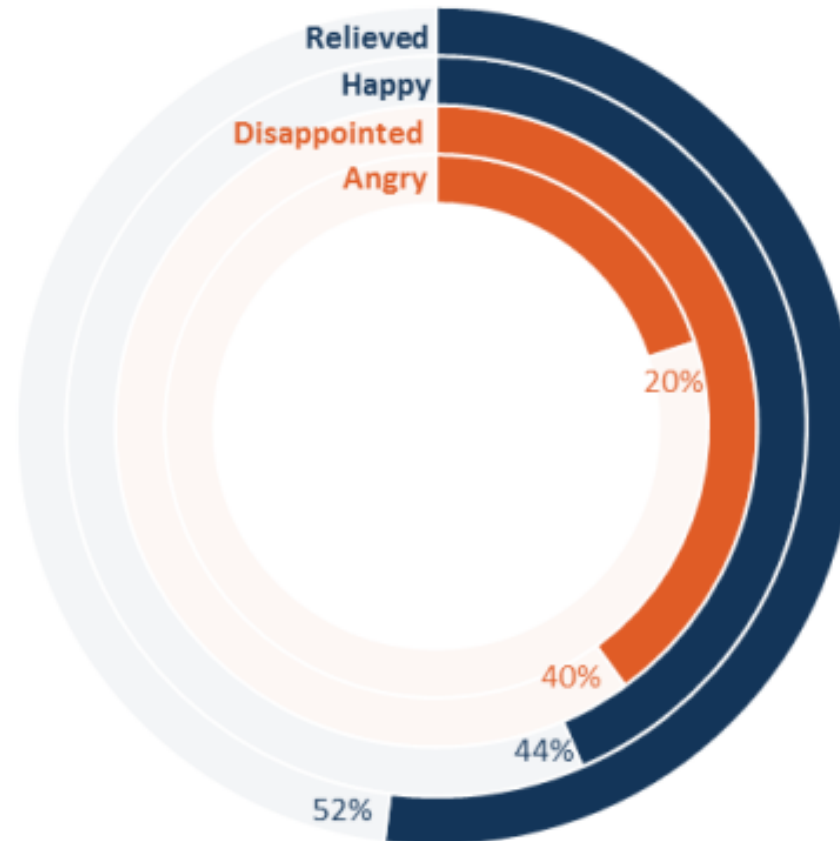
As you may know, Congress recently debated a bill to repeal and replace the 2010 health care law, but it did not have enough support to pass. In general, do you think it is a good thing or a bad thing that Congress did not pass the bill?



NOTE: Don't know/Refused responses not shown.

More Say They Are “Relieved” About the AHCA Not Passing Than Say “Happy,” “Disappointed,” or “Angry”

Percent who say each of the following describes their own feelings about Congress not passing a bill to repeal and replace Obamacare:



Revisit the promises

- If you're happy with it, you can keep your coverage
- You can keep your doctor
- No negative impact on Medicare -- only positive, i.e. remove donut hole
- We'll build on what works in our current system
- Costs will come under control
- Coverage will become affordable for everyone, subsidies/Medicaid for those who can't afford
- Ease pressure on businesses
- No job losses, will help ease "job lock"

Future, politics

- Stay tuned