Presentation Objectives

• Summarize the historical context of the Patient Protection and Affordable Care Act of 2010 (ACA)
• Explain the rationale for the policy
• Evaluate the major components of the ACA
• Distinguish the Supreme Court decisions regarding ACA

History of Healthcare Reform

• Theodore Roosevelt (P) 1912
  - Campaign pledge
• Franklin D. Roosevelt (D) (1932-1945)
  - Social Security Act of 1935
• Harry S. Truman (D) (1945-1953)
  - First president to propose national health insurance
• Dwight D. Eisenhower (R) (1953-1961)
  - Federal Employees Health Benefits Program
  - Tax break for employer-sponsored insurance

(F) = Progressive; (D) = Democrat; (R) = Republican

History of Healthcare Reform

• John F. Kennedy (D) (1961-1963)
  - Medicare bill was defeated
• Lyndon B. Johnson (D) (1963-1969)
  - Social Security Act Amendments, 1965
• Richard M. Nixon (R) (1969-1974)
  - Contributed to the debate
• Jimmy Carter (D) (1977-1981)
  - His Democratic rival, Ted Kennedy's, cause

History of Healthcare Reform

  - Expanded Medicare
• Bill Clinton (D) (1993-2001)
  - Universal Health Care
• George W. Bush (R) (2001-2009)
  - Medicare Modernization Act of 2003
• Barack H. Obama (D) (2009-)
  - Patient Protection and Affordable Care Act, 2010

Problem: Uninsured

![Number of Uninsured Children and Nonelderly Adults, 2007-2009](chart.png)
Who are the Uninsured?

Characteristics of the Uninsured, 2009

Impact of No Insurance

Barriers to Health Care Among Nonelderly Adults, by Insurance Status, 2009

Percent of adults ages 19-64 reporting:

- No Local Source of Care: 8%
- Inconsistent Source of Care: 10%
- Cost Due to Care: 14%
- Denied Needed Care: 9%
- Insured
- Indigent/Other Public
- No Source
- Did not have prescription drug

Total = 50.0 million uninsured

Adverse Selection

- The sick buy health insurance
- Healthy don’t buy insurance
- These lead to increasing health insurance costs
- Costs spiral out of control

Political Circumstance

- Democratic majority
- Strong support from liberal special interests
- Benefits in the short-term (phase 1); sacrifices in the long-term (phase 2)
- Passed without a single Republican vote

Yes, Mr. Biden, it’s a big deal.

Major Components of ACA

- Consumer protections
- Lowering costs of care and health insurance
- Improving quality
- Increasing access to care
Consumer Protections

- Prohibits pre-existing condition exclusions
- Prohibits insurance companies from dropping coverage
- Eliminates lifetime limits
- State insurance regulations to prevent unreasonably high insurance rate hikes
- Minimum spent on medical care – medical loss ratio

Lowering Costs of Health Insurance

- Health insurance exchanges (marketplaces)
  - Began in 2014
  - State-run and federally-run
  - Individual mandate (subsidies)
  - Employer mandate (tax credits)
  - Standardized benefit levels


Lowering Cost of Care

- Center for Medicare and Medicaid Innovation
- Accountable Care Organizations
  - Medicare program that encourages cooperation among providers and hospitals
  - Incentives to constrain cost growth and improve quality, called “Shared Savings Program”
- Independent Payment Advisory Board

Obama’s Death Panels

“The America I know and love is not one in which my parents or my baby with Down Syndrome will have to stand in front of Obama's 'death panel' to decide, based on a subjective judgment of their 'level of productivity in society,' whether they are worthy of health care. Such a system is downright evil.”

- Sarah Palin on Friday, August 7, 2009 at 4:26pm

Lowering Costs of Care

- Gradually close the Medicare ‘donut hole’

Improving Quality

- Preventive care provisions
- Prevention and Public Health Fund
- Strengthen the primary care workforce
- STARS Medicare Advantage P4P
- Comparative Effectiveness Research
Increasing Access to Care

• Extension of dependent coverage to adult children up to 26 years old
• Medicaid expansion
  – Medicaid eligibility expanded to all adults with income below 133% FPL (~$31,000 for a family of four)

Supreme Court Challenges

• Individual mandate
  – Yes, it’s constitutional
  – Tax – not a penalty
• Compulsory Medicaid expansion
  – No, it’s not constitutional
  – Federal government exerted too much power
• Subsidies in the Health Insurance Exchanges

How ACA is Funded

Summary of ACA

• Expanding access to health insurance
• Making coverage more affordable
• Improving comprehensiveness of coverage
• Improving coordination of care
• Controlling the growth in costs