Presentation Objectives

- Historical context of the Patient Protection and Affordable Care Act (ACA)
- Describe the rationale for the policy
- Describe the major components of the ACA
- Discuss the Supreme Court decision on 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

(P) = 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
  - Contributed to the debate
  - 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

Figure 1
Number of Uninsured Children and Nonelderly Adults, 2007-2009

In Millions:

2007: 36.1 (8.9) Children, 27.2 (8.2) Adults
2008: 37.6 (8.1) Children, 29.5 (8.2) Adults
2009: 41.7 (8.3) Children, 33.4 (8.1) Adults

Children include all individuals under age 19. Adults include all individuals ages 19-64. Almost all of the elderly are covered by Medicare.
Who are the Uninsured?

Characteristics of the Nonelderly Uninsured, 2016

- **Family Work Status**
  - No Workers: 15%
  - Part-Time Workers: 11%
  - 1 or More Full-Time Workers: 75%

- **Family Income (%FPL)**
  - 400%+ FPL: 20%
  - <100% FPL: 24%
  - 100-199% FPL: 25%
  - 200-399% FPL: 31%

- **Race**
  - White: 44%
  - Hispanic: 33%
  - Black: 15%
  - Asian/Native Hawaiian or Pacific Islander: 5%
  - Other: 3%

Total = 27.5 Million Nonelderly Uninsured

https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/
Impact of No Insurance

Figure 3

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

Percent of adults (age 18-64) reporting:

- No Usual Source of Care: 56%
  - Uninsured: 11%
  - Medicaid/Other Public: 10%
  - Employer/Other Private: 35%

- Postponed Seeking Care Due to Cost*: 32%
  - Uninsured: 12%
  - Medicaid/Other Public: 8%
  - Employer/Other Private: 74%

- Went Without Needed Care Due to Cost*: 26%
  - Uninsured: 9%
  - Medicaid/Other Public: 4%
  - Employer/Other Private: 87%

- Could Not Afford Prescription Drug*: 27%
  - Uninsured: 13%
  - Medicaid/Other Public: 6%
  - Employer/Other Private: 81%

*In past 12 months.

Respondents who said usual source of care was the emergency room were included among those not having a usual source of care.

All differences between uninsured and insurance groups are statistically significant (p<0.05).

SOURCE: KCMU analysis of 2009 NHIS data.
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
“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’ so his bureaucrats can 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 (~$33,500 for a family of four)
Medicaid Expansion

Status of State Medicaid Expansion Decisions

- Adopted: 34 states (incl. DC)
- Considering Expansion: 3 states
- Not Adopting At This Time: 14 states

https://www.kff.org/health-reform/slide/current-status-of-the-medicaid-expansion-decision/
Supreme Court Challenges

• Individual mandate
  – Yes, it’s constitutional
  – Tax – not a penalty

• Medicaid expansion
  – No, it’s not constitutional
  – Federal government exerted too much power
How ACA is Funded

How the $938 Billion* Health Care Bill Is Financed

- Increased Medicare tax on high-income taxpayers: $210 billion
- Net cuts to Medicare (incl. donut hole fix): $416.5 billion
- Fees on insurers & medical producers: $107 billion
- Other revenue provisions: $149 billion
- Net cuts to Medicaid (excl. coverage provisions): $45 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

* $938 billion is cost of coverage provisions from 2010-2019, chart adds to $1.08 trillion due to deficit reduction
Impact of ACA: More Insured

Uninsured Rate Among the Nonelderly Population, 1998-2016

https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/
Impact of ACA: More Adults, More Rural

• Kaiser literature review on the effects of ACA Medicaid expansion: Click here.

Impacts on Access to Care, Utilization, Affordability, and Health Outcomes

ACCESS TO CARE AND UTILIZATION

Most research demonstrates that Medicaid expansion positively impacts access to care and utilization of health care services among the low-income population, but some studies have not identified significant effects in these areas.

• Many expansion studies point to improvements across a wide range of measures of access to care as well as utilization of some medications and services. Some of this research also shows that improved access to care and utilization is leading to increases in diagnoses of a range of diseases and conditions and in the number of adults receiving consistent care for a chronic condition.


Impact of ACA: Enabling Early Interventions

• Study of Kentucky Medicaid found a significantly greater increases in early-stage breast cancer diagnosis rates, despite stable disease incidence

• Increase in the probability of early uncomplicated presentation for patients getting one of five common surgeries


Impact of ACA: More Preventive Care

- Increase in number of people with “usual source of care” (41%)
- Reduction in out-of-pocket spending ($331/yr. on average)
- Increases in preventive healthcare visits
- Among adults with chronic conditions:
  - More regular care
  - Better self-reported health

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