Overview

- Context for health reform
- Key features of the Patient Protection and Affordable Care Act
- Beyond health insurance reform: health delivery reform

The Elusive Goal of Coverage

Number of Nonelderly Uninsured Americans, 2000 - 2009

- 18,000 deaths annually due to uninsurance (Institute of Medicine)

Uninsured Rates Among Nonelderly by State, 2008-2009

Universal Coverage: Limited Menu of Options

- Tax people for coverage under a public plan or public health service
- Mandate employers to pay for private insurance for their employees
- Mandate individuals to enroll in private insurance
- Can use tax system to subsidize employment-based and individual private plan coverage
Patient Protection and Affordable Coverage Act: Key Coverage Measures

• Mandates on individuals and employers with 20+ employees to purchase private insurance if not publicly insured and citizen or legal resident

• Tax subsidies for small employers and individuals (citizens and legal residents)

• Insurance market reform (e.g., no exclusions for pre-existing conditions)

• Health Insurance Exchanges

Expansion of Medicaid

• States required to make all citizens and legal residents <133% poverty level eligible for Medicaid
• No more categorical eligibility criteria (e.g., dependent children, disability)
• Federal government funds cost of newly enrolled

• CBO estimates will cover 32M of ~50M uninsured

Other Measures

• Gradually closes Medicare Part D “donut hole”

• Eliminates cost-sharing for
  – Medicare covered preventive services recommended by U.S. Preventive Services Task Force

Coverage Gaps Remaining

• Undocumented immigrants
• Low-mid income individuals and families unable to afford mandates even with subsidies

Supreme Court Decision June 2012

• Upheld individual mandate
  – Justified by federal government’s power to tax
  – Not justified by commerce clause

• Rejected federal government’s authority to require state’s to implement Medicaid expansion
  – Must be voluntary
  – California will implement Medicaid expansion

House Minority Leader John Boehner Advice to President Obama Sept 9, 2009

“I hope he’s been listening to the American people, because I think over the course of August they’ve raised their voices loud and clear that they don’t want this massive government takeover of our health-care system.”
AMA Campaign vs Medicare Bill

"Write those letters now. Call your friends, and tell them to write them. If you don't, this program I promise you will pass just as surely as the sun will come up tomorrow. And behind it will come other federal programs that will invade every area of freedom as we have known it in this country, until, one day, as Norman Thomas said, we will wake to find that we have socialism. And if you don't do this, and I don't do it, one of these days, you and I are going to spend our sunset years telling our children, and our children's children, what it was once like in America when men were free."

Socialist Socialist Socialist

Not a Socialist

PP&ACA: Coverage Timeline

• High risk health insurance pools for individuals with no insurance due to pre-existing conditions (7/2010)
• Expansion of dependent coverage for young adults up to age 26 (9/2010)
• Elimination of provisions that allow health insurers to cap lifetime benefits or deny coverage to children based on pre-existing conditions (9/2010)
• Expansion of Medicaid (2014)

Coverage Gaps Remaining

• Undocumented immigrants
• Low-mid income individuals and families unable to afford mandates even with subsidies
Supreme Court Decision June 2012
• Upheld individual mandate
  – Justified by federal government’s power to tax
  – Not justified by commerce clause
• Rejected federal government’s authority to require state’s to implement Medicaid expansion
  – Must be voluntary
  – California will implement Medicaid expansion
• Revised CBO Analysis July 2012: 25M more insured (down from 33M more)

What about the Affordable part of the Affordable Care Act?

Per Capita Total Current Health Care Expenditures, U.S. and Selected Countries, 2008

Cumulative Changes in Health Insurance Premiums, Workers’ Contribution to Premiums, Inflation, and Workers’ Earnings, 1999-2010

2012 Total Hospital and Physician Cost: Bypass Surgery
**Overall Administrative Costs**

United States & Canada, 2011

<table>
<thead>
<tr>
<th>Per Capita</th>
<th>$2685</th>
<th>$809</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CANADA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Woolhandler SJ, Marmor TR, Campbell NJ. NEJM 2003; 349:769 (updated)

---

**Mortality Amenable to Health Care**

U.S. Rank Fell from 15 to Last out of 19 Countries

Deaths per 100,000 population

<table>
<thead>
<tr>
<th>1997/98</th>
<th>2002/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>97</td>
<td>97</td>
</tr>
<tr>
<td>115</td>
<td>112</td>
</tr>
<tr>
<td>116</td>
<td>113</td>
</tr>
<tr>
<td>115</td>
<td>113</td>
</tr>
<tr>
<td>130</td>
<td>130</td>
</tr>
</tbody>
</table>

*Countries' age-standardized death rates, ages 0–74; includes ischemic heart disease.


---

**Under the ACA:**

**Income = $45,906**  **Premium = $4,361**

**Income = $46,136**  **Premium = $10,193**

---

**PP&ACA: Cost Measures**

- Competition within regulated insurance market
- Health IT
- Prevention and health promotion
- Reduce Medicare Advantage private plan payments
- Independent Payment Advisory Board for Medicare
- Innovation Center within the Centers for Medicare and Medicaid Services
- Insurance overhead limited to 15% for plans in large group market and 20% for plans in individual and small group markets
- High premium excise tax

---

**Beyond Insurance Reform:**

**Delivery System Reform**

Medical Homes and Accountable Care Organizations
Dr. Katherine J. Atkinson of Amherst, Mass., has a waiting list for her family practice; she has added 50 patients since November.

**In Massachusetts, Universal Coverage Strains Care**

The President Wants More and Stronger Primary Care

“It used to be that most of us had a family doctor; you would consult with that family doctor, they knew your history, they knew your family, they knew your children, they helped deliver babies. How do we get more primary physicians, number one; and number two, how do we give them more power so that they are the hub around which a patient-centered medical system exists, right?” June 8, 2010, Town Hall with Seniors

**Supply of General Pediatricians per 100,000 Children in the US**


**Family Medicine Residency Positions and Number Filled by U.S. Medical School Graduates**

The US is first in providing rescue care, but this care has little or no impact on the general population. We must put more focus on primary care and preventive medicine. How do we transform the system to do this?”

Senator Orrin Hatch
Senate Finance Committee Roundtable
Reforming America’s Health Care Delivery System
April 21, 2009

**BusinessWeek**

July 6, 2009

“The family doctor: A Remedy for Health-Care Costs?”

New-making primary care physicians the center of America’s health system could save the healthcare
Randy MacDonald, Sr VP  
House Ways and Means Hearing April 29, 2009

• “I will start with the very last question asked by the committee—what is the single most important thing to fix in healthcare? Primary care. Strengthen primary care – transform it and pay differently using a model like the Patient Centered Medical Home.”

• Congressman: “And the second issue?”

• “Well, if you don’t fix the first issue and do not have a foundation of powerful primary care then you can do nothing else. You have to fix primary care before you can even begin to address a second issue.”

Joint Principles of the  
Patient Centered Medical Home  
February 2007  
American Academy of Family Physicians  
American Academy of Pediatrics  
American College of Physicians  
American Osteopathic Association

Transforming the Delivery of Primary Care:  
The Patient Centered Medical Home

• Rittenhouse & Shortell: 4 Cornerstones of the PCMH  
• Primary Care  
  – first Contact (access)  
  – Comprehensiveness  
  – Continuity  
  – Coordination  
• Patient-Centered  
• New Model Practice  
• Payment Reform

Affordable Care Act:  
Measures to Revitalize Primary Care

• Physician payment reform  
  – Medicare fee 10% increase for PC  
  – Medicaid PC fee increases to Medicare rates (2013-2015)  
• Infrastructure investment and facilitating practice redesign  
  – CMS Innovations Center  
  – Medical Home pilot programs  
  – Primary Care Extension Program  
  – ARRA HIT incentives and TA  
• Training pipeline  
  – More NHSC scholarships and loan repayment  
  – New Primary Care Training Grants

From Medical Homes to Medical Neighborhoods

• High performing primary care necessary but not sufficient  
• Need the entire system to work together in a coordinated, integrated, patient-centered manner

°Care  
°Care  
°Care  
Medical Neighborhood  
Medical Home
Accountable Care Organizations

- “Networks of physicians and other providers that could work together to improve the quality of health care services and reduce costs for a defined patient population.”
  – Health Affairs Brief, 8/13/10


1990s Managed Care Enters the 21st Century

![Health Security Identification Card](image)