

Health Reform Today

(Does not apply to any other
day, past or future!)

Missouri Foundation for Health

March 4, 2010

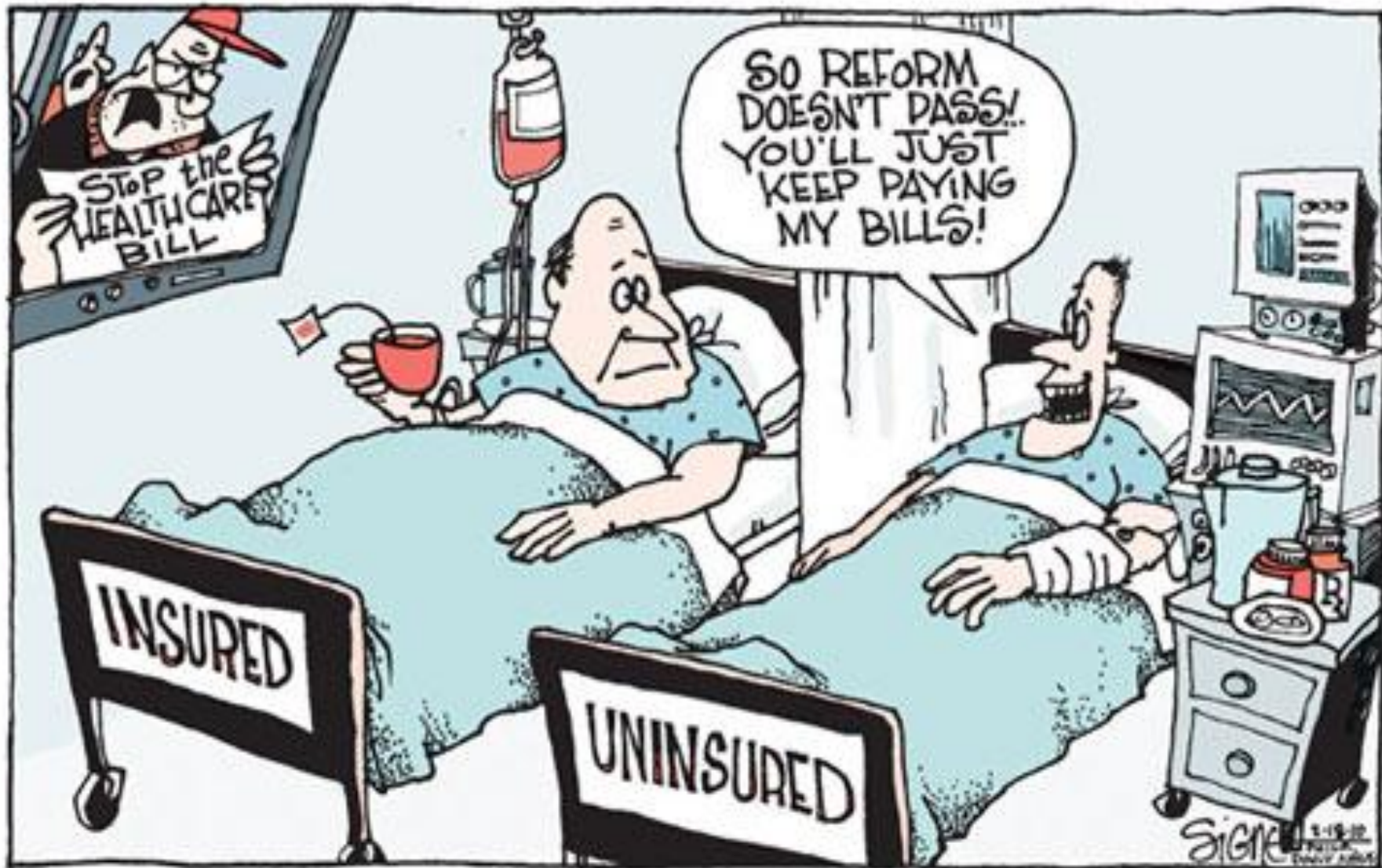
James Kimmey, MD

Ryan Barker

Thomas McAuliffe

Theatre of the Absurd

- Characteristics
 - Broad comedy mixed with horrific or tragic images;
 - Characters caught in hopeless situations forced to do repetitive or meaningless actions;
 - Dialogue full of clichés, wordplay and nonsense
- Wikipedia



Failure to Reform: Who Loses?

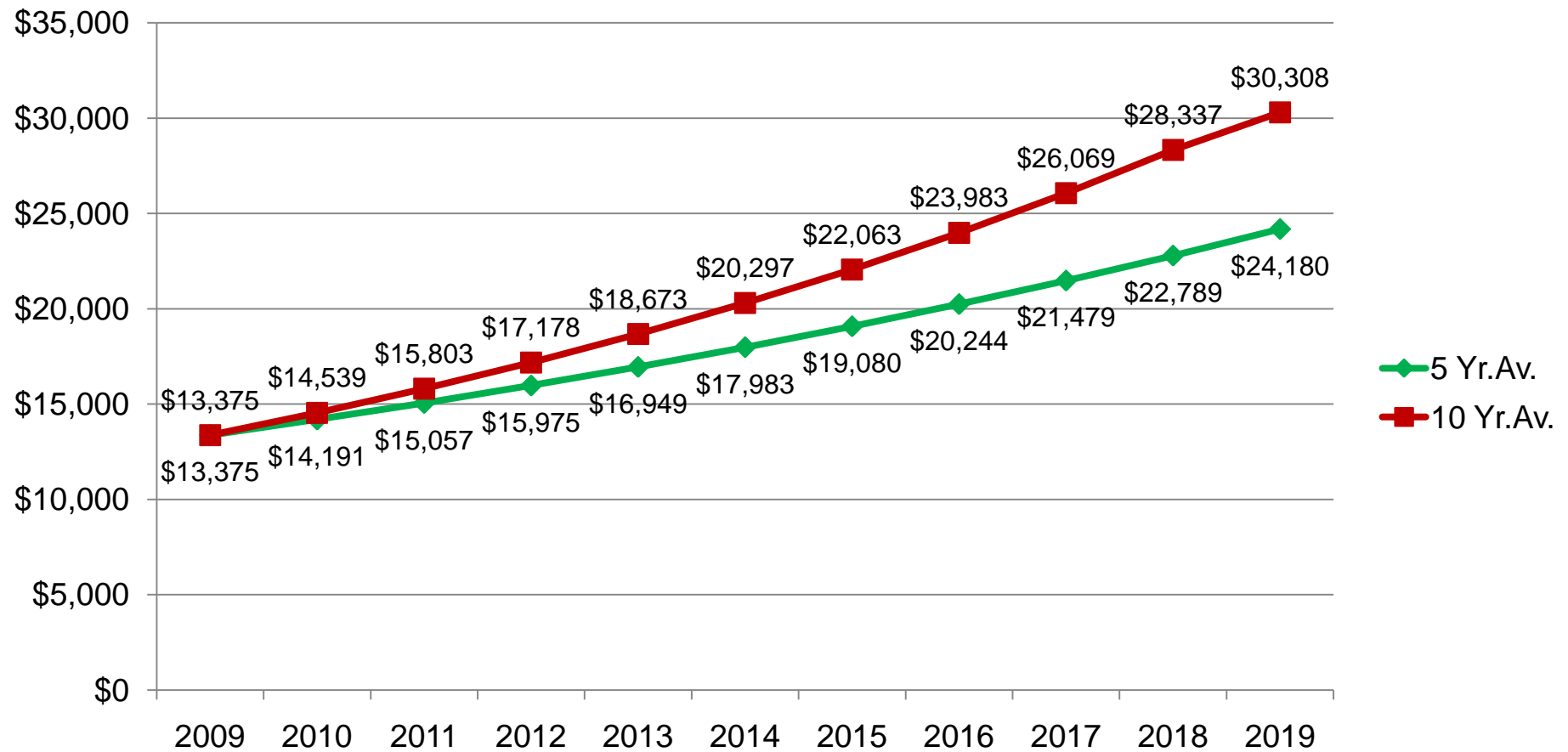
- 13.1 million self-employed people;
- 47.8 million people employed in firms of fewer than 100 workers;
- 26.9 million non-elderly people working part-time and 20.8 million people working full-time but for only part of the year;
- 96.2 million non-elderly people in families with incomes below 200 percent of the federal poverty level; another 74.3 million living in families with incomes between 200 and 400 percent of the poverty level;

Failure to Reform: Who Loses?

- Millions of people with significant health problems, including the highest spending 5 percent of the US population, who account for about 50 percent of total health expenditures.
- In addition, 14.8 million people were unemployed, as of January 2010, and this number is expected to remain high for several years.

Costs of Failure to Reform

Projected Premium Increases in Family Coverage 2009-2019



Bill to Law: Normal Case

- On November 7, the full House voted to pass H.R. 3962, The Affordable Health Care for America Act.
- On December 24, the full Senate voted to pass H.R. 3590, The Patient Protection and Affordable Care Act.

Bill to Law: Normal Case

- Normally, a conference committee would deal with differences and both bodies would pass the conference version reflecting compromises.
- The President would sign and the compromise would become law.



Reconciliation : How It Works

- Massachusetts election cost the majority party its “filibuster-proof” majority of 60 votes.
- Only route for saving the reform already passed lies in ***reconciliation***.
- Reconciliation requires only 51 votes in the Senate (which still may not be achievable).

Reconciliation : How It Works

- Senate and House leadership negotiate and identify compromises.
- House passes the Senate bill without changes.
- At that point, the Senate bill will likely be signed by the President, and become law.
- However, the House also passes a companion bill incorporating the compromise agreements for amendments to the Senate version.

Reconciliation : How It Works

- The House amendments are adopted by the Senate and a bill setting out the agreed-upon amendments, goes to the President for signature.
- The law (the Senate bill) is amended.

Reconciliation

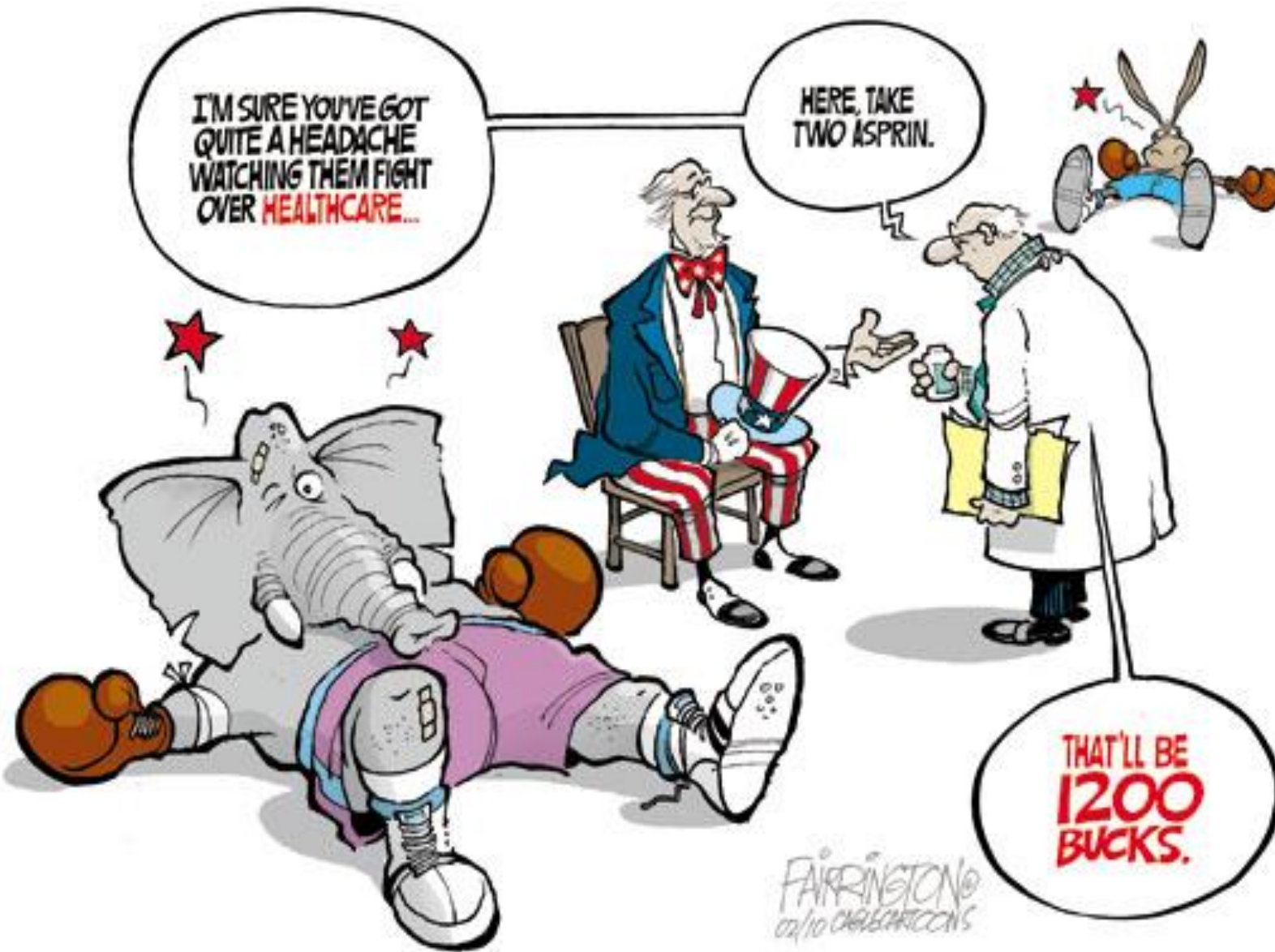
- 1982 -- TEFRA: The Tax Equity and Fiscal Responsibility Act first opened Medicare to HMOs **D/D/R**
- 1986 -- COBRA: The Consolidated Omnibus Budget Reconciliation Act allowed people who were laid off to keep their health coverage and stopped hospitals from dumping ER patients unable to pay for their care **D/D/R**
- 1987 -- OBRA '87: Added nursing home protection rules to Medicare and Medicaid, created no-fault vaccine injury compensation program **D/D/R**
- 1989 -- OBRA '89: Overhauled doctor payment system for Medicare, created new federal agency on research and quality of care **D/D/R**

Reconciliation

- 1990 -- OBRA '90: Added cancer screenings to Medicare, required providers to notify patients about advance directives and living wills, expanded Medicaid to all kids living below poverty level, required drug companies to provide discounts to Medicaid **D/D/R**
- 1993 -- OBRA '93: created federal vaccine funding for all children **D/D/D**
- 1996 -- Welfare Reform: Separated Medicaid from welfare **R/R/D**
- 1997 -- The Balanced Budget Act created the state-federal children's health insurance program, or CHIP **R/R/D**
- 2005 -- Deficit Reduction Act reduced Medicaid spending, allowed parents of disabled children to buy into Medicaid **R/R/R**

What's Next?

- President hosted the televised forum which did little to change any minds.
 - Republicans stayed on message—start over, no reconciliation.
 - Democrats stayed on message—now is the time, this is the bill
- Public was relatively unmoved
 - Zogby polling shows even split on the reform issue before and after forum



Tuesday

- The President proposed four changes he said were aimed at Republican concerns:
 - Adding \$50 million to current reform legislation to develop state demonstration projects intended to lower the cost of medical malpractice disputes;
 - Offering high-deductible insurance plans that could encourage U.S. residents to set up health savings accounts;
 - Using undercover patients to discover Medicare and Medicaid fraud; and
 - Increasing Medicaid payments to physicians to entice them to stay in the program.

Wednesday

- President yesterday set a new deadline for action—prior to Easter recess.
- Only reconciliation can meet that deadline.
- Opposition plans parliamentary maneuvers in House to delay or block passage of the Senate bill.

Today

- We will lay out what's really in the legislative mix now and what its impact will be
- And leave time for your questions (but, please, no speeches!)

Health Reform Legislation Status

Overview: House



- Affordable Health Care for America Act
 - Merges 3 House Committee bills
 - Passed November 7, 2009
 - Number of pages: 1990
 - Congressional Budget Office (CBO): \$891 billion (reduces deficit by \$138 billion)

Overview: Senate

- Patient Protection and Affordable Care Act
 - Merges 2 Senate Committee bills
 - Passed December 24, 2009
 - Number of pages: 2074
 - Congressional Budget Office (CBO): \$736 billion (reduces deficit by \$132 billion)

Affordability

- Insurance market reforms
- Premium subsidies for individuals
- Premium subsidies for employers

Access

- All individuals must have coverage
- Employers (must) offer coverage
- Exchange
- Expansion of public programs

The Numbers

- \$395 billion for Medicaid and insurance for the poor
- \$436 billion for exchanges for people who don't get health insurance through work
- \$398 billion in new taxes
- \$483 billion in cuts to Medicare and other programs
- 31 million additional insured people
- 23 million uninsured people

Benefits

- Minimum benefits include
 - Preventive care
 - Hospitalization
 - Emergency services
 - Prescription drugs
 - Maternity care
 - Mental health and substance abuse

Policy / Politics

- Excise Tax
- Individual Mandate
- Antitrust Legislation
- Affordability
- “Other Stuff”

Impact of Federal Reform on Business and the Cost of Inaction

Impact on Small Businesses



- Access to Health Insurance Exchange (up to 100 employees)
- Stabilizes costs of insurance
- Tax Credit (Subsidy) (up to 25 employees)
- Exemption from Pay-or-Play requirements

County	All Establishments	Establishments with 1-19 employees	Establishments with 20-49 employees	Total establishments w/ <100 employees
Missouri	154,483	132,448	13,771	150,893

Sector 00: CB0700A2: 2007 County Business Patterns: Geography Area Series: County Business Patterns by Employment Size Class: 2007

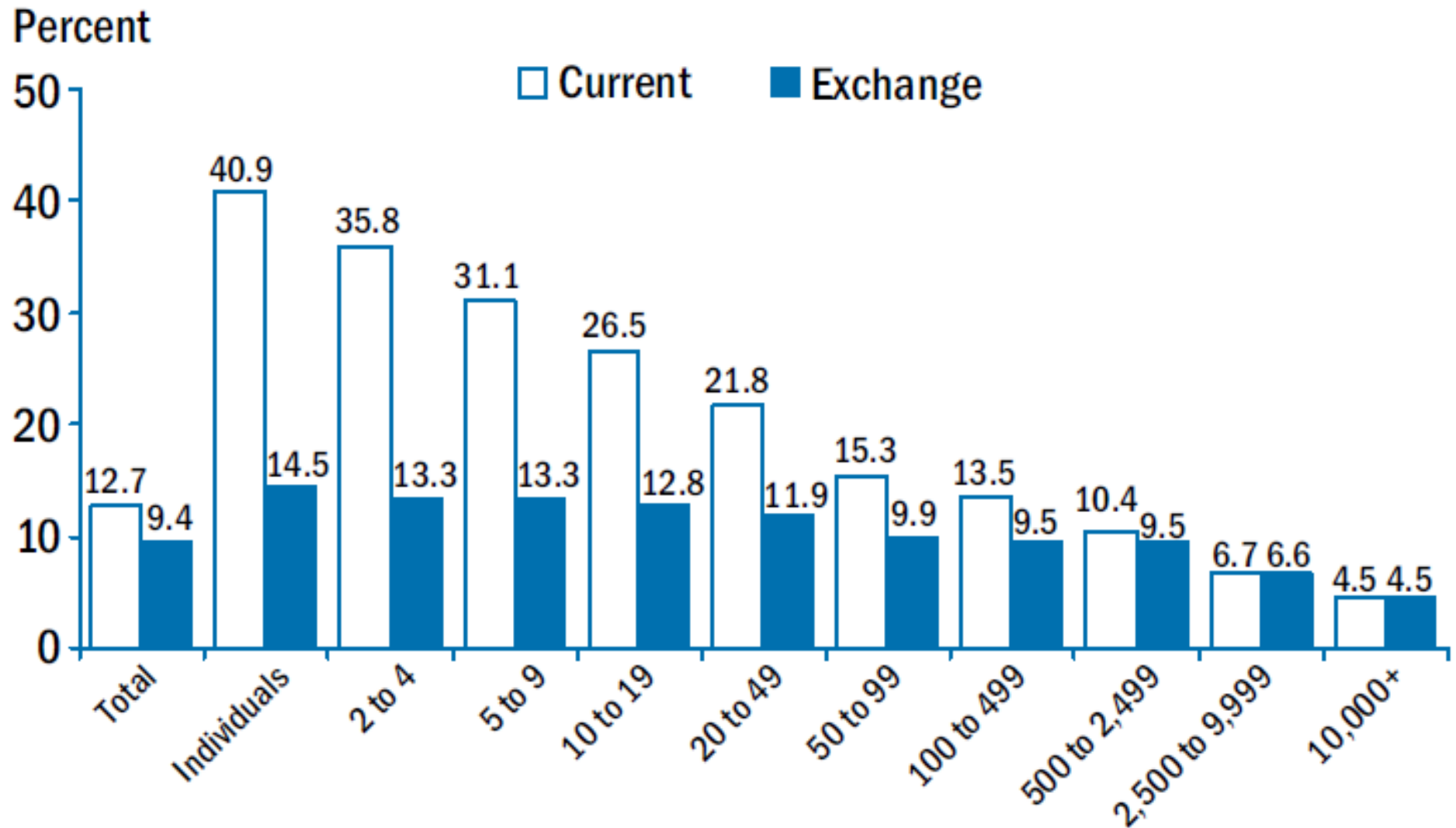
Impact on Large Businesses

- Generally unaffected
- Eventually, no annual or lifetime caps
- “Pay-or-Play” requirements
- Eventual access to Exchange
- Reduced cost-shift

**Missouri Total Establishments
with >100 employees**

3,590

Cost of Administering Health Insurance as a Percentage of Claims, by Group Size



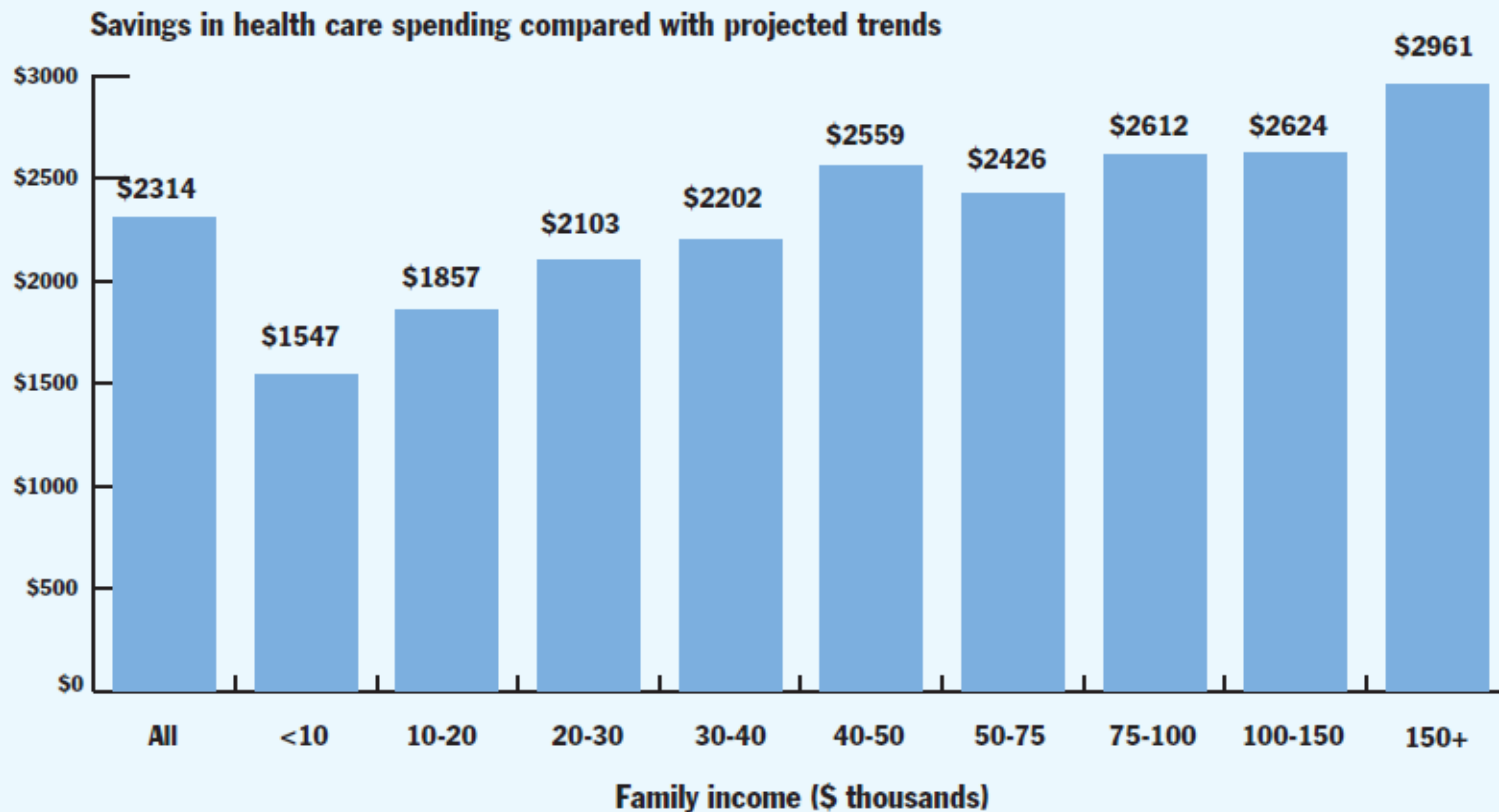
Impact of Exchange on Individuals and Small Businesses

- No co-pays or deductibles for preventive care
- No rate increases for pre-existing conditions, gender, or occupation
- Annual cap on out-of-pocket expenses
- Group rates through the exchange, lower premiums

Impact of Exchange on Individuals and Small Businesses

- More choice in plans
- No coverage denials for pre-existing conditions and no rescinding coverage
- No more lifetime limits
- Portability

Projected Average Annual Savings per Family, 2020

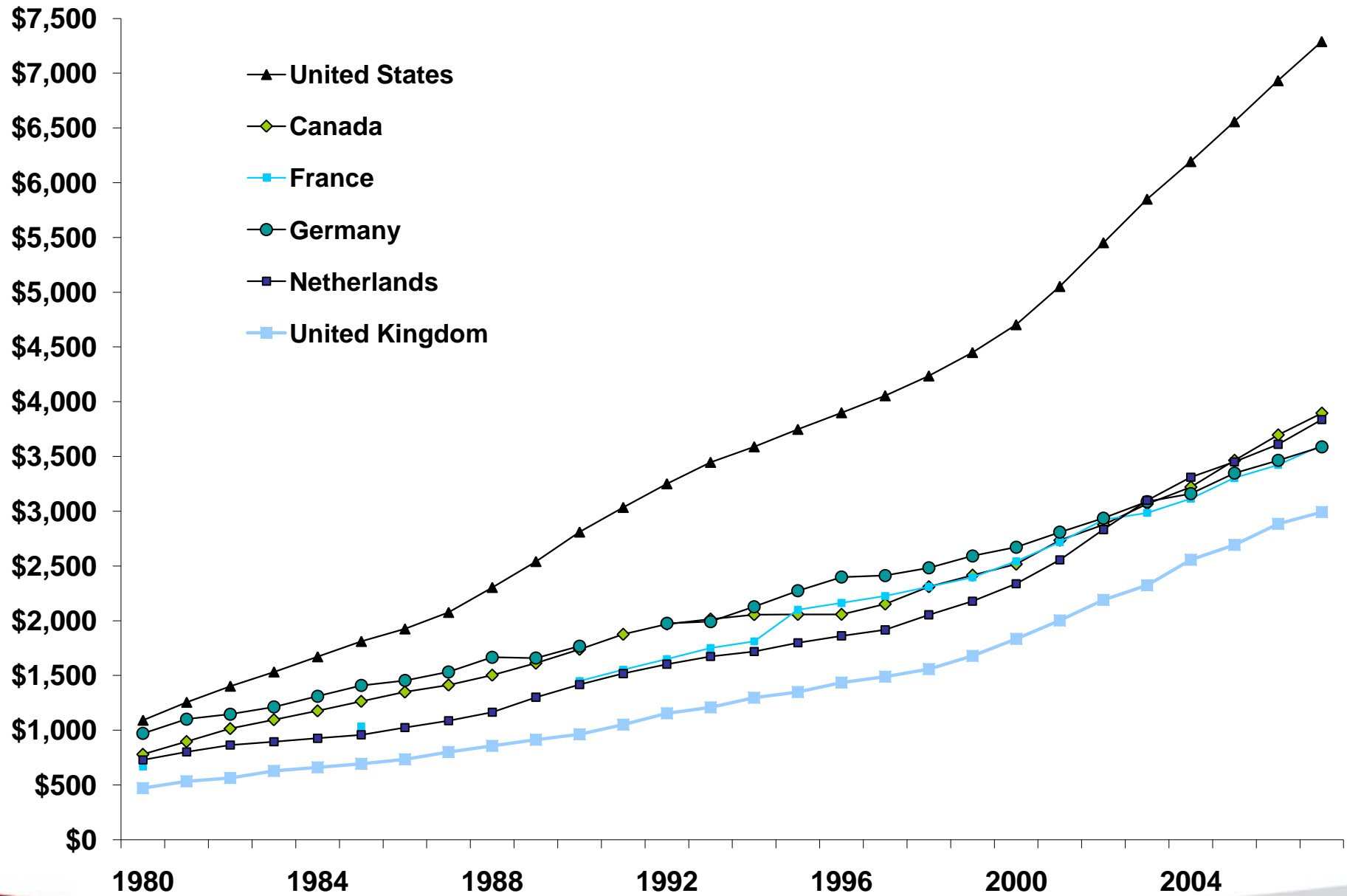


Data: Estimates by The Lewin Group for The Commonwealth Fund.

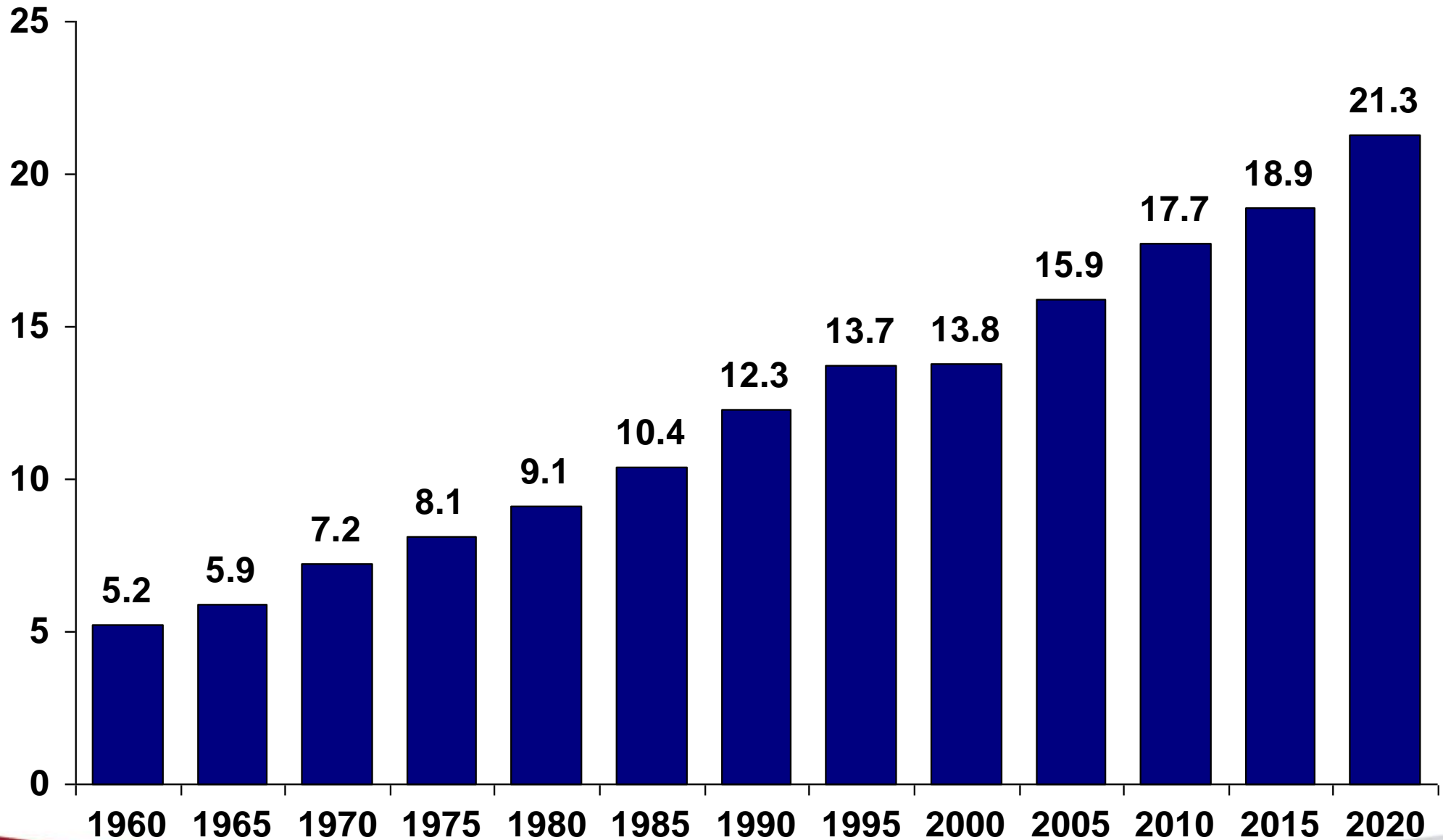
Source: Commonwealth Fund Commission on a High Performance Health System,

The Path to a High Performance U.S. Health System: A 2020 Vision and the Policies to Pave the Way (New York: The Commonwealth Fund, Feb. 2009).

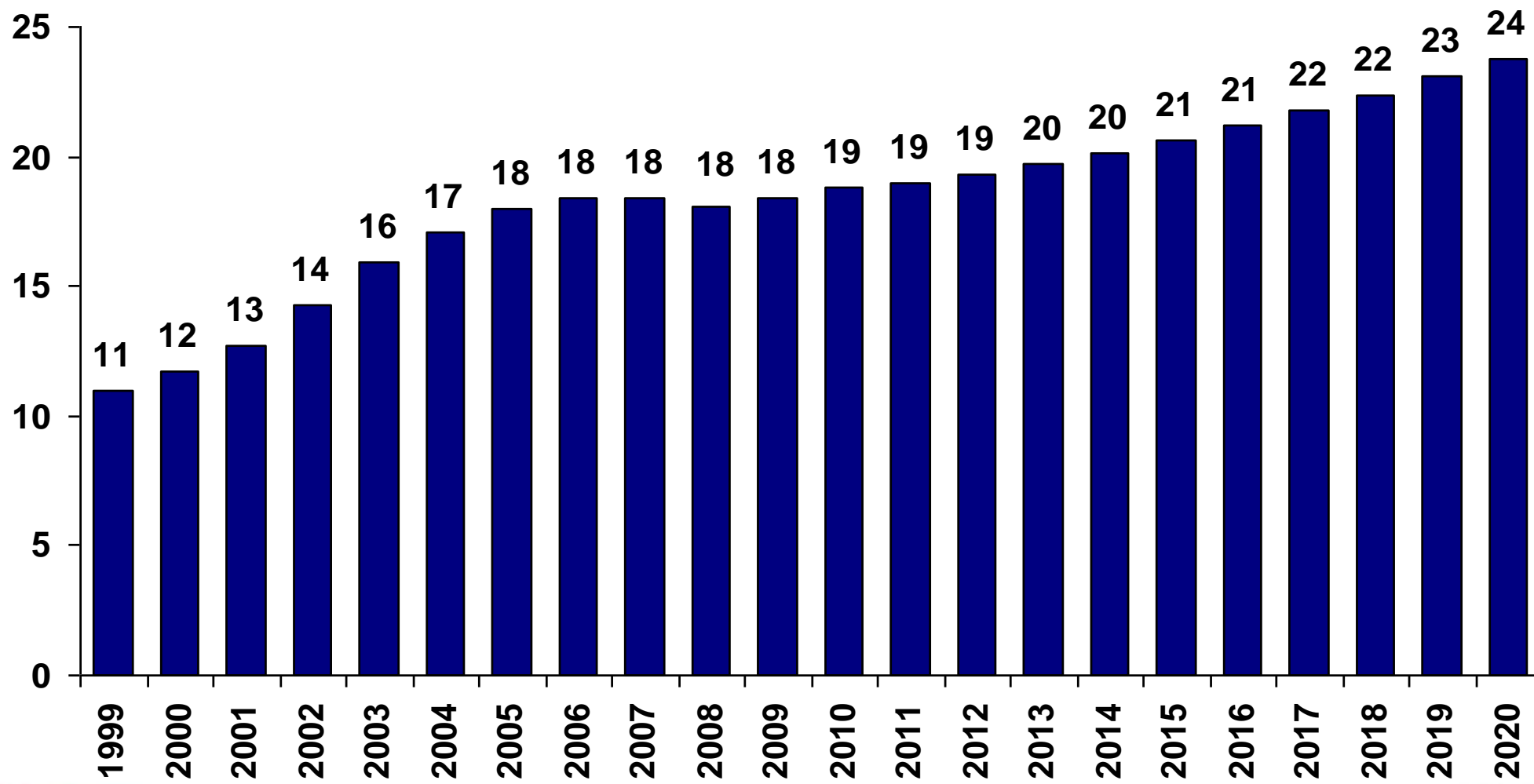
Average spending on health per capita (\$US PPP)

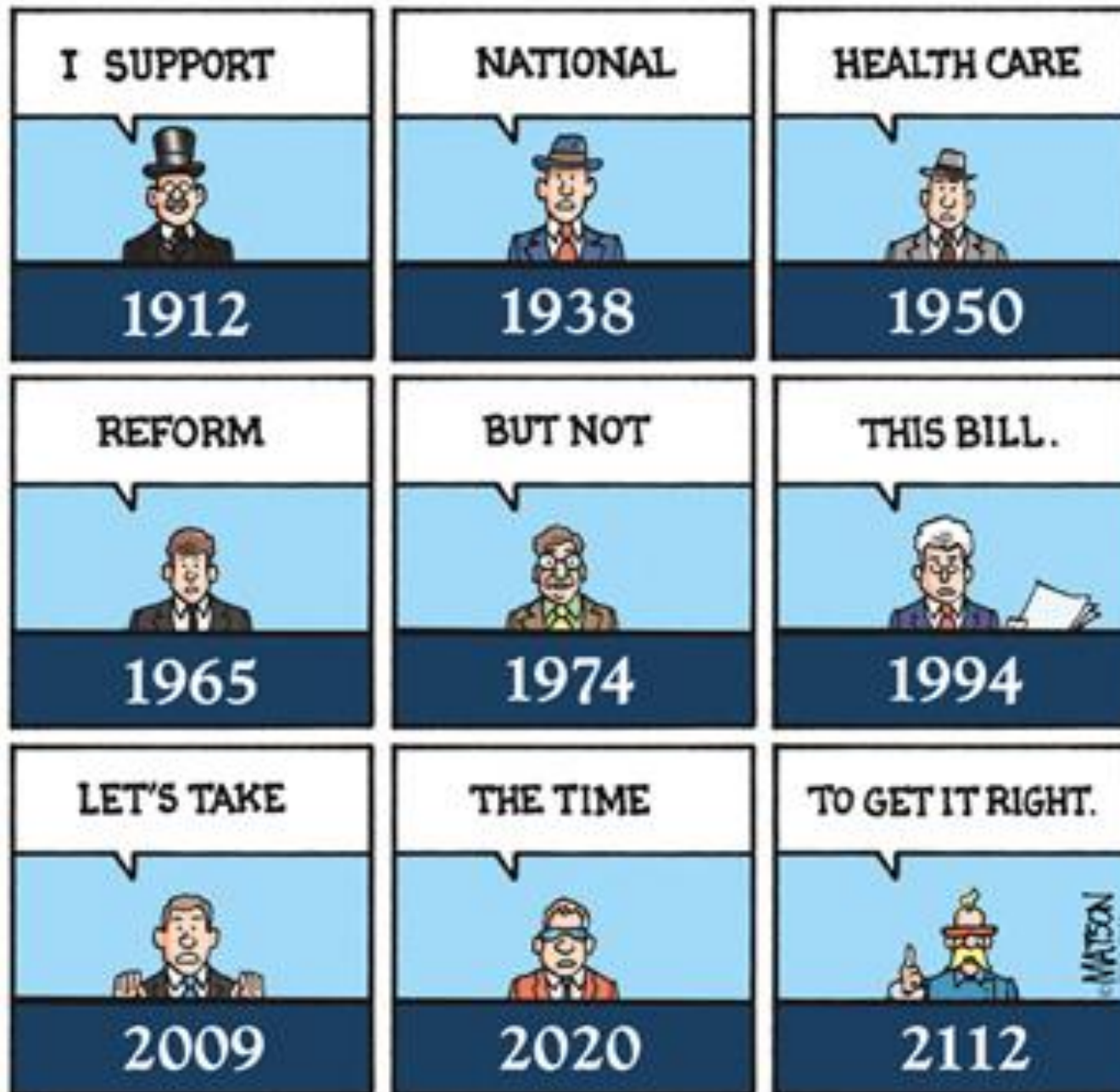


National Health Expenditures as a Percentage of Gross Domestic Product



Average Family Premium as a Percentage of Median Family Income, 1999–2020





Questions