Public Health Implications of Health Reform

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...THE MOST FRUSTRATING THING ABOUT HEALTH CARE REFORM IS ASKING FOR A SECOND OPINION!
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THE DETROIT NEWS

Public Cognitive Dissonance

- Health care system is broken and costs too much money
- We should fix it by getting all the “waste” out of the system and through “prevention”
- But we shouldn’t have anyone (government or insurers) interfere with physician-patient decisions
- And we should cover the uninsured - but we shouldn’t be taxed to do that

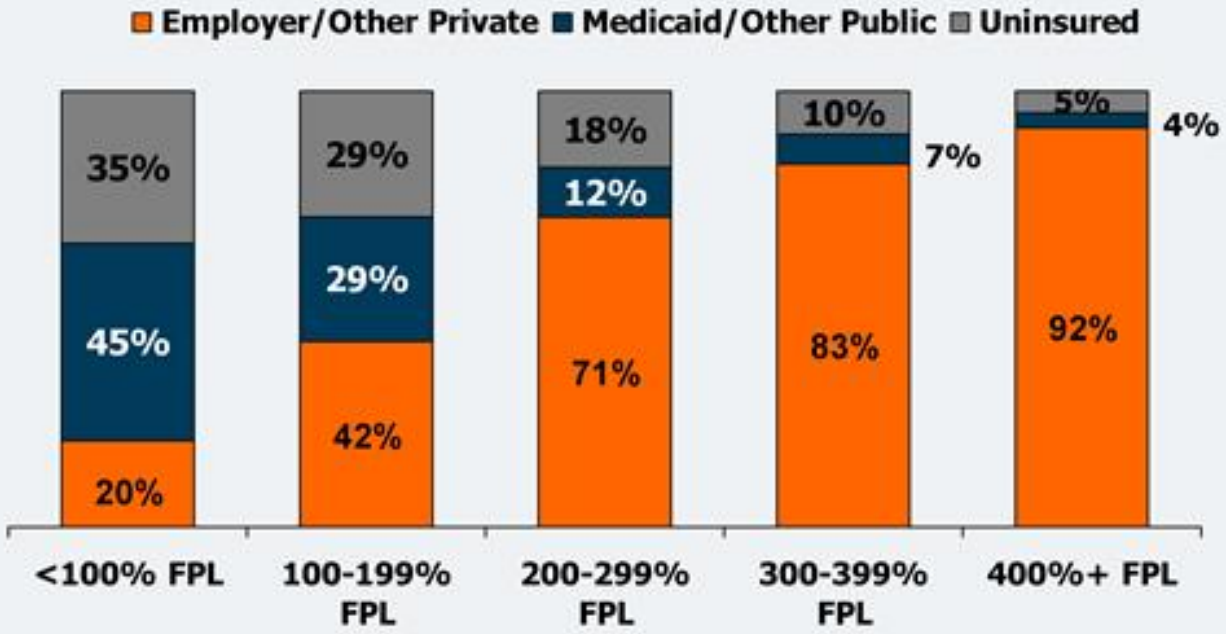
Health Reform Goals

- Major coverage expansion
- Lower costs
  - Individuals and families
  - Society
  - Government
- Eliminate unpopular insurance practices (e.g. pre-existing conditions)
- Improve health?
  - Uninsured vs Insured

The Coverage Approach

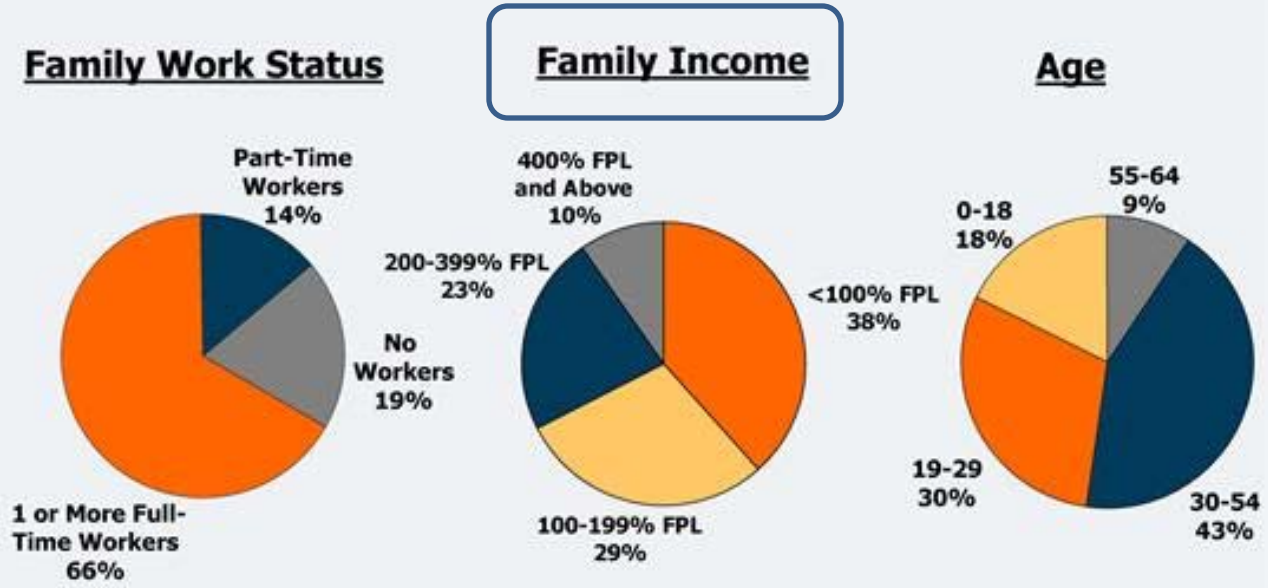
- Insurance market reforms
  - Eliminate medical underwriting - premiums vary based on *age, geography, tobacco use*
  - Eliminate lifetime and annual limits
  - Regulated marketplace (“exchanges”)
- Require Americans to carry insurance (enforced through tax code)
- Subsidize or cover ($$$)
  - <133% FPL: Medicaid expansion
  - 133%-400% FPL: subsidized private coverage

Health Insurance Coverage of the Nonelderly by Poverty Level, 2008



The federal poverty level (FPL) was $22,025 for a family of four in 2008. Data may not total 100% due to rounding.
SOURCE: KCMU/Urban Institute analysis of 2009 ASEC Supplement to the CPS.

Characteristics of the Uninsured, 2008



Total = 45.7 million uninsured

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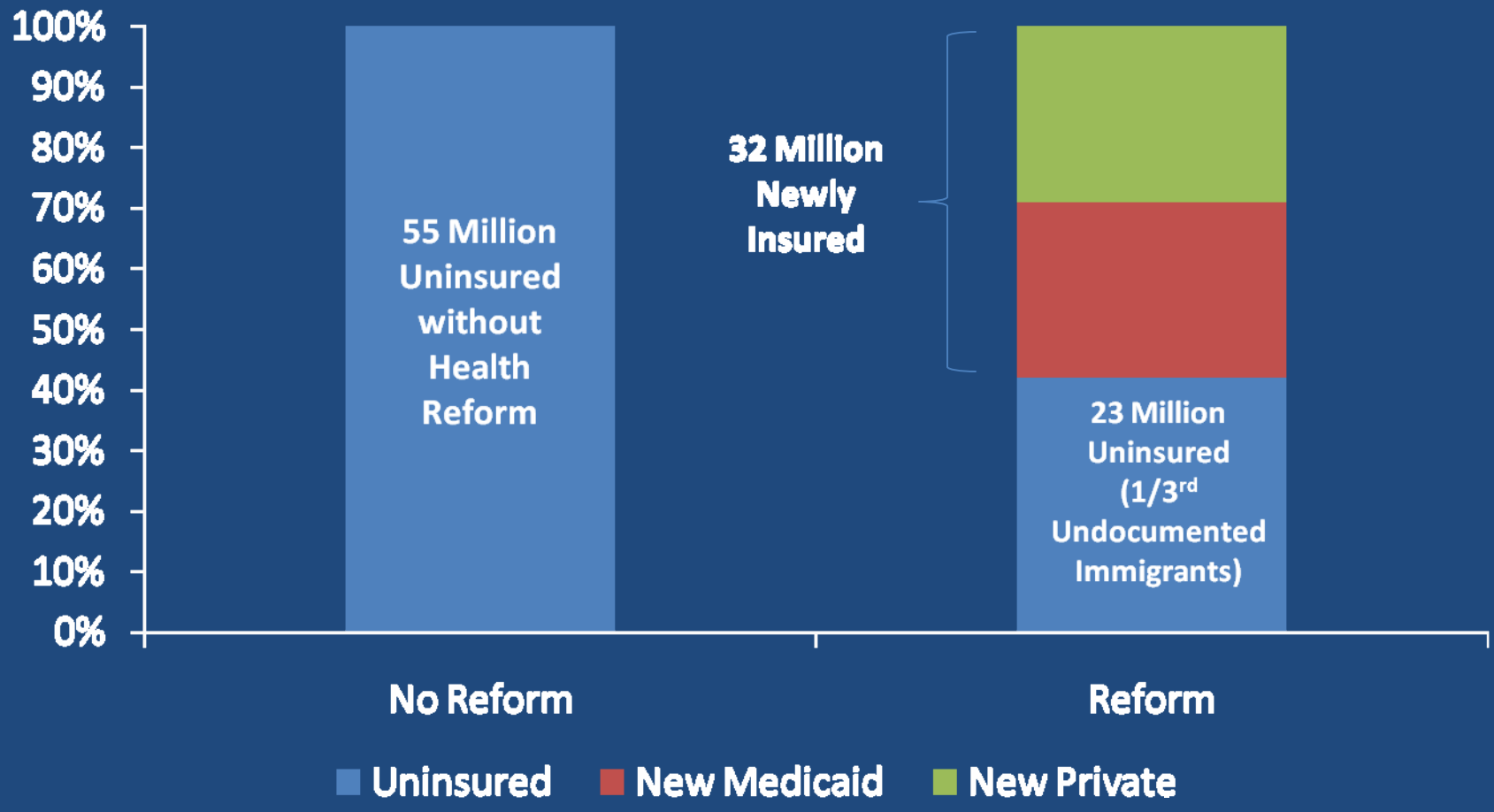
SOURCE: KCMU/Urban Institute analysis of 2009 ASEC Supplement to the CPS.

Uninsured in 2019



Source: Congressional Budget Office

The Coverage Timeline

- 2010
  - Adult children dependent coverage up to age 26
  - Children with pre-existing conditions
  - High risk pool (state-based)
  - Small business tax credits
- 2014
  - Medicaid expansion
  - Establish state-based insurance exchanges
  - Private coverage subsidies

High Risk Pool

	Health Reform Law
Eligibility	Pre-existing condition Uninsured x 6 months
Benefits	HHS establishes min. benefits Actuarial value: 65% of costs
Premiums and Cost-Sharing	Premiums based on avg. risk population Vary by: age (4:1), geography, tobacco, family size Out of pocket max: $5,950/$11,900 (after premiums)
Funding	$5B nationally (fixed pool)
Timeline	June 2010

Community Health Centers

- Community Health Centers Trust Fund
  - Operational: $9.5 billion over 5 years
    - Increase capacity to serve 20 million new patients
  - Capital: $1.5 billion over 5 years

Community Health Center Operations Funding, 2011-2015				
FISCAL YEAR	**Trust Fund +**	**Discretionary Funding (est.)**	**Total Annual Funding (est.)**	**Total Annual Increase**
FY 2011	$1 Billion	$2.19 Billion	**$3.19 Billion**	$1 billion
FY 2012	$1.2 Billion	$2.19 Billion	**$3.39 Billion**	$200 million
FY 2013	$1.5 Billion	$2.19 Billion	**$3.69 Billion**	$300 million
FY 2014	$2.2 Billion	$2.19 Billion	**$4.39 Billion**	$700 million
FY 2015	$3.6 Billion	$2.19 Billion	**$5.79 Billion**	$1.4 billion

Source: National Association of Community Health Centers

Beyond Coverage – Reforms to Clinical Services

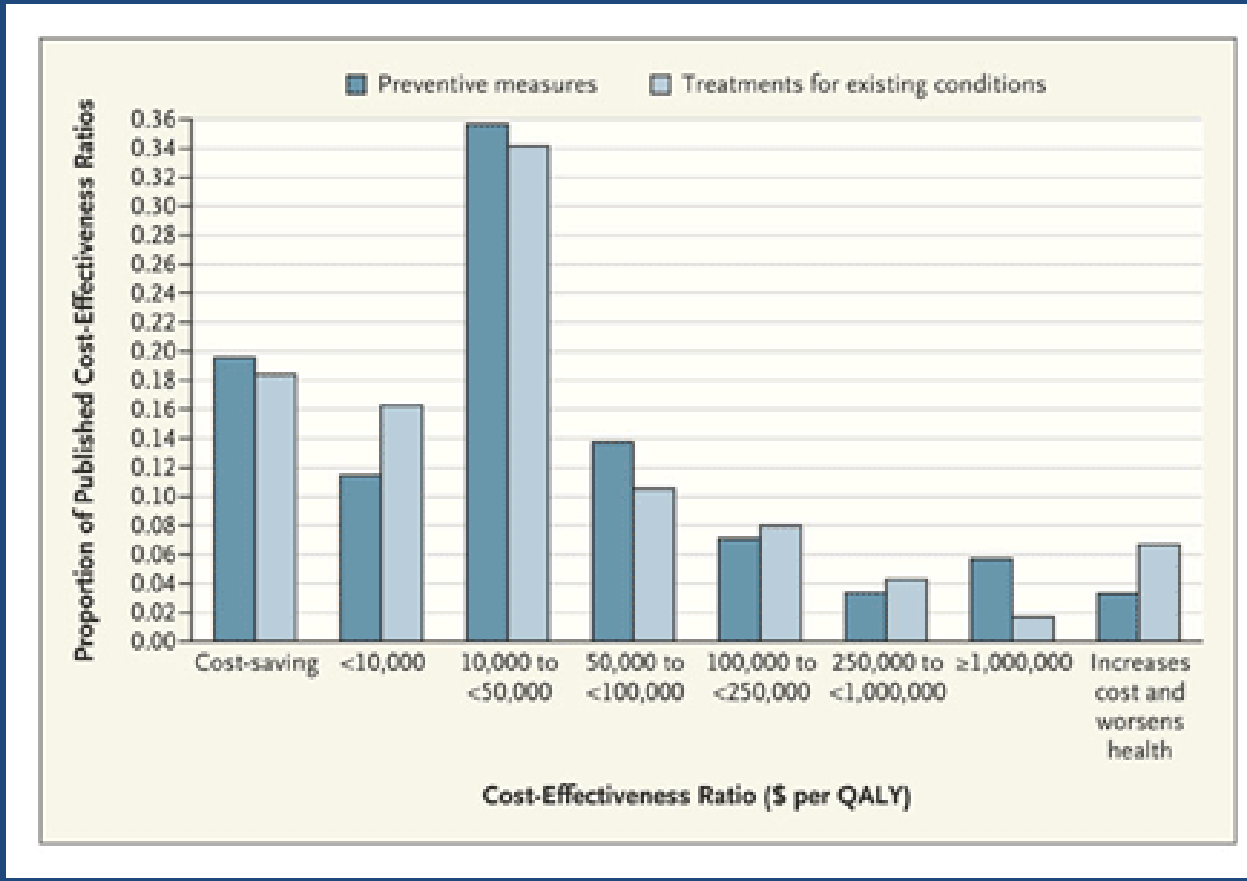
Primary Care Incentives

- Payment increases for primary care
  - Medicaid rates increased to Medicare rates in 2013 & 2014
  - Medicare primary care 10% bonus (2011-2015)
- Education initiatives to grow primary care workforce and train for future practice models
  - Increase primary care residency positions and funding
  - Support for Teaching Health Centers

Clinical Preventive Services

- First dollar coverage (public and private insurance)
- Mandated benefits
  - Empowers US Preventive Services Taskforce to provide a minimum benefit standard (A and B)
  - ACIP recommended vaccines
  - Smoking cessation for pregnant women (Medicaid)
- Wellness visits and personalized prevention

Cost Effectiveness



Source: Cohen et al., NEJM 2008

Workplace Wellness

- Promising approaches to improve health through incentive programs in the workplace
- Legislation allows financial incentives or discounts for achieving wellness objectives and provides tax credits to small businesses
- Challenge: does it then permit medical underwriting?

Quality Incentives and Penalties

- Hospital pay for performance (P4P) program
  - Future expansion to other institutional care
- Implement financial penalties for hospital acquired infections
  - 1% reduction in Medicare payments for outliers

Care Coordination

- Goals:
  - Integrate clinical services to improve quality
  - Population focus
  - Align provider incentives
  - Lower costs
- Strategies:
  - Readmission penalties (30d)
  - Bundled payments
  - Accountable care organizations (ACOs)
  - Independence at home (home care)

Readmission Penalties & Bundled Payments

- Hospital readmission occurring within 30 days of discharge
  - Target conditions with risk adjusted readmission measures (heart failure, MI, pneumonia)
  - Encourages provider coordination
  - Challenges: low SES populations, optimal rate
- Bundled payment for episodes of care (3 days prior to admission, admission, 30 days post-discharge)
  - Inclusive of physician and hospital fees
  - Similar concept to prospective hospital payment (DRGs) but expanded set of services to align incentives
  - Challenges: allocating payments

Accountable Care Organizations

- Voluntary Medicare pilot program
- Concept: create quasi-integrated provider networks - based on the idea that most patients and physicians use single hospitals
- Financial Incentive: allows providers to share in cost savings
  - Providers report on quality and costs
  - Need robust primary care participation

Summary

- Coverage: decrease number of uninsured by 32 million (94% covered)
  - Benefits directed at lower end of income distribution
  - Residual uninsured population and demand for primary care will sustain safety net demand
- Delivery reforms: first dollar coverage of preventive services, wellness, integration
  - Major expansion of clinical preventive services – need to address underuse
  - Integrating and coordinating care - bundling and gain sharing opportunities as primary strategy