Healthcare and the Consumer

Community Advisory Panel

SILSBEE GUEST HOUSE

SEPTEMBER 24, 2014

Affordable Care Act

- **The federal Patient Protection and Affordable Care Act**, signed March 23, 2010, as amended by the **Health Care and Education Reconciliation Act**, Signed March 31, 2010 is also referred to as the **Affordable Care Act** (ACA), or simply as "federal health reform."

- The 900+page act contains many provisions, with various effective dates.

Affordable Care Act

The Patient Protection and Affordable Care Act contains nine titles, each addressing an essential component of reform:

1. Quality, affordable health care for all Americans
2. The role of public programs
3. Improving the quality and efficiency of health care
4. Prevention of chronic disease and improving public health
5. Health care workforce
6. Transparency and program integrity
7. Improving access to innovative medical therapies
8. Community living assistance services and supports
9. Revenue provisions

Affordable Care Act

The ACA is intended to:

1. Expand access to insurance
2. Increase consumer protection
3. Emphasize prevention and wellness
4. Improved quality and system performance
5. Expand the health workforce
6. Curb rising health care costs

Goals of the ACA

The intent of the ACA is to extend health insurance coverage to about 32 million uninsured Americans by expanding both private and public insurance. Provisions which address this goal including:

1. The requirement for employers to cover their workers, or pay penalties, with exceptions for small employers.
2. Provide tax credits to certain small businesses that cover specified costs of health insurance for their employees beginning in tax year 2010.

Goals of the ACA

3. Require individuals o have insurance with some exceptions such as financial hardship or religious belief.

4. Require creation of state-based (or multi-state) insurance exchanges to help individuals and small businesses purchase insurance. **Federal subsidies will limit premium costs to between 2 percent of the poverty guidelines, rising to 9.5% of income for those who earn between 300 and 400 percent of the poverty guidelines.**

Goals of the ACA

The intent of the ACA is to extend health insurance coverage to about 32 million uninsured Americans by expanding both private and public insurance. Provisions which address this goal including:

5. Expand Medicaid to cover people with incomes below 133 percent of federal poverty guidelines.

2011 Poverty Guidelines			
Family Size	**Poverty**	**133% of Poverty**	**400% of Poverty**
1	$10,890	$14,483	$43,560
3	$18,530	$24,644	$74,120

Goals of the ACA

6. Require creation of temporary high-risk pools for those who cannot purchase insurance on the private market due to preexisting halt conditions, beginning July 1, 2010.
7. Require insurance plans to cover young adults on parents' policies effective September 23, 2010..
8. Establish a national voluntary long-term care insurance program for "community living assistance services, and supports" (CLASS) with regulations to b issued by October 1, 2012.
9. Enact consumer protections to enable people to retain their insurance coverage,

(This summary was published by The National Conference of State Legislatures)

Comment: Dr. Holly

- It would be difficult for anyone to disagree with these ACA provisions. Sadly, the ACA has become a political football with one party using its provisions to gain political power and the other party using it to oppose the policies of the party in power.
- In addition the ACA leaves millions of people still uncovered and it does nothing to provide access to healthcare for residents of this country who are not citizens.
- Furthermore, those of us who favor universal health coverage but who also expect fiscal soundness do not know how we can pay for the cost of that universal coverage.
- The lack of universal health coverage increases the cost of care because of lack of preventive and screening care, the lack of continuity of care, and the requirement to get care in the most expensive, emergency settings.

Prevention and Wellness

ACA contains provisions intended to prevent illness, including the following:

1. Establishes a Prevention and Public Health Fund to provided grants to states for prevention activities, such as disease screenings and ammunitions beginning in 2010.
2. Creates the National Prevention, Health Promotion and Public Health Council to coordinate prevention efforts, including those to address tobacco uses, physical inactivity and poor nutrition.
3. Requires insurance plans issued after March 23, 2010, to cover certain preventive care without cost-sharing such as immunizations, preventive care for children and specified screening for certain adults for conditions such as high blood pressure, high cholesterol, diabetes and cancer.

Prevention and Wellness

ACA contains provisions intended to prevent illness, including the following:

4. Increases the federal share of Medicaid payments by 1 percentage point for certain preventive services for which sat4s do not charge a copayment, effective January 1, 2013.
5. Increase Medicare payments for certain preventive services, effective January 1, 2011.
6. Establishes a federal home-visiting initiative to help states foster health and well-being for children and families who live in at-risk communities.
7. Requires restaurant chains with 20 or more locations to label menus with calorie information and to provide other information, upon request, such as fat and sodium content.

Prevention and Wellness

ACA contains provisions intended to prevent illness, including the following:

8. Requires Medicaid program to cover tobacco cessation services for pregnant enrollees
9. Requires a federal pubic education campaign about oral health.

(This summary was published by The National Conference of State Legislatures)

Comment: Dr. Holly

The cost of some of these services are significant, leaving a gap between the appropriateness of the requirement and the availability of funding for them. Three things have been characteristic of federal healthcare policy:

a) The Federal government assuming control of health care policy ignores the history of inefficiency and excessive cost of federally mandated programs and the efficiency and excellence of privately designed and implemented programs

b) The tendency of federally mandated programs to establish rigid requirements resulting in uniformity which is easy to measure but which results in stifling of innovation and creativity.

Comment: Dr. Holly

c) The establishment by the federal government of unfunded mandates, i.e., the government requires a service to be performed by providers or organizations without providing additional funding for those services and often by legislating prohibitions of providers or organizations charging for those services. This extends to the requirement of a service without letting consumers know that those services will result in an increase of cost, which is not disclosed by the federal agency. A perfect example is the requirement of insurance companies allowing children to remain on their parents' insurance policy until they are 25 years old. That will not be done without an increase in cost.

Comment: Dr. Holly

- The Agency for Healthcare Research and Quality published SETMA's LESS Initiative (Lose Weight, Exercise and Stop Smoking) on their Innovation Exchange. This is an example of private innovations working toward the public good.

Health Quality & System Performance

The ACA provisions require the following provisions for improving quality and systems performance:

1. Comparative research to study the effectiveness of various medical treatments.
2. Demonstration projects to develop medical malpractice alternatives and reduce medical errors.
3. Demonstration projects to develop payment mechanism to improved efficiency and results.
4. Investment in health information technology.

Health Quality & System Performance

The ACA provisions require the following provisions for improving quality and systems performance:

5. Improvements in care coordination between Medicare and Medicaid for patients who quality for both.
6. Options for states to create “health homes” for Medicaid enrollees with multiple chronic conditions to improve care.
7. Data collection and reporting mechanisms to address health disparities among populations based on ethnicity, geographic locations, gender, disability status and language.

(This summary was published by The National Conference of State Legislatures)

Comment: Dr. Holly

- The major problems with the ACA are administrative. A law was passed by the legislative branch of the federal government, but because of implementation issues and possibly political concerns, the executive branch unilaterally changed the law. This changed both the cost and the projections of cost, making it very hard to know the impact of the ACA on our national debt. Hopefully the good provisions of the ACA will be realized in the coming years; hopefully the overwhelming majority of our citizens and particularly the neediest of our neighbors will obtain health insurance coverage and care; and, hopefully national health care costs will not only slow in the annual increase, as It has, but that it will begin to decrease as the benefits of preventive and screening care are realized.

Affordable Care Act

- To increased criticism that tax-exempt hospitals are not fulfilling their charitable missions, the ACA aims to increase transparency concerning the special benefits and incentives tax-exempt hospitals receive.
- Must conduct a Community Health Needs Assessment (CHNA) which would include:
  - Criteria for eligibility for financial assistance
  - Basis for calculating amounts charged to patients
  - Steps to be taken in the event of non-payment.

- Failure to comply with CHNA, $50,000 fine.

Affordable Care Act

- ACA mandates tying reimbursement to performance by value-based purchasing (VBP)and bundled payments.
- VBP – incentive payments are given to hospital that meet or exceed certain performance benchmarks set by CMS.
- Single bundled payment – 3 days before admission and ending 30 days after patient is discharged.

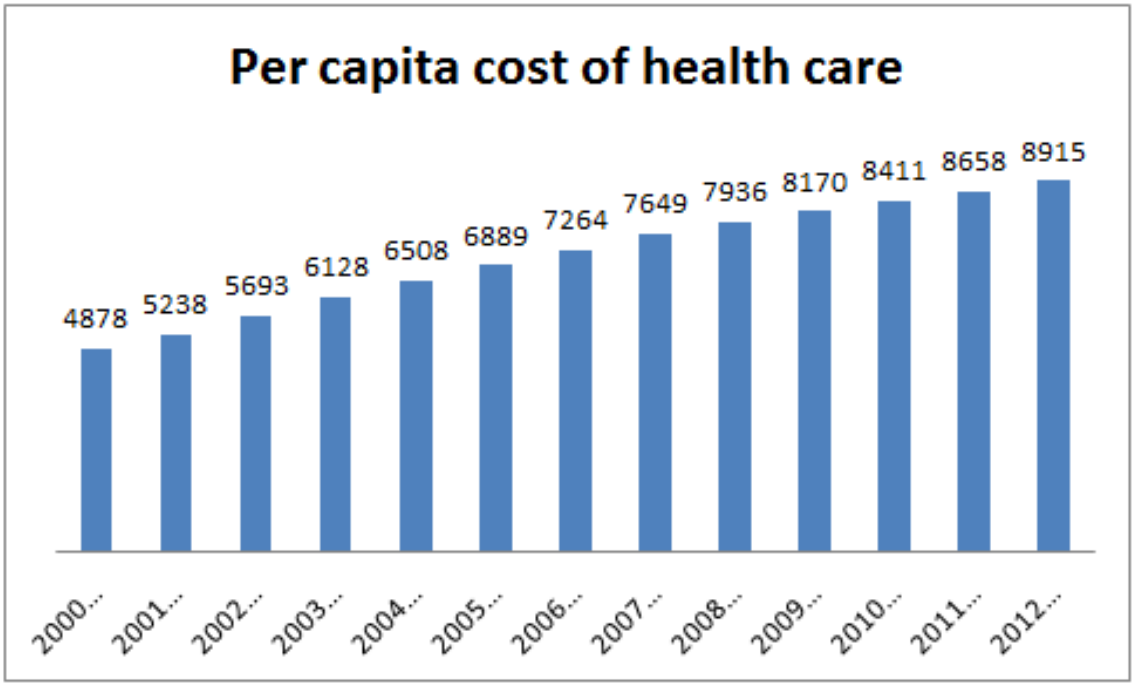
Affordable Care Act

- Fact Check. Org

  http://www.factcheck.org/

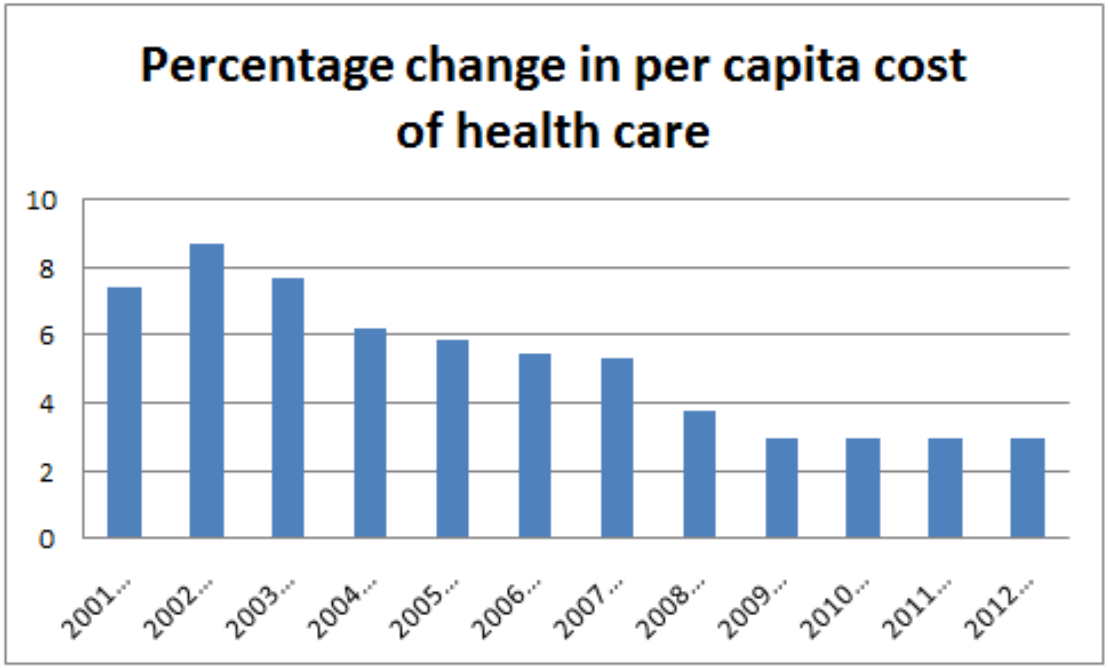
- ACA Impact on Per Capita Cost of Health Care. Posted on February 14, 2014

ACA Impact on Per Capita Cost of Health Care



The per capita cost of health care expenditures in 2012 was $8,915, according to the Centers for Medicare & Medicaid Services. It was $8,170 in 2009, $8,411 in 2010 and $8,658 in 2011. In other words, it's rising year after year.

ACA Impact on Per Capita Cost of Health Care



However, when broken down by the percentage increase, it is also clear that the growth in the per capita cost of health care has dramatically slowed in recent years.

Healthcare Spending Slowing

- The slowing started before the implementation of the health care law and has remained steady at just under 3 percent in each of the last four years.
- It was growing much more quickly — at a rate of more than 6 percent a year on average — in the eight years prior to that. In fact, the per capita cost of health care is now growing at the slowest rate in 50 years.
- The question then is: How much is the ACA responsible for that slowing? On that point, there is much speculation and debate.

Healthcare Spending Slowing

- In a Jan. 6 article in the *journal Health Affairs*, CMS - whose nonpartisan economists and statisticians have tracked health care spending since 1960 - noted that health care spending in the U.S. (which generally tracks the trend in per capita health care costs) rose 3.7 percent in 2012, and stood 15.8 percent higher than it did in 2008, the year before Obama took office.
- That's moderate growth by historical standards. But when the White House quickly claimed credit, we cautioned that CMS said that the ACA had only a "minimal" impact on the slowdown in spending. The reasons CMS economists cited instead were:
  1. The economic slowdown and subsequent sluggish recovery
  2. Drops in some prescription drug costs brought about by the expiration of patents on several costly medications including Lipitor, Plavix and Singulair, which are now available in low-cost generic versions, and
  3. A one-time reduction in Medicare payment levels to skilled nursing facilities.

Healthcare Spending Slowing

- The authors of the Health Affairs article suggested the slowdown in health spending may only be temporary, as has been the case after past recessions.
- "[T]his pattern is consistent with historical experience when health spending as a share of GDP often stabilizes approximately two to three years after the end of a recession and then increases when the economy significantly improves," the authors said. To conclude that the slowdown is permanent, they said, would require "more historical evidence."
- Meanwhile, the White House Council of Economic Advisers issued a report in November 2013 acknowledging that while the ACA is not the sole - or even most important - driver of the slowdown, it is a "meaningful" contributor.

Healthcare Spending Slowing

- So what we have is informed speculation that the ACA may be contributing to the slower growth in health care cost. But comments like Van Hollen's - that the Affordable Care Act "has resulted in significantly reducing the per capita cost of health care" - would surely lead most viewers to believe that he's saying Americans are paying less for health care.

- That's not the case. Per capita health care costs are climbing, albeit at a historically moderate pace. CMS economists peg the bulk of that slowdown to the recession.

Healthcare Workforce

Enhancing Health Care Workforce Education and Training: New support for workforce training programs is established in these areas:

1. Family medicine, general internal medicine, general pediatrics, and physician assistantship.
2. Direct care workers providing long-term care services and supports.
3. General, pediatric, and public health dentistry.
4. Alternative dental health care provider.
5. Geriatric education and training for faculty in health professions schools and family caregivers.

Healthcare Workforce

Enhancing Health Care Workforce Education and Training: New support for workforce training programs is established in these areas:

6. Mental and behavioral health education and training grants to schools for the development, expansion, or enhancement of training programs in social work, graduate psychology, professional training in child and adolescent mental health, and pre-service or in-service training to paraprofessionals in child and adolescent mental health.
7. Cultural competency, prevention and public health and individuals with disabilities training.
8. Advanced nursing education grants for accredited Nurse Midwifery programs.

Healthcare Workforce

Enhancing Health Care Workforce Education and Training: New support for workforce training programs is established in these areas:

9. Nurse education, practice, and retention grants to nursing schools to strengthen nurse education and training programs and to improve nurse retention.
10. Nurse faculty loan program for nurses who pursue careers in nurse education.
11. Grants to promote the community health workforce to promote positive health behaviors and outcomes in medically underserved areas through use of community health workers.

Healthcare Workforce

Enhancing Health Care Workforce Education and Training: New support for workforce training programs is established in these areas:

12. Fellowship training in public health to address workforce shortages in state and local health departments in applied public health epidemiology and public health laboratory science and informatics.
13. A U.S. Public Health Sciences Track to train physicians, dentists, nurses, physician assistants, mental and behavior health specialists, and public health professionals emphasizing team-based service, public health, epidemiology, and emergency preparedness and response in affiliated institutions.

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- The Joint Commission (2014-2017)

SETMA: Recognized by NCQA

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Questions

- How is America is responding?
- How do employers and employees manage and control healthcare costs?
- Concierge medical service?
- Premium plans versus exchange, i.e., pay the penalties, are they for real?
- Where do we go from here?