The Affordable Care Act: A Brief Introduction

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Medicare Projections

Medicare spending is expected to be $1,000 lower per beneficiary in 2014 than was projected in 2010, and $2,400 lower in 2019.

Health Reform was Not Inevitable

(1) Some people have said that it would be a miracle if we passed health care reform. But I believe we live in a time of great change when miracles do happen.

(2) The cost of our health care has weighed down our economy and the conscience of our nation long enough. So let there be no doubt: health care reform cannot wait, it must not wait, and it will not wait another year.

(3) I believe that comprehensive health insurance is an idea whose time has come. I believe that some kind of program will be enacted this year.

(4) Millions do not now have protection or security against the economic effects of sickness. And the time has come for action to help them attain that opportunity and to help them get that protection.
Political Landscape

1992
Clinton 370, Bush 168
House: 258 (D), 176 (R)
Senate: 57 (D), 43 (R)

2008
Obama 365, McCain 173
House: 256 (D), 178 (R)
Senate: 56 (D), 41 (R), 2 (I)
April 27: Arlen Specter (R)→(D)
June 20: Al Franken (D)
January 19, 2010 – S

HealthCare.gov

No. 14-114

IN THE
SUPREME COURT OF THE UNITED STATES

DAVID KING; DOUGLAS HURST;
BRENDA LEVY; and ROSE LUCK,

Petitioners,

v.

SYLVIA MATHEWS BURWELL, as U.S. Secretary of
Health and Human Services; UNITED STATES
DEPARTMENT OF HEALTH AND HUMAN SERVICES; JACOB
LEW, as U.S. Secretary of the Treasury; UNITED STATES
DEPARTMENT OF THE TREASURY; INTERNAL REVENUE
SERVICE; and JOHN KOSKINEN, as Commissioner of
Internal Revenue,

Respondents.
Why ACA?
Growth in Private Insurance Coverage 1945-80
% Population <65 with Private Insurance
History

- 2 Senate committees → HR 3590
- 3 House committees → HR 3962
- No conference
- House passes HR 3590
- House and Senate pass HR 4872
- Supreme Court Medicaid changes
1. Reform of Insurer Practice

- Rate Review – review of increases $>$ 10%
- Transparency/appeals
- Lifetime limits
- Medical Loss Ratio
- Annual limits
- Pre-existing conditions
- Underwriting and rating limits
- Risk adjustment
2. Improvements in Coverage

- Preventive services in Medicare
- Part D donut hole in Medicare
- Preventive services with no copay
- Essential Health Benefits
- Standardized cost-sharing
  - Actuarial value
Preventive Services with No Copay

- USPSTF A and B
- November 2009 – Mammography
- Mikulski amendment
- IOM Committee
- Contraceptive coverage
- Hobby Lobby
3. Cost Containment

- Gross 10-year cost of coverage expansion = $788 Billion
- Reductions in payments to Medicare Advantage plans - $156 billion
- Change in Medicare non-MD payment update formula - $415 billion
- Excise tax on high cost plans – beginning 2018 - $111 billion
4. Delivery System Reforms

- Accountable Care Organizations
- Hospital Value-Based Purchasing
- Innovation Center
  - Bundled Payments
  - Duals
  - Challenges
  - Pioneers
5. Expansions of Coverage

- Young adults
- Tax credits to 400% FPL
- Health Insurance Exchanges
  - Open enrollment periods
  - Navigators and application assistants
- Medicaid expansion to 133% FPL
- Requirements to offer and obtain coverage
  - Individual mandate
  - Employer requirements
The Policy Envelope

$788 billion
Subsidy Structure

Income < 100% (or eligible) → Medicaid
Income 100-133% → Either (usually Medicaid)
Income 133% - 400% FPL ($15,510 = FPL for 2)

- purchase 2nd lowest cost silver plan, pay:
  - Up to 133 percent of FPL: Payments are 2 percent of income.
  - 133 percent up to 150 percent of FPL: Payments begin at 3.0 and rise to 4.0 percent of income.
  - 150 percent to 200 percent of FPL: Payments begin at 4.0 percent and rise to 6.3 percent of income.
  - 200 percent to 250 percent of FPL: Payments begin at 6.3 percent and rise to 8.05 percent of income.
  - 250 percent to 300 percent of FPL: Payments begin at 8.05 percent and rise to 9.5 percent if income.
  - 300 percent to 400 percent of FPL: Payments are 9.5 percent of income.

Pay less if buy lower cost plan (bronze or lowest cost silver)
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Medicare spending is expected to be $1,000 lower per beneficiary in 2014 than was projected in 2010, and $2,400 lower in 2019.

Newly Insured ACA – March 2015
Current Status of State Medicaid Expansion Decisions

NOTES: Current status for each state is based on KCMU tracking and analysis of state executive activity. **MT has passed legislation adopting the expansion; it requires federal waiver approval. *AR, IA, IN, MI, PA and NH have approved Section 1115 waivers. Coverage under the PA waiver went into effect 1/1/15, but it is transitioning coverage to a state plan amendment. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.

Silver Premium Percent Change from Previous Year
Second-lowest priced silver plan change, in a major city in 10 states and the District of Columbia, where 2016 data are available

<table>
<thead>
<tr>
<th>Location</th>
<th>2015</th>
<th>2016</th>
</tr>
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<tbody>
<tr>
<td>Portland, Oregon</td>
<td>-11.8%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Albuquerque, New Mexico</td>
<td></td>
<td>11.0%</td>
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<tr>
<td>Richmond, Virginia</td>
<td>2.7%</td>
<td>10.8%</td>
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<tr>
<td>Burlington, Vermont</td>
<td>5.6%</td>
<td>9.2%</td>
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<tr>
<td>Baltimore, Maryland</td>
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<td>4.6%</td>
</tr>
<tr>
<td>Average</td>
<td>-0.6%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Portland, Maine</td>
<td>-4.4%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Washington, District of Columbia</td>
<td>-0.2%</td>
<td>2.8%</td>
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<tr>
<td>Hartford, Connecticut</td>
<td>-1.8%</td>
<td>2.0%</td>
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<tr>
<td>New York City, New York</td>
<td>1.8%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Detroit, Michigan</td>
<td>-1.8%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Seattle, Washington</td>
<td>-9.8%</td>
<td>-10.1%</td>
</tr>
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