• Fran Hall Miller ‘60
• Visiting Professor, University of Hawai`i at Manoa
• Professor Emerita, Boston University School of Law
U.S. Health Status: Not As Good As We Liked To Think It Was in 2009

We spend far larger % of GDP on health care than any other nation (17.8% GDP, or $3 trillion in 2014)*

* CDC statistics

Yet U.S. ranked #37 in the world in OECD indices of morbidity & mortality pre-ACA
The Core Problem:

>16% of U.S. population lacked health ins until last year = 45-48 million people uninsured

• Another 32 million were *underinsured*

* Commonwealth Fund Report, 2014
>16% Uninsureds in 2010 = Negative Impact on Indices of Public Health

• For example, in 2006:

– US ranked 39th (from top) for infant mortality
– 42d for adult male mortality,
– 43rd for adult female mortality, &
– 36th in the world for life expectancy

*OECD statistics
The Solution: The Patient Protection & Affordable Care Act of 2010

“Comprehensive reform with an incremental soul”

- Ezra Klein, Washington Post
Fundamental Focus of Reforms

1. Improve dysfunctional & costly insurance markets for individuals & small businesses
Fundamental Focus of Reforms, cont.

2. Expand Medicaid coverage to 138% of federal poverty level for adults
Donald Berwick, M.D.

. . . [All] improvement is change, and human systems resist change . . . [I]mprovement requires a source of tension, discomfort with the status quo, sufficient to overcome this inertia.”
Primary Sources of Resistance

- Libertarians
- People fearing higher taxes or loss of financial stake in status quo
- Ideologues
Public Perceptions: A Double-edged Sword

• Can be an asset

• Or a liability
And Often the Media Doesn’t Help

Obamacare plans exclude cancer centers

Patients will find some insurers do not allow access to oncology sites via the health law

By Ricardo Alonso-Zaldivar
Associated Press

WASHINGTON: Some of America’s best cancer hospitals are off-limits to many of the people now signing up for coverage under the nation’s new health care program.

Those patients may not be able to get the most advanced treatment, including clinical trials of new medications.

Convicts get health insurance via Obamacare

Memorial Sloan-Kettering Cancer Center
The Best Cancer Care. Anywhere.
The Basic Problem

Spawned in part by complexity of the legislation
But Public Perceptions Are Shifting
A critical mass of previously uninsured people – about 23 M of them – have now “bought into” the ACA reforms (Rate of uninsured has dropped to 12.2%)
And All Health Insurance Plans Now Have:

• No more lifetime coverage caps

• No more pre-existing condition underwriting

• No co-pays or cost-sharing for preventive services

• Children under 26 incl. under family plans
What Happened to Market Reforms?

- Connector Fiascos

- However, 11.7 million people still managed to enroll
11.7 M Americans Got Coverage Thru ACA Marketplaces

- 2.8 Million enrolled thru 14 state-based exchanges

- 8.9 Million enrolled thru the federal platform*

3 Federally-supported Marketplaces; 7 State-Partnership Marketplaces; 27 Federally-facilitated Marketplaces, ASPE Issue Brief, March 10, 2015
King v. Burwell, 2015 Sup Ct decision

Challenged legality of premium & cost-sharing subsidies

For low- and middle-income people

In states where federal government* operates health ins marketplace (exchange)

(* i.e. not the state)
What was the issue in *King v. Burwell*?

- What Congress meant by saying federal government can subsidize insurance for low-income people buying through “an Exchange established by the state.”
King v. Burwell Analysis

- Would the court construe the language literally?
King v. Burwell Analysis, cont.

- Or would the Court construe the language in the context of the statute as a whole, which assumed – but did not require – that subsidies would be administered by states?
King v. Burwell Result?

• Sup. Ct. ruled (6-3) that Congress intended subsidies to be available on *any* exchange, regardless of whether state or federal
What if Sup Ct had Ruled Against the Govt?

- No direct impact on 14 state-based exchanges

- >7.7 M people insured thru federal exchanges would have lost subsidies, therefore coverage
  - would have destabilized those states’ individual insurance mkts
  - And reverberated through other insurance mkts & govt as well
What happened to Medicaid Expansion?
Supreme Court allowed states to opt out
Nonetheless:

• About 11.2 million new Medicaid enrollees in 30 states adopting expansion* (about 3.8 M poor people left in coverage gap in states *refusing* expansion)

Under discussion indicates executive activity supporting adoption of the Medicaid expansion. **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. Coverage under the IN waiver went into effect 2/1/15. WI covers adults up to 100% FPL in Medicaid, but did not adopt the ACA expansion.


In states that do not expand Medicaid under the ACA, there will be large gaps in coverage available for adults.

**Figure 1**

- **MEDICAID**: Limited to specific low income groups
  - 0% FPL Childless adults
  - 44% FPL $8,840 for parents in a family of three

- **NO COVERAGE**:

- **MARKETPLACE SUBSIDIES**: 100% FPL $11,770 for an individual
  - 400% FPL $47,080 for an individual

Median Medicaid Eligibility Limits as of April 2015

Source: Kaiser Family Foundation analysis based on 2014 Medicaid eligibility levels, updated to reflect state Medicaid expansion decisions as of March 2015, and 2014 Current Population Survey data.
What Happened When Medicare & Medicaid Were Enacted in 1965?

A.M.A. Criticizes Medicare in Ad

Says It Would Be ‘Beginning of Socialized Medicine’

Special to The New York Times

CHICAGO, June 8 — The American Medical Association said today that it was placing an advertisement in 100 newspapers to make its position clear on its opposition to Medicare. The advertisement calls Medicare “the beginning of socialized medicine.”
Same Enrollment Problems

Medicare Staffers Having Hard Time Enrolling Those Who Need It the Most

By William Raspberry

It was last Tuesday, and a Medicare worker was trying, unsuccessfully, to talk an elderly widow on W Street into signing up for the $3-a-month medical insurance plan.

“I don’t want to sign up,” the widow said: “I’m doing all right.”

At the request of a local community agency, the volunteer had called on the widow. She is 71 years old, frail, and recently lived with her husband, who had died only a year before. The widow had no other income sources, and had to rely on Social Security for her livelihood.

“I’m not old enough for Medicare,” she said. “I don’t need it.”

The volunteer explained that Medicare covers hospitalization and some medical expenses. The widow replied: “I don’t need any of that. I’ve never been sick a day in my life.”

The volunteer then explained that Medicare is a federal program that provides medical insurance to people over the age of 65. She explained that it is free and that people cannot be declined coverage.

The widow replied: “I don’t want anything to do with the government. I’ve never voted in my life.”

The volunteer then explained that Medicare is a voluntary program and that the widow could decide whether or not to enroll.

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Same Worries About Patient Influx

Medicare Braces For M-Day

By NONA BROWN

Special to The New York Times

WASHINGTON, April 23—"Don't buy this scarce talk about Medicare—with visions of the elderly lining up to get into hospitals free on July 1. But then, I can't say the hospitals will be prepared for Medicare, either... we don't really know yet what the demand will be."

This sentiment was voiced recently by William M. Bucher, a hospital administrator here in Washington. But he might have been speaking for the country as a whole. As the trigger date of July 1, when the hospital element of the Medicare program goes into operation, approaches, many of the people intimately concerned with the program are unsure whether they face chaos, or just bureaucratic confusion.
What Do People Think of Medicare Today?

Most Popular US Gov’t Social Program By Far

• Hospitals would go bankrupt without it

Typical Hospital Payer Mix
What Do doctors—Think of Medicare Today?

Most support it as an integral part of the social safety net.
What Do Patients Think of Medicare Today?

They couldn’t live without it.
What Do Patients *Really* Think of Medicare Today?

EVERYONE Over Age 65 Has It!

• The #1 reason for Medicare Dis-enrollment?
The Elephant in the Room Everyone Sees: Health Care Costs
Sovaldi, for Example

“Cures” up to 90% of hepatitis C patients in 3 mos

Costs = $1,000/day

Treating every hep C pt in US @ list price: $227 B

(Total amt spent on all US drugs now = $350+ billion)
So What Can We Do About It?
We Have to Be More Assertive about Pricing

If we priced all US health services as Canada does, our health care costs would drop 50%
We Have to Be Smarter about Utilization

(Washington Post chart based on 2012 data)
We Have to Understand That We Can’t All Have Everything

- At 17.8% of GDP, health care spending takes $1 of every $6 spent in US now
- Are we prepared to spend even more (at expense of education, defense, transportation, etc.)?
We Might Also Think of a Spectrum

Canada (10.4% GDP)
- Public Payment
- Private Doctors
- Private Hospitals

U.K (8.9% GDP)
- Public Payment
- Public Doctors
- Public Hospitals

U.S (17.8% GDP)
- Private Payment*
- Private Doctors
- Private Hospitals

*Medicare/Medicaid cover 48%
How About Medicare for All?

- Expand Medicare eligibility to cover everyone
- Finance via payroll deductions & tax subsidies
  - Same way we finance Medicare for the elderly today
Health Care Delivery Will Always Be A Moving Target

Search for closure = delusion of a passive approach to health policy