

American Health Reform 2010

Julie Barnes

Deputy Director, Health Policy Program
New America Foundation

Nelson Mullins National Healthcare Conference

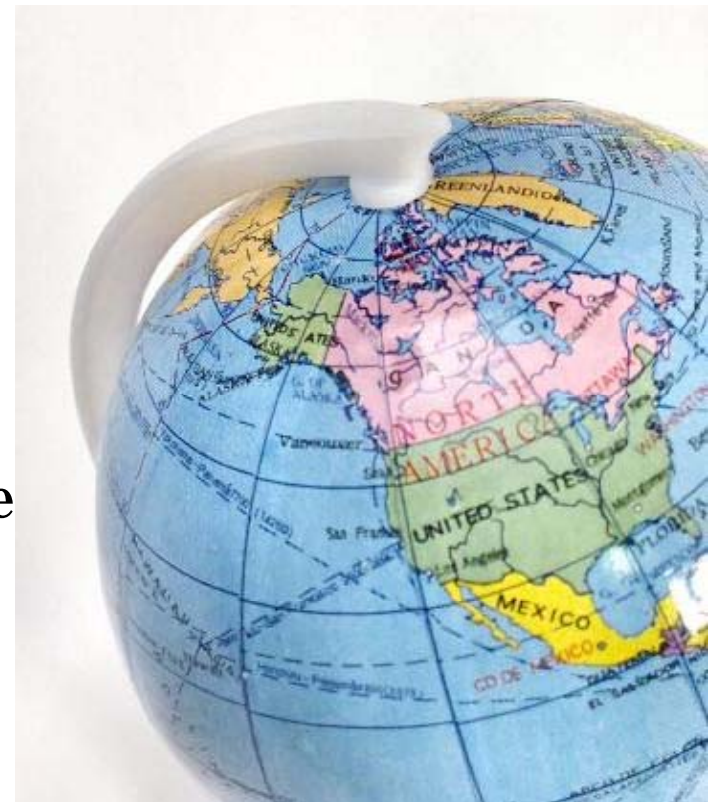
May 26, 2010

Overview

- › **Connecting the Dots**
- › **What Comes First**
- › **The Latest From Washington DC**

Facts Behind The Goals

- › U.S. only developed country that does not guarantee health coverage to its citizens
- › 46 million uninsured / 25 million underinsured
- › Cost of uninsured is borne by those with insurance
- › Providers charge higher prices to patients with private coverage to make up for uncompensated care and low public program reimbursement
- › Cost-Shifting: Costs are passed on to consumers in the form of increased premiums



Facts Behind The Goals



The Results:

- › Unaffordable coverage
- › Lack of effective risk pooling makes individual and small business market unsustainable
- › Expensive patients are excluded from individual market
- › Expensive treatments are excluded from coverage
- › Plans compete on their ability to segment risk, not on price, not on quality of the benefit package

Goals - Make Health Insurance Affordable

- › Pooling risk (mandate, Sec. 1501)
- › Subsidies to individuals (Sec. 1401) and small businesses (Sec. 1421)
- › Keep employer-sponsored group market intact (Sec. 1251, Sec. 1511-14)
- › Subsidize near-Medicare retiree market (Sec. 1102)
- › Rate transparency (Sec. 1002, 1003, 1103, 1253, 1254)
- › Regulate premiums (1001, 1003, 1252, 1342, 1343)



Goals – Offer Full Insurance Coverage

- › Establish Qualified Health Plans (1301-1304)
- › Require minimum essential coverage (1501)
- › **Patient Bill of Rights (“Improving Coverage”)**
 - › *§ 2711. NO LIFETIME OR ANNUAL LIMITS*
 - › *§ 2712. PROHIBITION ON RESCISSIONS*
 - › *§ 2713. COVERAGE OF PREVENTIVE HEALTH SERVICES*
 - › *§ 2714. EXTENSION OF DEPENDENT COVERAGE*
 - › *§ 2715. DEVELOPMENT AND UTILIZATION OF UNIFORM EXPLANATION OF COVERAGE DOCUMENTS AND STANDARDIZED DEFINITIONS*
 - › *§ 2719. APPEALS PROCESS*
 - › *§ 2719A. PATIENT PROTECTIONS*

Goals – Change the Delivery System

- › Accountable Care Organizations (Sec. 3022, 3027, 2706)
- › Medical Homes (Sec. 3502, Sec. 3503)
- › Bundling Payments (Sect. 2704, 2705, 3023)
- › New entities to oversee & evaluate the quality of care and cost of the health care system
 - » *Center for Innovation (Sec. 3021)*
 - » *Independent Payment Advisory Board (Sec. 3404)*
 - » *Patient-Centered Outcomes Research Institute (Sec. 6301)*



Goals – Contain Costs

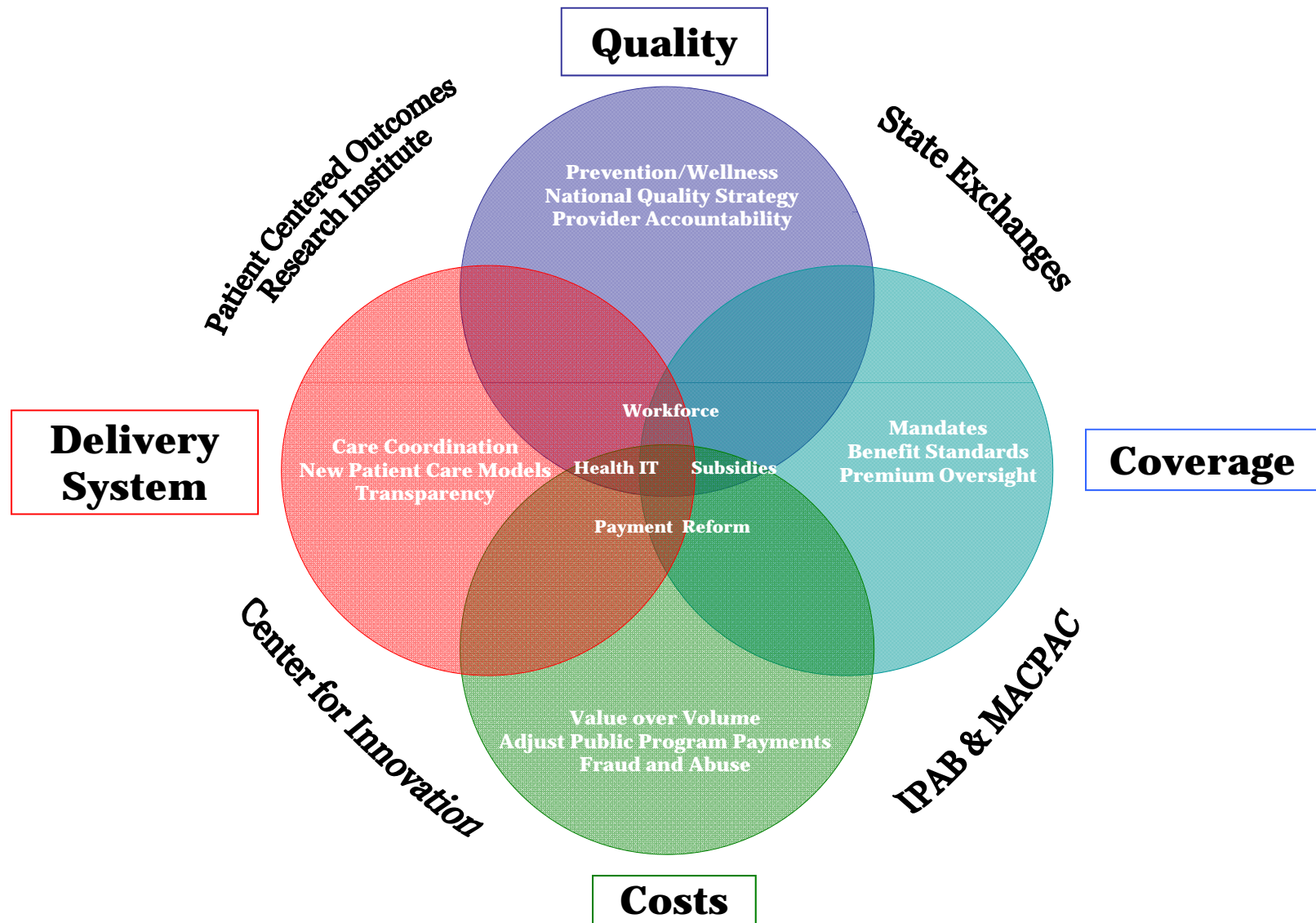


- > All payment reforms that moves from FFS to value-based reimbursement
- > Administrative Simplification (Sec. 1104)
- > Fraud & Abuse (Title VI)
- > Excise tax on high-cost health plans (Sec. 9001)
- > Reduce DSH, Medicare Advantage payments, annual market basket updates, payments to hospitals for readmissions and hospital-acquired infections

What Is It?

- › The federal government's response to America's health care system crisis
- › It attempts to:
 - » *Curb cost growth*
 - » *Improve the quality of care*
 - » *Provide access to affordable and health insurance coverage*

American Health Reform 2010



What's First?

Insurance Reform

- › Med-Loss Ratio
- › Rate Review Process
- › Consumer Coverage Reforms
- › Grandfathered plans
- › High Risk Pools



What's First?



Delivery System Reform

- › Health IT
- › Investments in health care workforce
- › Stricter fraud & abuse provisions
- › Market basket updates/ productivity adjustments

Latest In Washington DC

- › Extenders Bill – Medicare “fee fix”
- › ACOs collaboration by Premier
- › Insurers getting ahead of the game, employers behind it
- › Public Health Fund – how to spend \$\$
- › Will reform reduce health spending?
- › Legal Actions

What Needs Fixing

- > Employer and Individual mandate penalties
- > Legal Barriers



Contact Information

Julie Barnes

Deputy Director, Health Policy Program

New America Foundation

Barnes@newamerica.net

202-986-2700

www.newamerica.net

www.newhealthdialogue.org