



Health Care Reform 102

Joseph R. Carver, MD*

Chief of Staff

Abramson Cancer Center

*Disclaimer: Nothing to report

Statistics derived from published federal data

Sobering Statistics

- Health care consumes >16% of our GNP
- We spend 50% more per person on health care than the average developed country—more for food or housing
- GM spends more on healthcare than steel:
 - \$1,525 per vehicle
- As many as 50 million Americans are uninsured
- Annually >1 million people are bankrupted by health care costs

What is the Impact?

People Without Insurance



In many large cities, non-profit groups provide free prenatal care to uninsured women

The Change: Buying Your Own Insurance

- **Exchanges will be created (24M)**
- **Medicaid will expand to cover up to 133% of federal poverty line (8M)**
- **Sliding scale subsidy between 135-400% of federal poverty line (\$88,200)**
- **Have to purchase or pay a fine**
- **Separate policy to cover abortion**
- **Tax credits for small business**

What is the Impact?

People Who Get Insurance at Work



Janet Richardson manages a family business and would like to offer her employees health insurance but can't afford to

The Change: Employer Sponsored Insurance

- **Employers with >50 employees will have to offer it or pay a per employee fine if the employee then purchases a subsidized plan**
- **Excise tax for “Cadillac Plans”
(\$27,600 indexed to inflation)**

The Change:

Employer Sponsored Insurance

- Employers with >50 employees will have to offer it or pay a per employee fine if the employee then purchases a subsidized plan
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No change if you already get it

What is the Impact?

People with Preexisting Conditions



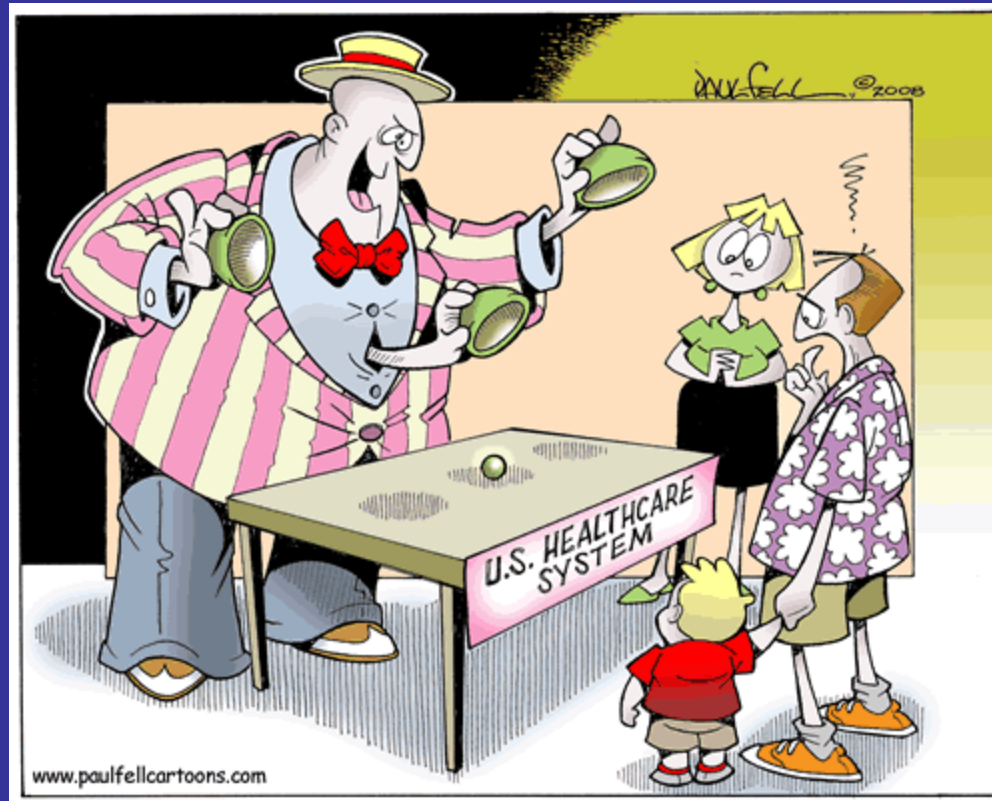
The Change: Preexisting Conditions

- No denial of coverage for prior illness/conditions and no cost differential

*Effective 2014 with a \$5B
temporary “high risk
‘wading’ pool”*

What is the Impact?

Other Reforms

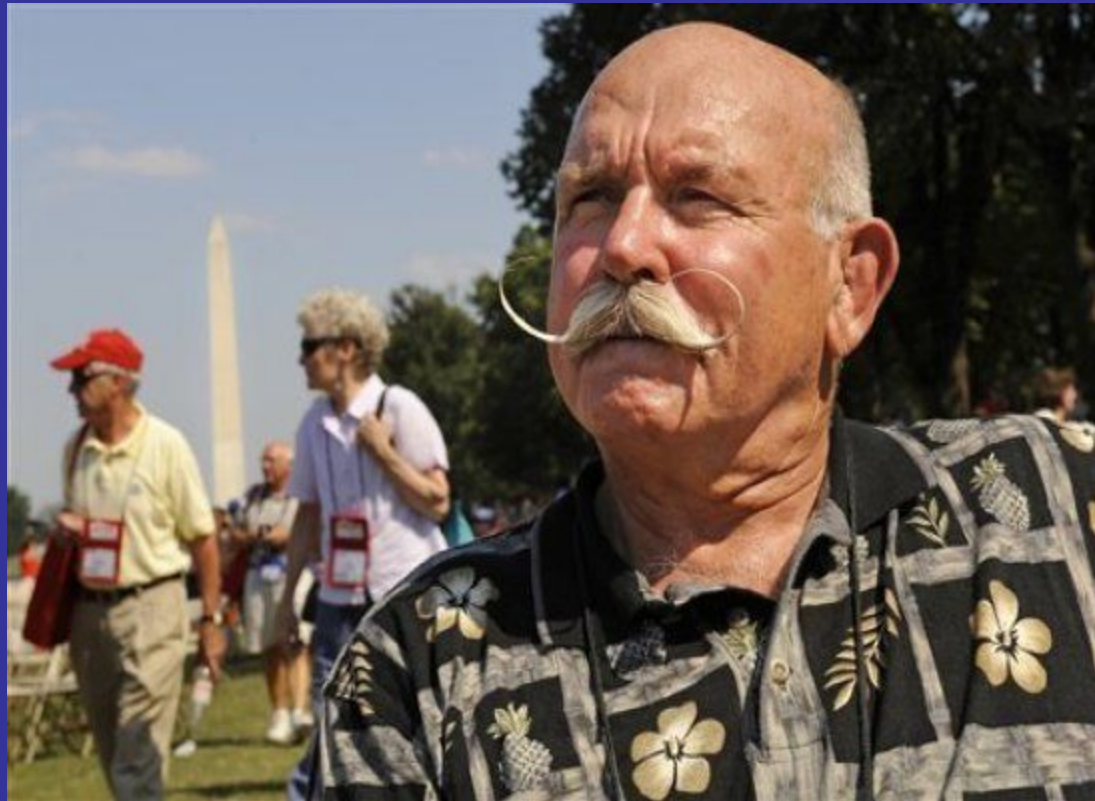


Other Insurance Changes

- **Pay for preventive services**
- **Coverage of dependent kids to 26 years**
- **80-85% Medical Loss Ratio**
- **No recission**
- **No lifetime limits**
- **Portability**

What is the Impact?

Medicare Beneficiaries



Seniors

- **Donut Hole**
 - Virtually gone by 2020
 - Immediate relief: \$250 rebate in 2010
- **Funding**
 - Increased Medicare Taxes
 - Freeze payments to Medicare Advantage plans in 2011

What is the Impact?

Cost & Financing



Budget Director Peter Orszag testifies on Capitol Hill on March 16, 2010, before the House Appropriation Committee hearing on the fiscal 2011 budget and economic outlook

Cost and Financing

- **\$943B/10 years**
- **Lower deficit by \$138B/10 years**
- **Funded by:**
 - **More taxes, fees, penalties**
 - **Increase in Medicare Tax to 1.95% from 1.45%**
 - **“Medical savings”**

What is the Impact?

People Who Provide Care



Changes: Healthcare Delivery

- Incentives for EMR
- Bonus payments for primary care and more funding for Community Health Centers
- Pilot programs from “Innovation Center”
 - Tort Reform
 - P4P
 - Others (chronic diseases, rural care)

What is Missing?



Missing From the Bill

- **No public option or single payer system**
- **No immediate fix**
- **No Tort reform**
- **No increase in providers/access**
- **No defined increase in quality of care and reduction in errors**

How Did it Happen?

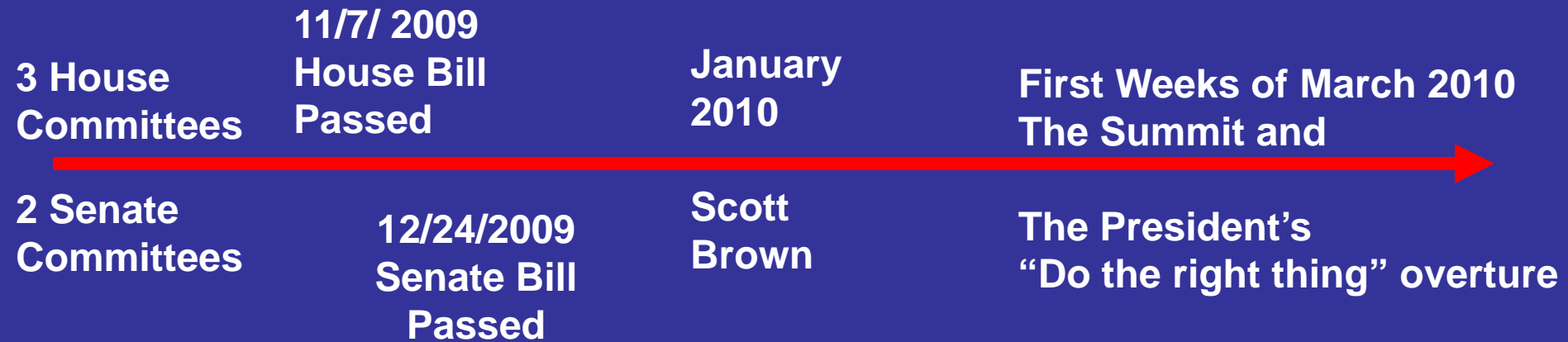


How Did it Happen?

We Have Survived:

- Years of Presidential effort
- 1 year of partisan combat
- Multiple weeks of legislative brinksmanship
- Days of procedural roadblocks
- Hours of White House and Congressional leader scrambling

How Did it Happen?



How Did it Happen?

The Past Week

Sunday

**House Passes
Senate Bill**

**Tuesday and
Wednesday**

**President
Signs House
Bill and then quietly
signs Executive Order**

**Wednesday and
Thursday**

**RECONCILIATION
The Real
March
Madness**



Late-Breaking News

Friday March 26, 2010



Reconciliation Passes

After a 24 hour obstacle course of partisan amendments and procedural objections, the Reconciliation Bill passed the Senate and House last night

Reconciliation: Major Changes

- More tax credits for middle class
- Lower penalties and slower phase in for the individual mandate
- Increased penalty for employers
- Donut hole fix
- Decrease in amount of proposed taxes
- Premium review
- More federal matching dollars for state Medicaid programs
- Deals: “Cornhusker Kickback” and “Louisiana Purchase”

What's Next?



First Year

- **Eliminating yearly and lifetime caps**
- **No preexisting condition exclusions: children and adult**
- **Coverage of dependent children to 26 years**
- **“High risk pool”**
- **Small business tax credits up to 50%**
- **Preventive care in all new plans**
- **New independent appeal process**
- **Help for seniors-\$250 for the donut hole**
- **Premium review**

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The rest of the changes begin in 2014 and beyond

Basic Summary

- Gradual and slow implementation
- Expansion of coverage for low income people
- Sliding scale subsidies for middle-class purchasers
- Creation of Exchanges
- Status quo if you already get it
- Accountability for insurers
- More taxes
- Mandates:
 - No insurance, pay a penalty
 - No federal money for abortions

Will it Work?

**The Health Care Plan was written
by a committee whose head
says he doesn't understand it**

**Passed by a Congress that hasn't
read it and whose members will
be exempt from it**

Will it Work?

**Signed by a President who still
smokes**

**Funded by a Treasury Chief who
did not pay his taxes**

Will it Work?

Overseen by a Surgeon
General who is obese

And financed by a country that
is broke.

*What could
possibly go wrong?*

Like baseball,

*“You can sum up all of health
care reform*

in one word: you never know.”

with poetic license to Yogi Berra