

The Need for the ACA

- 17% of the Population was Uninsured (40 million people)
- 60% of personal bankruptcies due to medical debts
- Buying Insurance with Fine Print Exclusions was a nightmare
- Lifetime limits of \$500,000 or \$1 million
- Rural Hospital's Closing due to Uncompensated Care
- US Health Outcomes as Bad as Many Third World Countries
- Yet Health Expenditures the Highest in the World by Far (17% of GDP vs 9%)
- ACCESS , COST , QUALITY (OUTCOMES)

The ACA Design

- Expanded Coverage Two Ways - Above the Poverty Line and Below the FPL
- **Above the FPL** - Health Insurance Exchanges - Private Insurers
- **Below the FPL** - Medicaid Expansion
- About Half the Uninsured are Below the FPL and Half Above

Health Insurance Exchanges

- One Stop Comparative Shopping for Private Insurance
- Standardized plans Where 10 Essential Health Benefits Were Covered (Mental Health, Preventive Care....)
- Allowed Children Up to Age 26 to Stay on Parents Policy
- Premium Subsidies for Lower Income Families Up to 300% of the FPL
- Reduced Copays and Deductibles for those less than 200% of the FPL
- Some Help To Insurance Companies the First Few Years

Medicaid Expansion

- States Would Enroll Everyone Under 133% of Poverty Line in State Program
- The Feds Would Pay 100% of the Costs the First Three Years and then drop gradually to 90% over 10 years.
- The Supreme Court ruled States Could Opt Out of Medicaid Expansion
- Only 31 States Have Expanded Medicaid
- States that have Expanded Medicaid have seen much larger reductions in Uninsured (5- 7%)
- These Expansion States Have Experienced Higher Economic Growth and seen Medical Bankruptcies Fall

Medicaid Expansion for Alabama

- Would Have Covered 300,000
- 65% of these are working
- Added \$1.4 billion to the state economy
- Added 30,000 jobs
- Prevented an estimated 500 deaths per year (hypertension, mental health, diabetes)
- Would have Cost the State almost nothing as the additional taxes generated from new jobs

Hamburger Heaven

The Medicaid Gap

- FPL for Family of Three - Single Mom and Two Kids
- Poverty, Income Inequality and Healthcare

How Well Did the ACA Do?

Access

- Provided Access to Care for 23 million people - Alabama 175,000
- Reduced the uninsured rate to an all time low of 8.6% - Alabama 13.6%
- Standardized essential health benefits
- Allowed many to leave corporate jobs and retire early or do start ups
- Strengthened rural hospitals

How Well Did the ACA Do?

Costs

- Premium Costs increased significantly - Alabama costs tripled from 2014 - 2017 which was among the highest in the country
- Deductibles and Copays increased
- The Number of Health Plan Choices went from three to just one
- Myth - Expanding Health Insurance would lower health costs
- Blue Cross lost money on the ACA until last year - It's Medical Loss ratio was 98
- Blue Cross administrative costs among lowest in the country at 9%
- Blue Cross monopoly makes it tough for competition - Price negotiated 30% or more lower than others

Blount County Farmer Hank Adcock

- Self Employed Farmers Frequently Can't Afford Health Insurance
- The ACA got his family a plan for \$100 / month
- The Accident - the Farm

Controlling Costs

Insurance Measures

- Law Of Large Numbers - Increase the Number of Healthy In the Pool
- 5% of Population Consumes 40% of Cost - Pull This Group into Reinsurance With Government Help
- Eliminate Insurance Companies Middleman
 - 20% Administrative Costs - Medicare 4%
- Shifts to Higher Deductibles and Copays

Controlling Costs Drugs

- US Pays three to five times more than other Countries
- Allow the Government to Negotiate Prices as All Other Countries
- We Are Over-Medicated - We Expect Pills to Fix Everything When Diet and Exercise and Lifestyle May Be the Fix - Dr. Andrew Weil

Controlling Costs Hospitals

- 50% of All Health Costs are Inpatient
- Hospitals Charge Whatever They Can Get Away With
- The Typical Mark-up Over Costs is 400% - Brookwood is 1,700%
- Most Insurance Companies Have Little Negotiating Power So Costs Passed On To Consumers

Controlling Costs Doctors

- Fee For Service Medicine - The More You Order the More You are Paid
- Too Many Specialists - Highest Paid , Highest Technology - Least Effect On Basic Health Outcomes
- Concierge Medicine - Skim off the Wealthiest Best 400 Patients - Charge \$1,000 - And Send 1,800 Patients Looking For New Doc

Procedure Costs Echocardiogram

United States

- Massachusetts - \$1,714
- New Jersey - \$5,435
- Our Prices Defy Economic Logic , Common Sense and Decency
- Competition Should Reduce Prices but Not in Healthcare
- When One Hospital Charges a lot for an MRI or CT it gives cover to others to charge more

Japan

- \$100
- Doctors, politicians, health economists form a committee to study fair pricing

Health Exchange Example

60 Y/O Couple , Income
\$35,000

- Premium - \$53 per month / \$636 per year
- Deductible -\$2,000 each
- Copays - \$30
- Max - \$5,450 each
- 85% of Plans Picked on the Exchange got a subsidy

60 Y/O Couple , Income
\$75,000

- Premium - \$2,000 per month / \$24,000 per year
- Deductible - \$2,300 each
- Copay - \$40
- Max - \$6,800 each
- But for those without a subsidy the cost is outrageous