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Healthcare Reform: “A Trip Down Memory Lane”

- 70 Years of ‘partisan’ conflict
- Democrat proposals: theme to expand access through the use of government auspices
- Republican proposals: seeking to limit federal government role, while addressing issues
Cognitive Dissonance

cog·ni·tive dis·so·nance
noun: cognitive dissonance

- The state of having inconsistent thoughts, beliefs, or attitudes, especially as relating to behavioral decisions and attitude change.

We Want It All;
We Just Don’t Want To Pay For It
Truman Administration (1945-1953)

Two efforts to pass universal coverage

- Assailed as “socialized medicine” by the AMA and Republicans
- 1946-Passed ‘Hospital Survey and Construction Act’ (Hill-Burton) which led to hospital construction throughout the U.S.
Eisenhower Administration (1953-1961)

Limited Reforms:

- 1956 Modernization of Military Medicine
Kennedy Administration (1961-1963)

Democrats introduced the foundation for the Medicare program against fierce opposition of the AMA, Republicans and 'Blue Dog' Democrats.
Johnson Administration (1963-1969)

With a ‘super’ majority of Democrats in both houses of Congress, the ‘GREAT SOCIETY’ marked the start of Medicare and Medicaid through it’s passage July 1965.
The “National Health Insurance Standard Act” which mandated employer insurance coverage failed (1971).


The HMO act had fierce opposition from Sen. Ted Kennedy who had introduced the “Health Security Act” which called for a single federal payer that would provide comprehensive healthcare for all Americans.
Ford Administration (1974-1977)

Passage of “National Health Planning and Resources Development Act of 1974” which reduced duplication of healthcare facilities via CERTIFICATE OF NEED procedures in every state.

This was later repealed in 1986; 34 states currently maintain some form of CERTIFICATE OF NEED.
Carter Administration (1977-1981)

Healthcare policy proposals were eclipsed by the severe recession. Carter campaigned for universal coverage.
Reagan Administration (1981-1989)

Medicare reimbursement methodologies changed to limit costs and spending.

Aggressive anti-fraud measures passed.

Republicans passed the “Medicare Catastrophic Coverage Act of 1988” which expanded Medicare coverage for outpatient drugs and long-term care funded entirely by Medicare beneficiaries premiums and a surtax on wealthier beneficiaries.

Medicare enrollee reactions against higher premiums led to repeal of the ‘Medicare Catastrophic Coverage Act” 17 months after being signed into law.

Physician self-referral first limited under ‘Stark 1’. 
Healthcare became a major issue for the first time in 12 years, with a focus on ‘Managed Competition’ with health insurance regulated by regional health alliances in each state that would require employers to provide a ‘minimal’ level of coverage and pay 80% of the premium for employees.

The ‘American Health Security Act’ of 1993 was opposed by health insurers and failed to garner support amongst key Democrats. The act was pulled a year later.

Three major acts were passed: HIPAA, Stark II, and the ‘State Children’s Health Insurance Program’ (CHIP)
George W. Bush Administration (2001-2009)

Passage of the ‘Medicare Drug Improvement and Modernization Act of 2003’ adding a prescription drug coverage benefit, Medicare Part D, in the face of Democrat opposition.
Obama Administration (2009-2017)

Healthcare a priority.

Passage of the ‘American Recovery and Reinvestment Act’ which included major revisions and expansions of HIPAA under HITECH – the ‘Health Information Technology for Economic Clinical Health’ promoting the adoption of ‘meaningful use of health information technology.’

Passage of the PPACA on a strict partisan vote.
Trump Administration (2017-)

Repeal and replacement of the PPACA introduced;

- American Health Care Act
- Better Care Reconciliation Act
Predicting What’s Next…

REPLY HAZY. TRY AGAIN LATER.
U.S. Political System Struggles with Healthcare Reform

- 70 Years of proposals, reversals, amending legislation, targeted legislation
- Comprehensive solutions remain elusive
- The political parties remain locked in two major themes:
  - Democrats emphasize the role and expansion of government systems and solutions for healthcare (28% of total federal budget is healthcare)
  - Republicans eschew the role and expansion of government systems and emphasize ‘market based’ solutions and individual empowerment
The Same Questions Remain

- Is healthcare a right or a privilege?
- Is healthcare insurance a right or a privilege?
- How can healthcare costs be controlled?
  - Government cost increases
    - 2014 = 23% of Federal Budget
    - 2017 = 28% of Federal Budget
  - Private sector cost increases
    - 2018 Medical Cost Trend Projected: + 6.5%
      (PwC Health Research Institute)
Underlying Assumptions (System)

- Drugs and Devices save lives and operate risky businesses where there are more strikeouts than home runs
- Health Insurers are the guardians of cost containment and the only sector serious about the challenge
- Hospitals operate to deliver care that’s needed, but unfairly reimbursed
- Physicians do ‘God’s work’ selflessly

All of the above think government regulation is necessary, but counter-productive if it infringes on the business interests of their members

**Result:** changes come slowly and laws are rarely comprehensive
Underlying Assumptions (Public)

- The majority of Americans favor a private system over one run by the federal government.
- Access to health insurance for those without resources can reduce long-term health costs.
- The major catalyst in effectively challenging waste, and improved incentives for quality outcomes is a change at the provider level from fee for service to value.
- States should have a larger role and greater freedom for innovation in administering and regulating the system of care.
The Relative Market Segments

- Employer Sponsored Insurance: Large & Small Group
- Individual and Small Group Market
- Medicaid
- Medicare
Medicaid Expansion

A 50-state look at Medicaid expansion: 2017

One of the most important provisions of Affordable Care Act is the expansion of health coverage to low-income families through the Medicaid program. Here are basic facts on where states stand on Medicaid expansion.

The federal government covered 100 percent of the costs of Medicaid expansion in 2014, 2015, and 2016. In 2020 and beyond, the government will cover 90 percent of the costs of Medicaid expansion.

Notes: Numbers may not add due to rounding.
*Includes the District of Columbia.
Sources: Familiar USA data analysis using data from the U.S. Census Bureau American Community: Kaiser Family Foundation.
Survey 5-Year estimates (2006-2012). Shows the number of uninsured in each state with incomes under 138 percent of poverty (population that could benefit from the Medicaid expansion).
## Medicaid Expansion: AK and WA

<table>
<thead>
<tr>
<th>State</th>
<th>Expanded Medicaid by 3/31/2016</th>
<th>Total Medicaid Enrollment</th>
<th>Expansion Group Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>Yes</td>
<td>137,800</td>
<td>14,400</td>
</tr>
<tr>
<td>Washington</td>
<td>Yes</td>
<td>1,818,300</td>
<td>594,900</td>
</tr>
</tbody>
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Source: Kaiser Family Foundation
WA Medicaid Expansion

100% Fed Match Until 2020
Then 90%

TOTAL MEDICAID ENROLLMENT
1,873,000

Expansion Population
587,000

Population Prior to Expansion
1,117,576
Marketplace Is Overwhelmingly Employer-Based

Insurance coverage for nonelderly adults, by state Medicaid expansion status, 2014 and 2015

Current Health Financing Segments

EMPLOYERS SHIFTING RISK OR SELF-FUNDING

<table>
<thead>
<tr>
<th>Year</th>
<th>Covered Workers Enrolled in a $1,000+ Deductible Plan (Single Coverage by Employer Size)</th>
<th>Percentage of Covered Workers in Self-Funded Plans</th>
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<tbody>
<tr>
<td>2009</td>
<td>40%</td>
<td>49%</td>
</tr>
<tr>
<td>2013</td>
<td>13%</td>
<td>61%</td>
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> ACA Benefits Standards Avoidable Through Self-funding

Healthcare ‘Megatrends’

- As patients increasingly share the cost of their care, their expectations will increase for personalized care and attention.
- Finding ‘Value’ (post-Fee for Service) hinges on defining/measuring quality (MACRA/MIPS).
- Ongoing Provider Shortage (Physicians, RNs).
- Population Growth and aging demographic.
- Healthcare Costs Outpace Economic Growth.
Key Elements of Reforms Today

- Reduce Federal Deficits
- Reform Medicaid
- Reduce Out-of-Pocket Costs
- Empower States
- Stabilize Insurance Market
- Limit Loss of Coverage/Eligibility
What’s Next?