
Stuart H. Altman PhD

Sol Chaikin Professor of National Health Policy
The Heller School for Social Policy and Management
Brandeis university
Three Myths About Health and The U.S. Healthcare System
Myth 1
Availability and Use of Health Care Services Is The Major Factor Leading to the Good Health of a Population
Social Determinants of Health

Population Health

Physical Environment
- Environmental quality
- Built environment

Socio-Economic Factors
- Education
- Employment
- Income
- Family/social support
- Community safety

Health Care
- Access to care
- Quality of care

Health Behaviors
- Tobacco use
- Diet & exercise
- Alcohol use
- Unsafe sex

Source: Authors’ analysis and adaption from the University of Wisconsin Population Health Institute’s County Health Rankings model ©2010, http://www.countyhealthrankings.org/about-project/background
Health and Social Care Spending as a Percentage of GDP
OECD Countries and U.S.

Percent

Notes: GDP refers to gross domestic product.
Myth 2

Lack of Healthcare Insurance Coverage Always Means Lack of Healthcare Services
The U.S. Health Care System Has Provided Substantial Amounts of Services for Free to Patients By Hospitals and Physicians ($32 Billion in 2011)

Free Care Often For Very Sick and Emergency Services--- Often Not Available for Basic Care and Preventive Care
Myth 3
Lack of Health Coverage Does Not Reduce Access and Use of Needed Healthcare Services
Barriers to Health Care Among Nonelderly Adults by Insurance Status, 2012

- **No Usual Source of Care**: 55%
  - Uninsured: 12%
  - Medicaid/Other Public: 11%
  - Employer/Other Private: 11%

- **Postponed Seeking Care Due to Cost**: 29%
  - Uninsured: 11%
  - Medicaid/Other Public: 6%
  - Employer/Other Private: 6%

- **Went Without Needed Care Due to Cost**: 25%
  - Uninsured: 9%
  - Medicaid/Other Public: 4%
  - Employer/Other Private: 4%

- **Could Not Afford Prescription Drug**: 22%
  - Uninsured: 14%
  - Medicaid/Other Public: 14%
  - Employer/Other Private: 4%

In past 12 months.
Respondents who said usual source of care was the emergency room were included among those not having a usual source of care.
All differences between uninsured and insurance groups are statistically significant (p<0.05).
SOURCE: KCMU analysis of 2013 NHIS.
Prior To Healthcare Reform Legislation (2010)---Most Americans Had Some Form of Health Insurance Coverage---BUT Almost 50 Millions Were Uninsured Equaling Between 16 and 18% of U.S. Population
NOTE: Health spending total does not include administrative spending.
SOURCE: Health insurance coverage: KCMU/Urban Institute analysis of 2011 data from 2012 ASEC Supplement to the CPS.
Health expenditures: KFF calculations using 2011 NHE data from CMS, Office of the Actuary
The Dilemma!
If Most All Countries Have a National Health Insurance System

Why is it so hard to create one in the U.S.?
It’s All In The Book!!!
Is Healthcare a Right and Should It Be Guaranteed by Government?

Yes in Most Countries;--- Still Being Debated in U.S.

But Even If Yes---What Is Guaranteed?

Most Countries Guarantee Coverage (Insurance) to Pay Medical Bills But Many Limit Access---Some Require Gov. Care Only at Gov. Facilities, Others Limit Use of Certain Services

Even If Good Access Does or Can Gov. Guarantee---GOOD HEALTH
Many American Presidents Tried To Pass Universal Coverage But Failed

- Roosevelt---Pulled It Back
- Johnson---Focused Just on Elderly/Poor
- Truman
- Nixon
- Carter
- Clinton
Nevertheless, In 2006 Obama and Democratic Leadership Chose To Tackle The Issue Again
Options For Universal Coverage

1. Create an All Government-Paid Healthcare Financing System
2. Restructure the Existing Mixed Public/Private System and Maintain Current Tax Preference for Employer
3. Sponsored Coverage
   Eliminate Tax Preference and Use Tax Credits to Subsidize Coverage
Pros and Cons of a Single Payer Health Insurance System

• Pros
  – Much less expensive to raise funds (government taxing authority) and operate (pay for care) the health system
  – More equitable to use progressive tax system rather than non-income related premiums
  – Can more easily control spending (cost) of system
  – Much simpler
Pros and Cons of a Single Payer Health Insurance System

• Negative Implications of a Powerful Government Control System
  – Political issues could have influence over healthcare resource decisions

• Could Takes Revenue from other needed activities of government

• Require government officials to constantly deal with complicated healthcare problems
Obama Opted For Option 2

Similar To The Reform Plan of President Nixon and The Romney Plan in Massachusetts
Comparison of Obama Plan With Other Republican Universal Health Plans

<table>
<thead>
<tr>
<th>Feature</th>
<th>Nixon</th>
<th>Dole-Chaffee</th>
<th>Romney</th>
<th>Obama</th>
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<tbody>
<tr>
<td>Near Universal Coverage</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Based on Private Insurance</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<td>Employer Mandate or Payment</td>
<td>Yes</td>
<td>Yes</td>
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<td>Small Employer Subsidies</td>
<td>Yes</td>
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<tr>
<td>Individual Mandate</td>
<td>No</td>
<td>Yes</td>
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<td>Low-Income Subsidies</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Expansion of Medicaid</td>
<td>Yes*</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
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<td>State-Based Purchasing Exchanges</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Max Out-of-Pocket Limits</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>No**</td>
</tr>
<tr>
<td>Minimum Benefit Package</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Ban on Pre-Existing Conditions</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Adds to Deficit or Partially Unfunded</td>
<td>Yes</td>
<td>Not Scored</td>
<td>Yes</td>
<td>No</td>
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</table>

* Nixon replaced Medicaid with the Assisted Health Insurance plan which was more comprehensive
** The Obama plan does not have lifetime limits, but it does ban insurance companies from instituting lifetime benefit caps.
What Was Included In The National Health Care Reform Law

The Affordable Care Act
Major Components of Reform Law

• Expanded Coverage ---25-30 Million
  — 50% Medicaid (Expand to All up to 133% of Poverty)
  — 50% Subsidized Premiums (133-400% of Poverty).

• Require All Individuals To Obtain Coverage
  — Must Pay Penalty If Do Not *
  — Employers That Do Not Offer Must Pay a Penalty If Employee seeks subsidy

• Private Insurance Reform
  — No Preexisting Condition Exclusion
  — Limited Age Bans
  — Limits Administrative Costs
  — Tax on Very High Cost Plans
  — Medicare Advantage Subsidy Reduced

• *


Where Are We Today

Even With The Supreme Court Ruling—*Future of Universal Coverage Is Uncertain*
Supreme Court Declared That The ACA Was Constitutional BUT Allowed States To Decide Whether To Expand Medicaid

Generated Much Uncertainty
Passage of The Affordable Care Act (ACA or Obamacare) Has Substantially Reduced The Number and Percentage of Americans Without Health Insurance
Uninsured Rate of Nonelderly Population

Share of population uninsured:

Note: 2016 data is for Q1 – Q3 only.
Source: CDC/NCHS, National Health Interview Survey, reported in
http://www.cdc.gov/nchs/health_policy/trends_HC_1968_2011.htm#table01 and
Type of Insurance Coverage:

Uninsured Rate Drops to 10%

- Private Ins.: 54%
- Medicare: 20%
- Medicaid: 10%
- Uninsured: 10%

Number of Uninsured Still 33 million

U.S. Bureau of Census: Current population Survey 2015
Remember What It Was Before ACA!
Health Care Coverage and Personal Health Care Expenditures in the U.S., 2011---Total Population

NOTE: Health spending total does not include administrative spending.
SOURCE: Health insurance coverage: KCMU/Urban Institute analysis of 2011 data from 2012 ASEC Supplement to the CPS.
Health expenditures: KFF calculations using 2011 NHE data from CMS, Office of the Actuary
But It Depends on Which State You Live In!
Figure 1

To date, 32 states have implemented the Medicaid expansion.

32 Expansion States
- Democratic Governor (13 States + DC)
- Republican Governor (17 States)
- Independent Governor (1 State)
- States not Implementing Expansion (19 States)

NOTES: *AR, AZ, IA, IN, MI, MT, and NH have approved Section 1115 expansion waivers. ^The Governor in West Virginia switched parties from Democrat to Republican in August 2017.
Trends in Uninsurance for Nonelderly Adults from Q1 2013 to Q2 2014

Source: Health Reform Monitoring Survey, quarter 1 2013 through quarter 2 2014.
Note: Estimates are regression adjusted.
*/*** Estimate differs significantly from quarter 3 2013 at the .05/.01 level, using two-tailed tests.
Public Views About ACA

Now Most Americans Favor The ACA
As you may know, a health reform bill was signed into law in 2010. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?

![Graph showing opinion trends over time](image)


**SOURCE:** Kaiser Family Foundation Health Tracking Polls
The Health Insurance Exchanges Under The Affordable Care Act

*Subsidized The Purchase of Pvt. Ins. For Millions of Lower Income Americans*
Structure of ACA

- Individuals and Small Employers Can Purchase Coverage Through State Exchanges
- Individuals With Pre-Existing Medical Problems Cannot Be Denied Coverage or Pay Higher Premiums
- Many on Exchanges Can Receive Federal Subsidies
- In Order To Keep Premiums at Moderate Levels Must Have Substantial Number of Healthy Young Enroll
- Benefits Must Be Broad and Rates for Older Enrollees Cannot Be More Than 3 times Rates for Young
- Some Plans Can Have High Deductibles and Co-Insurance
Those Most Critical of ACA Coverage Are Healthy and Young With Incomes Above The Subsidy Level

Many Chose to Pay Penalty Rather Than Buy Expensive Policies They Don’t Believe They Need
Problems With State Healthcare Exchanges

- Many Insurers Losing Money---Reducing No. of Insurers
- Extensive Public Subsidies---But
- High Premium Rates
- New Enrollees are Sicker Than Average Pvt. Insured
  - Includes Those With Pre-Existing Illnesses
  - Many Lacked Coverage Before
  - Fewer Young and Healthy Joining
    - Benefits Greater Than Think They Need
    - Higher Actuarial Premiums
- High Deductibles and Co-Ins.
- Limited Provider Networks
Recent Actions of The Congress and President Trump

• The Federal Tax Reform Law Eliminated The Mandate That All U.S. Citizens Must Have Acceptable Health Insurance
  — Will Lead to:
  • A Reduction in Number of Uninsured
  • Increase in Premium for Those That Buy Coverage on the Exchange
  • Increase in Federal Subsidy Payments

• Several States Seeking Waivers to Restructure Their Medicaid Program
  — Add a Work Requirement
  — Put Limits on Time Individual Can Be on Medicaid
  — Reduce Income Eligibility Threshold
The Next Big Health Care Challenge: Can or Should We Control Healthcare Spending (Costs)?
Even Though Not All Americans Have Healthcare Insurance:---Providing Healthcare Services In The U.S. Is ---

Very Expensive
GDP refers to gross domestic product.
Source: OECD Health Data 2014 (June 2014).
In 2017, the average total health insurance premium in the U.S. for family coverage equaled $18,764, which amounted to 18.1% of U.S. GDP.
Major Issues About Healthcare Cost Containment

1. How Important Is It To Control Health Spending?
2. What Are The Major Factors Driving Increases In Health Spending?
3. What Techniques Should We Use To Control Health Spending?
How Important Is It To Control Health Spending?

• How Many Health Care Jobs Are We Prepared To Give Up?
• How Much Lower Quality Care Would We Sacrifice?
• How Much of a Reduction In Access to Care Would We Accept?

BUT

• High Healthcare Spending Leading Cause of Personal Bankruptcy
• Major Problem for Federal and State Governments
• Forces Employers To Limit Salary Levels to Pay Health Insurance Premiums for Workers
What Is (Are) The Major Factor(s) Driving Increases In Health Spending?

• Is It That We Use Too Many Expensive Services? Or
• Are The Prices To High for The Services We Use?
• Or a Combination of Both
Although There Has Been Much Discussion and Research About Excessive or Wasteful Medical Care Use In The U.S.---

It’s Higher Prices Not More Utilization That Is The Major Driver of Larger Medical Spending in U.S.
Major Factors Generating Growth in Healthcare Spending 1996-2013

Factors Associated With Increases in US Health Care Spending 1996-2013, Dielman et al, JAMA October 2017
Price Increases Driving Spending Growth (2014)

Why Are Prices So Much Higher In U.S.?

- Everyone In Health Care Earns More In U.S.
- Drugs and Devices are More Expensive
- Administrative Costs of Mixed Public/Private System Much More Expensive
- The Cost of Malpractice System
- Newer and More Expensive Delivery System
- Provider have increased price leverage through their consolidation and contractual arrangements
- Health Care In U.S. is BIG Business
The U.S. Has Been Grappling With This Issue for Over 50 Years---

*But We Have Not Shown The Political Will To Solve It!*