



Our Health Care System, the Affordable Care Act, and Beyond

Molly Tavella, MPH
Education and Outreach Coordinator
Bob Vinetz, MD
Member

Outline



History, Overview, and Facts
About Our Healthcare System



ACA Critique: The Good, the bad,
the ugly



Options for Ca: Guaranteed, just
health care for all



Why it matters to the Los Angeles
Asthma Coalition

How to organize a health system

- Beveridge Model



- Bismarck Model



- National Health Insurance

MEDICARE		HEALTH INSURANCE	
SOCIAL SECURITY ACT			
NAME OF BENEFICIARY JOHN D. DOE			
MEDICARE CLAIM NUMBER 123-45-6789A	SEX MALE		
IS ENTITLED TO HOSPITAL INSURANCE (PART A)	EFFECTIVE DATE 1/1/95		
MEDICAL INSURANCE (PART B)	1/1/95		
SIGN HERE			

- Out-of-Pocket



Chronicle / Brant Ward

How Did We Become This Way?

- Early 1900s: Health Care Was Trivial
- Late 1920s: Advent of effective, evidence-based medicine
 - Hospitals Changed
 - Doctors became well-trained
- Then came Lipstick?



First Insurance: The Accident of History

- Baylor Hospital offered plan for the teachers to pay 50 cents each month in exchange for Baylor picking up the tab on hospital visits.
- Its name:




Going

- The Great Depression made the Baylor idea popular
- The modern system of getting benefits through a job required another catalyst: World War II

The Appeal

- Wartime government price controls/rationing made jobs with healthcare attractive to employees
- Tax breaks on job-based health care made it attractive to employers
 - 1940: 9% of the population
 - 1953: 63% of the population
 - 1960s: 70% of the population





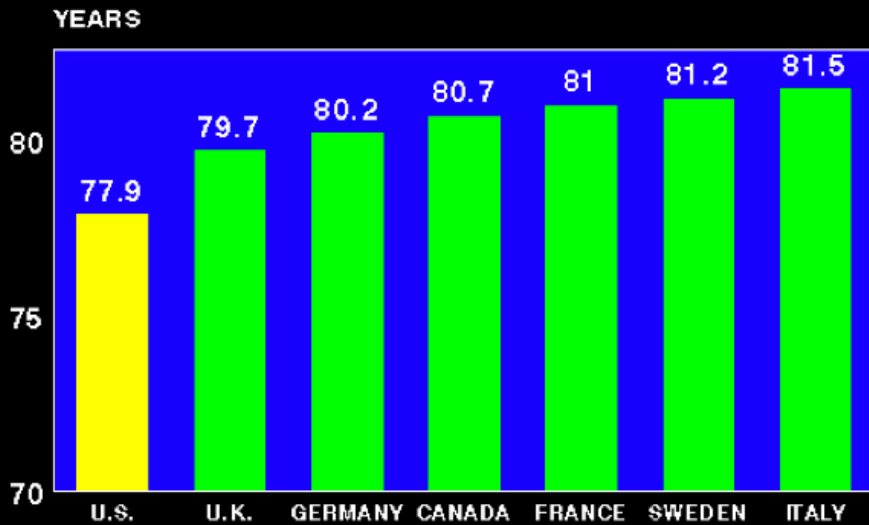
Where
did that
get US?

- 50 million without ANY health insurance
 - In 2012 so far, over 2,300 people have died in California due to lack of insurance
- 25 million without adequate health insurance
- 62% of bankruptcies are medically related
- 45,000 preventable deaths each year

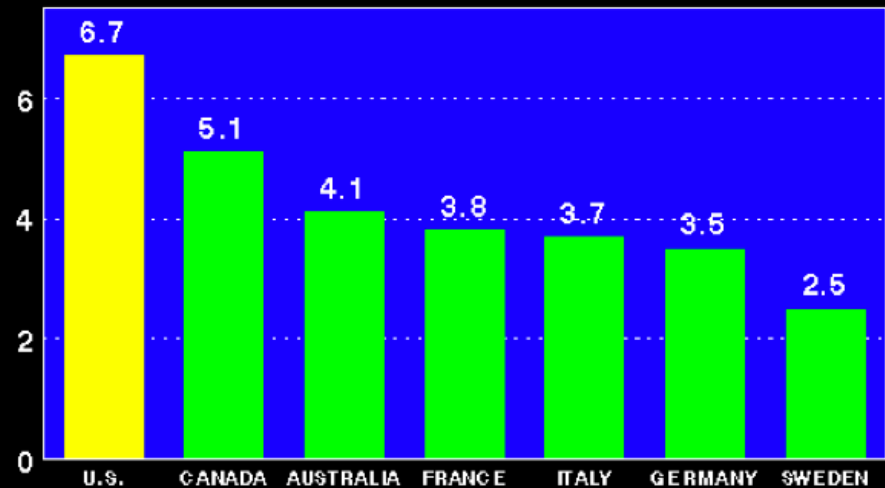
A row of black silhouettes of people's heads and shoulders, representing a diverse group of individuals. The silhouettes are arranged in a slightly wavy line across the bottom of the slide.

Reform helps ease some of these issues

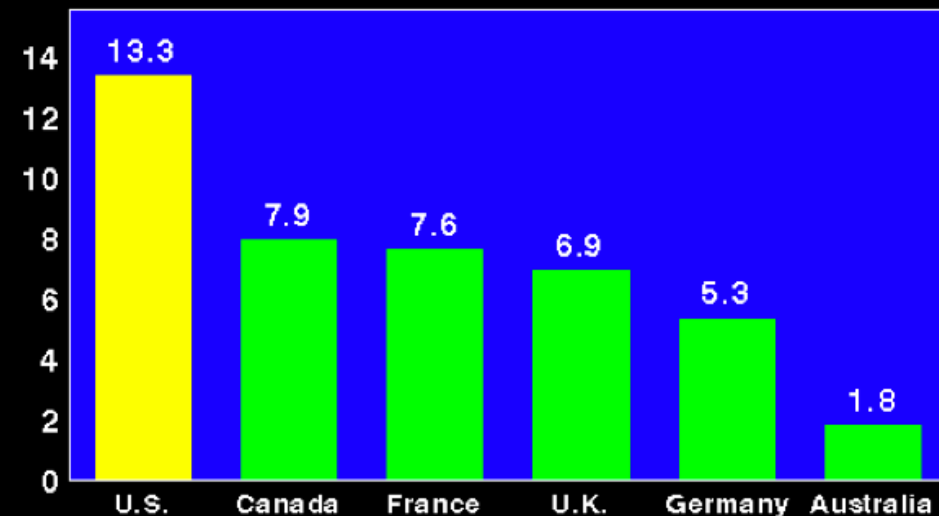
Life Expectancy



Infant Mortality



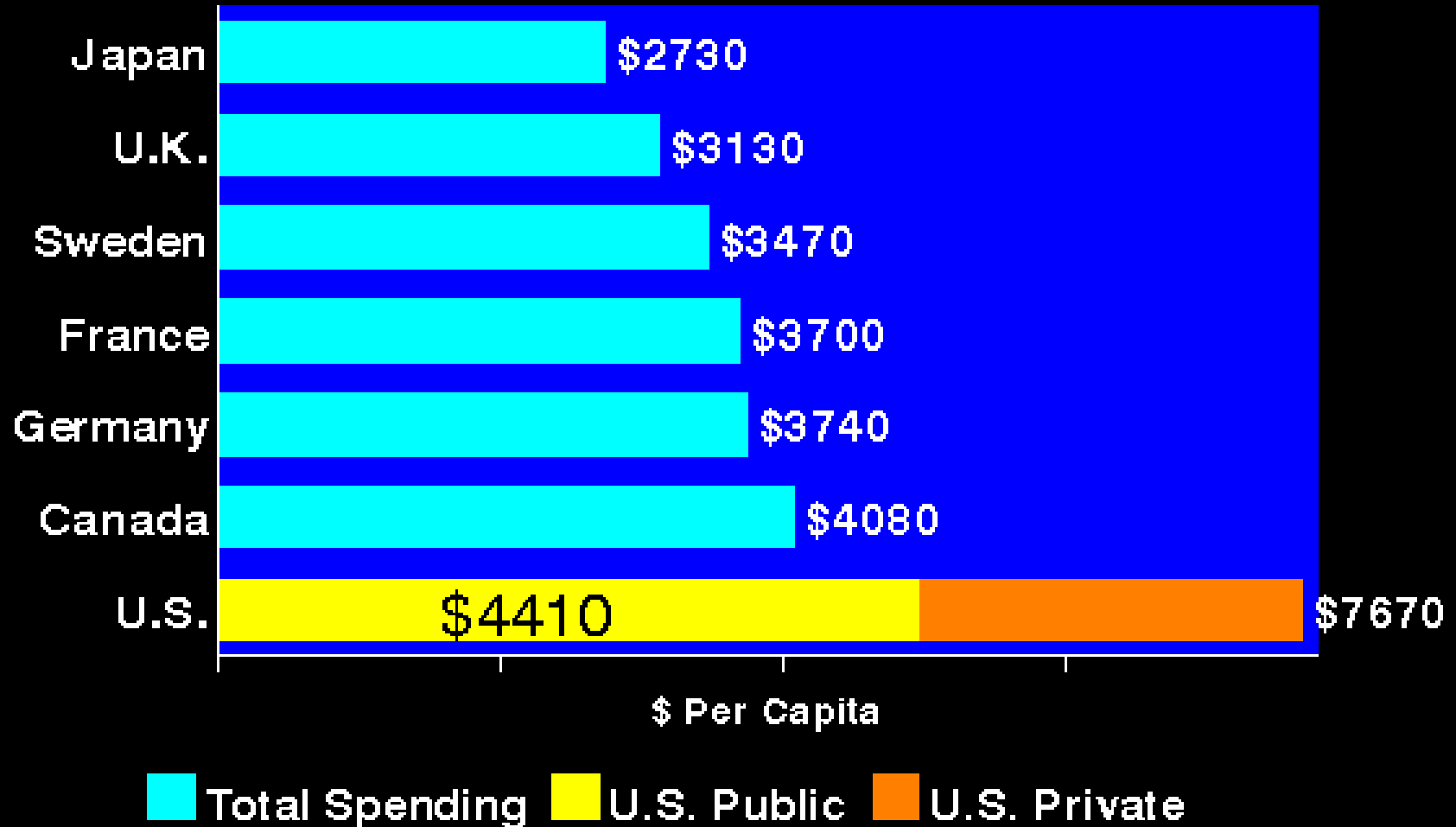
Maternal Mortality



Source: OECD, 2010

Note: Data are for 2008 or most recent year available

U.S. PUBLIC Spending Per Capita for Health is Greater than TOTAL Spending in Other Nations



Note: Public includes benefit costs for govt. employees & tax subsidy for private insurance

Source: OECD 2010; Health Aff 2002; 21(4):88 - Data are for 2008

WHO World Health Report, 2000

Ranking	Country	Expenditure Per Capita
1	 France	4
2	 Italy	11
3	 San Marino	21
4	 Andorra	23
5	 Malta	37
6	 Singapore	38
7	 Spain	24
8	 Oman	62
9	 Austria	6
10	 Japan	13
11	 Norway	16
37	 United States	1



What About 2010 Reform?

The Affordable Care Act

YOU'RE
MAKING
THIS WAY
TOO HARD.



What did reform do well?

- Advances the concept of comprehensive healthcare for all
- Attempts to eliminate some harmful practices of private insurance:
 - Preexisting condition denials (2014)
 - Annual/lifetime caps (2014)
 - Rescissions (2014)
- Attempts to make insurance easier to get and more transparent*
 - Exchanges (2014)
 - Federal subsidies for those making up to 400% of FPL (2014)
 - Medical Loss Ratio is 80/20 (provide rebates 2011)
- More coverage for drugs under Medicare (2010 – 2020)
- Expands Medicaid to 133% Poverty (138%) 2014 – *If states accept*
 - Expands MediCal to individuals who make \$15,415 or less (**without children**)
 - Expands MediCal to Family of 3 with income of \$26,344 or less OR Family of 4 with income of \$31,810 or less
- Increases funding for comparative effectiveness research (2010)
- Funds and builds new community clinics (2011)

What did reform not do so well?

- Introduces a complex system of subsidies, mandates, regulations, and programs that build on our present patchwork arrangements.
- Middle class must buy insurance or get fined
 - A mandate is not a service
 - Insurance Coverage vs. Health Access
- Lack of choice remains (choice of insurance is NOT choice of provider)
- Underinsurance and insecurity remain
 - Exchanges will offer a Bronze plan that only covers 60%



The Underinsured

High-deductible plans

The number of Americans opting for high-deductible health insurance plans (\$1,000 or more) has increased, especially at small firms.

- Small firms (3-199 employees)
- Large firms (200 or more employees)

2006

(In millions)



2010



Sources: Kaiser Family Foundation/Health Research & Educational Trust Survey of Employer Health Benefits 2006 & 2010

The Underinsured

The New York Times

October 6, 2010

Going Without Medical Care

The percentage of families insured all year that **spent 10 percent or more** of family income on out-of-pocket medical expenses almost doubled from 2003 to 2007 ...



... and high medical costs caused many people to go without some form of care during the year.

Percentage of adults, 19 to 64, who did one of the following in 2007

- 31% Did not fill prescription
- 25% Skipped test, treatment or follow-up care recommended by a doctor
- 31% Had a medical problem but did not visit doctor
- 20% Did not get needed specialist care
- 45% Had at least one of the above problems

Choose Policy with fewer benefits, higher deductible, lower premium

UNDERINSURED

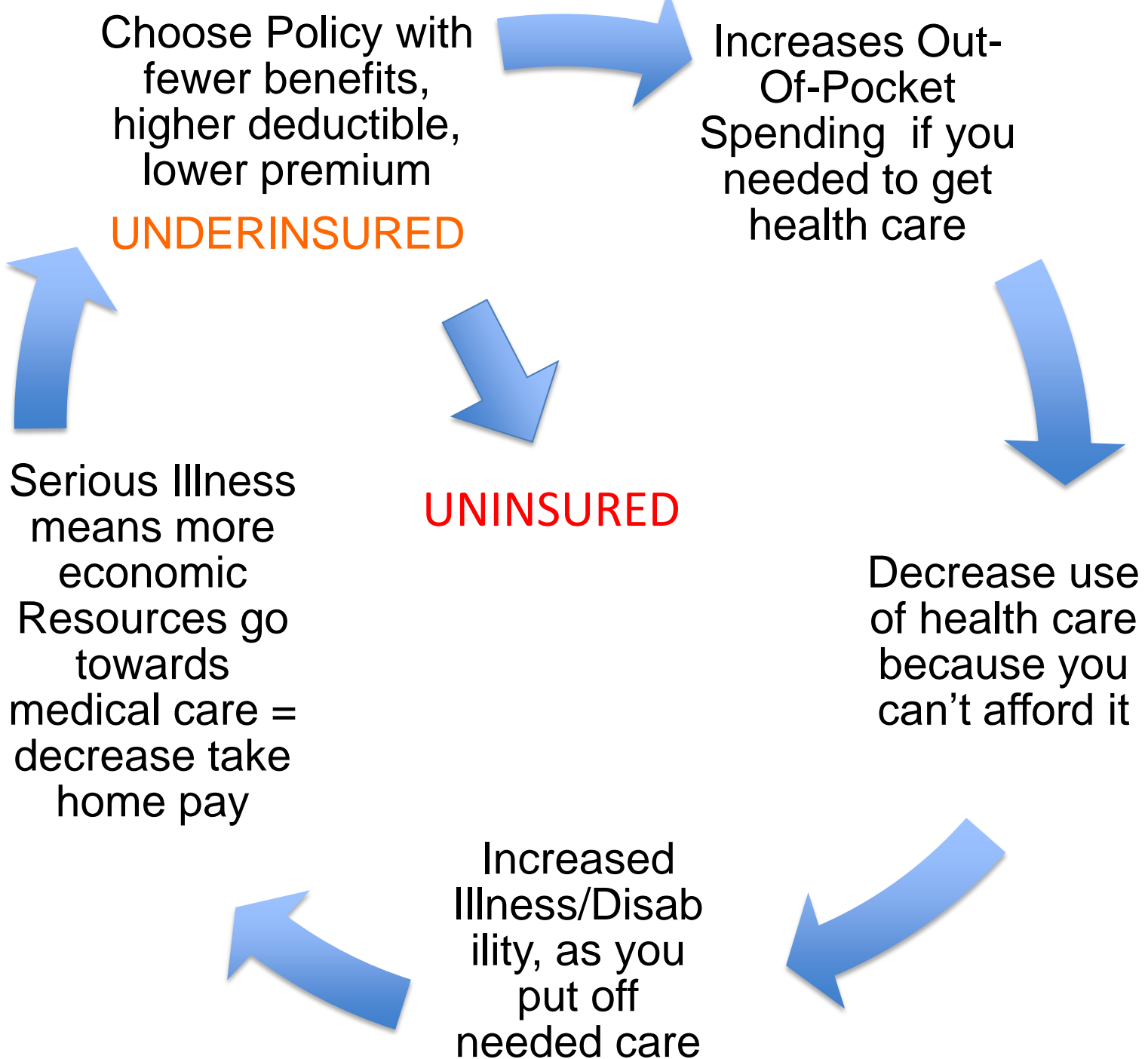
Increases Out-Of-Pocket Spending if you needed to get health care

Serious Illness means more economic Resources go towards medical care = decrease take home pay

UNINSURED

Decrease use of health care because you can't afford it

Increased Illness/Disability, as you put off needed care



Uninsured

- People without health insurance:
 - Receive less medical care and receive it later
 - Are sicker when diagnosed
 - Have 25% higher mortality rates
 - Earn less because of poorer health

“Health Insurance and Mortality in US Adults”, A. Wilper et al, Am. Journal of Public Health, Dec 2009

“Care Without Coverage”, Institute of Medicine, May 2007

“Sicker and Poorer”, Medical Care Research and Review, June 2003

Uninsured California Residents with Asthma Symptoms

	UNINSURED CALIFORNIA RESIDENTS WITH CHRONIC CONDITIONS					
	Uninsured with Fair or Poor Health Status, All Ages		Uninsured with Asthma Symptoms, All Ages		Uninsured with Diagnosed Hypertension, Age 45+	
	Percent*	Number**	Percent*	Number**	Percent*	Number**

Los Angeles	24	534,000	6	136,000	29	103,000
LA SPA Antelope Valley	25	13,000	17	9,000	45 [†]	4,000
LA SPA East	25	75,000	5	16,000	28	13,000
LA SPA Metro	28	124,000	6	27,000	27	20,000
LA SPA San Fernando	19	80,000	5	21,000	29	21,000
LA SPA San Gabriel	24	74,000	6	18,000	25	13,000
LA SPA South	27	77,000	6	18,000	36	13,000
LA SPA South Bay	23	75,000	6	21,000	26	14,000
LA SPA West	16	16,000	— [†]	—	29	5,000

LA SPA South: 6% = 18,000 people

Source: UCLA Center for Health Policy Research, 2004

Where do we need to keep working on Health Reform?

- 23 million still uninsured in 2019
 - 3 million Californians (1M undocumented immigrants)
 - Mortality and morbidity will remain
- Insurance corporations will be handed billions in public money through subsidies
 - Perverse profit incentive remains
- U.S. taxpayers will continue to subsidize pharmaceutical company profits
- No proven cost controls



California Must Continue to Do Better



Improved Medicare for All

How it Works

- Everyone is covered automatically by one public payer
- Single plan with comprehensive benefits
- Freedom to choose provider/hospital
- Coverage is attached to YOU
- A social public good, not a commodity
 - Public schools
 - Fire departments
 - Highways

July 2012

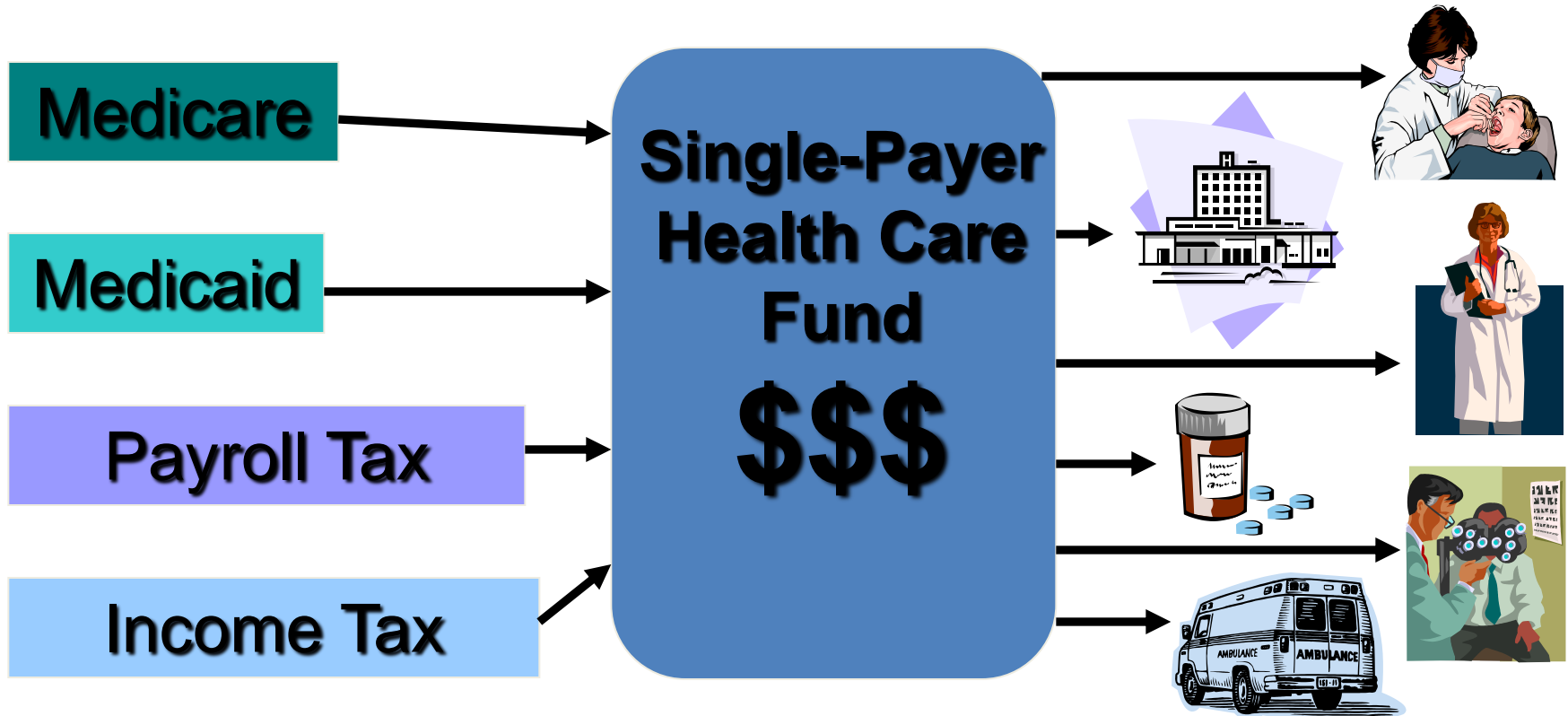
Health Affairs

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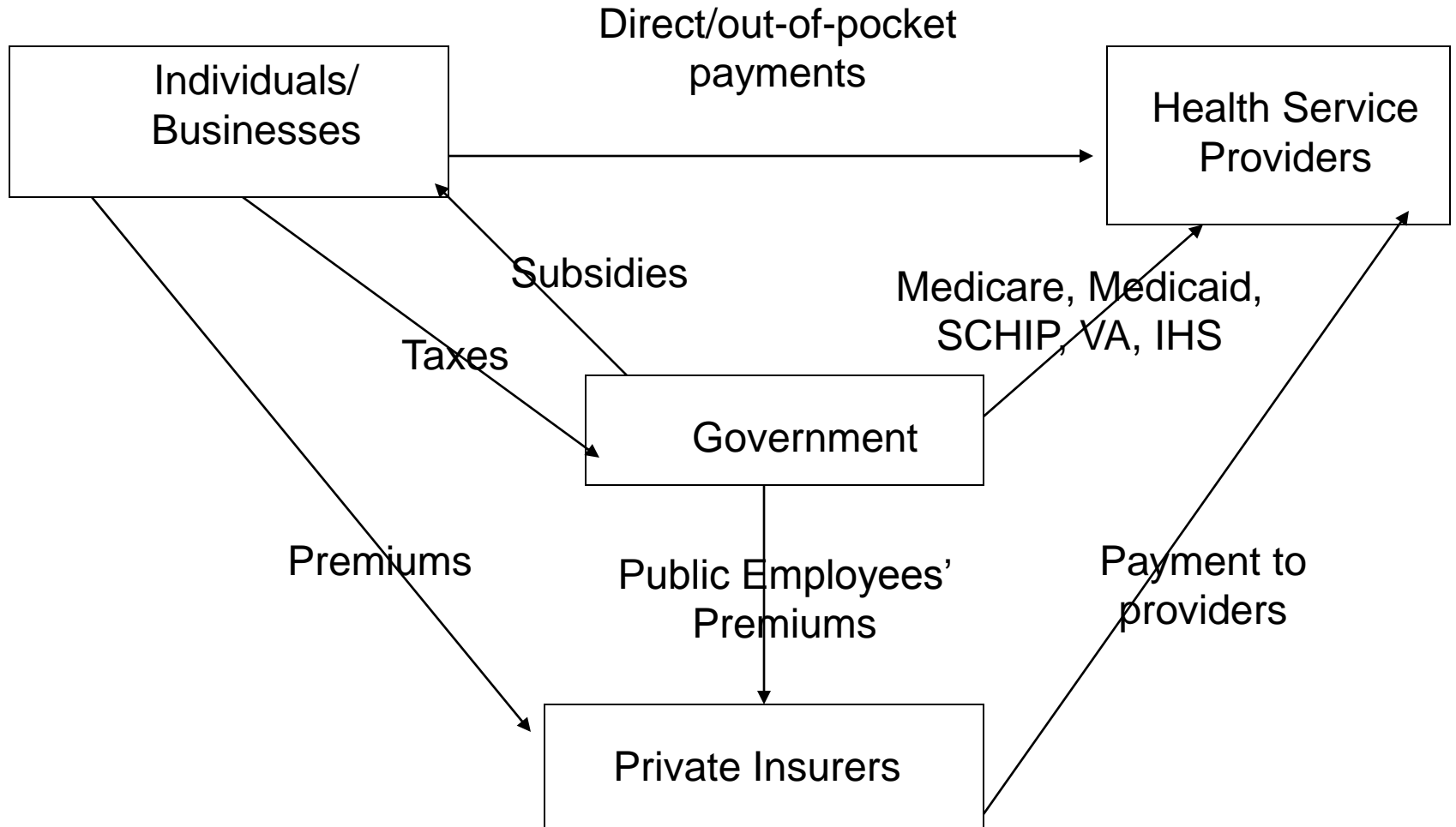
**Medicare Beneficiaries Less Likely
To Experience Cost- And Access-Related
Problems Than Adults With Private
Coverage**

 Expand

Single-Payer Financing



Current Financing System

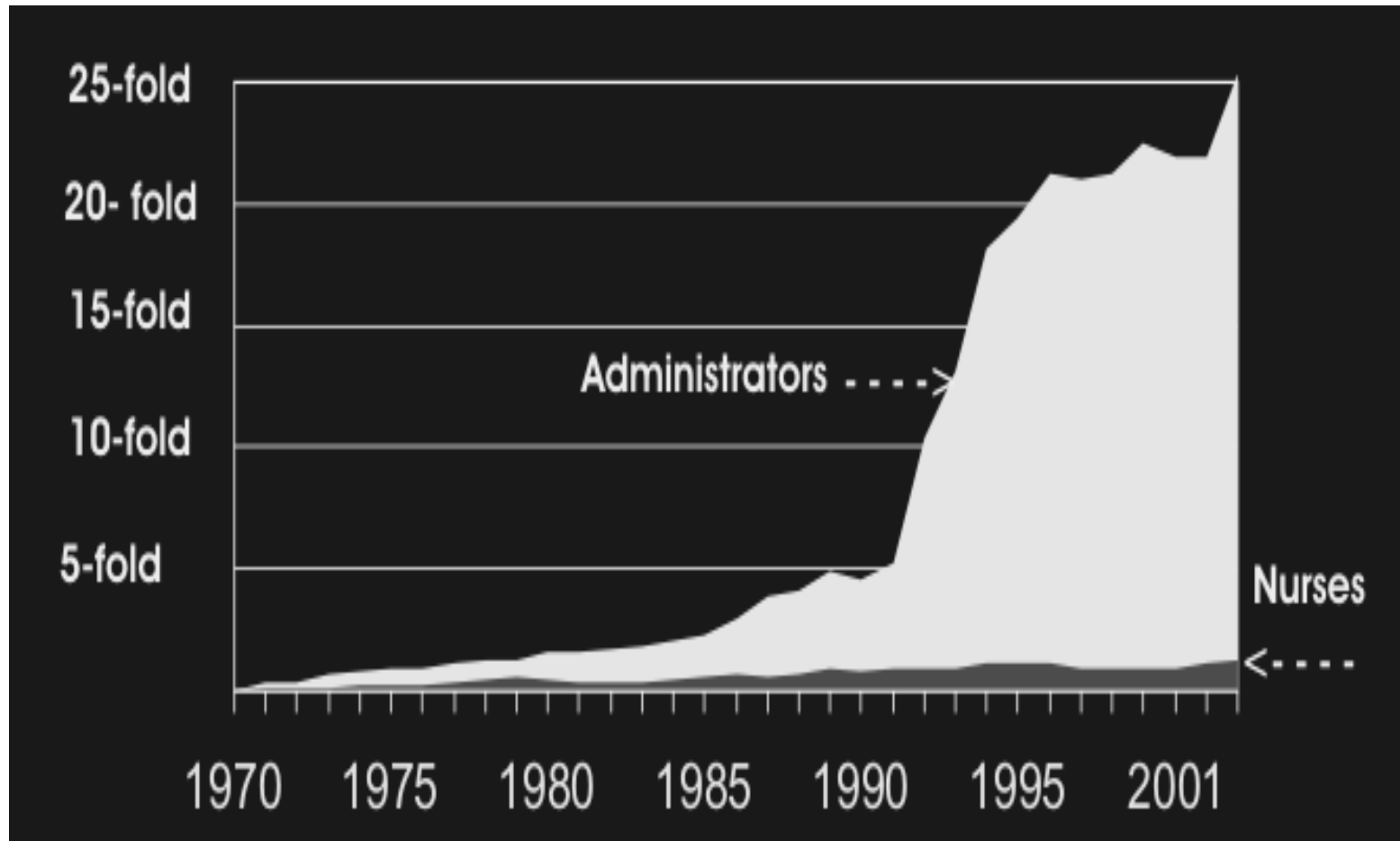


Pervasive Overhead



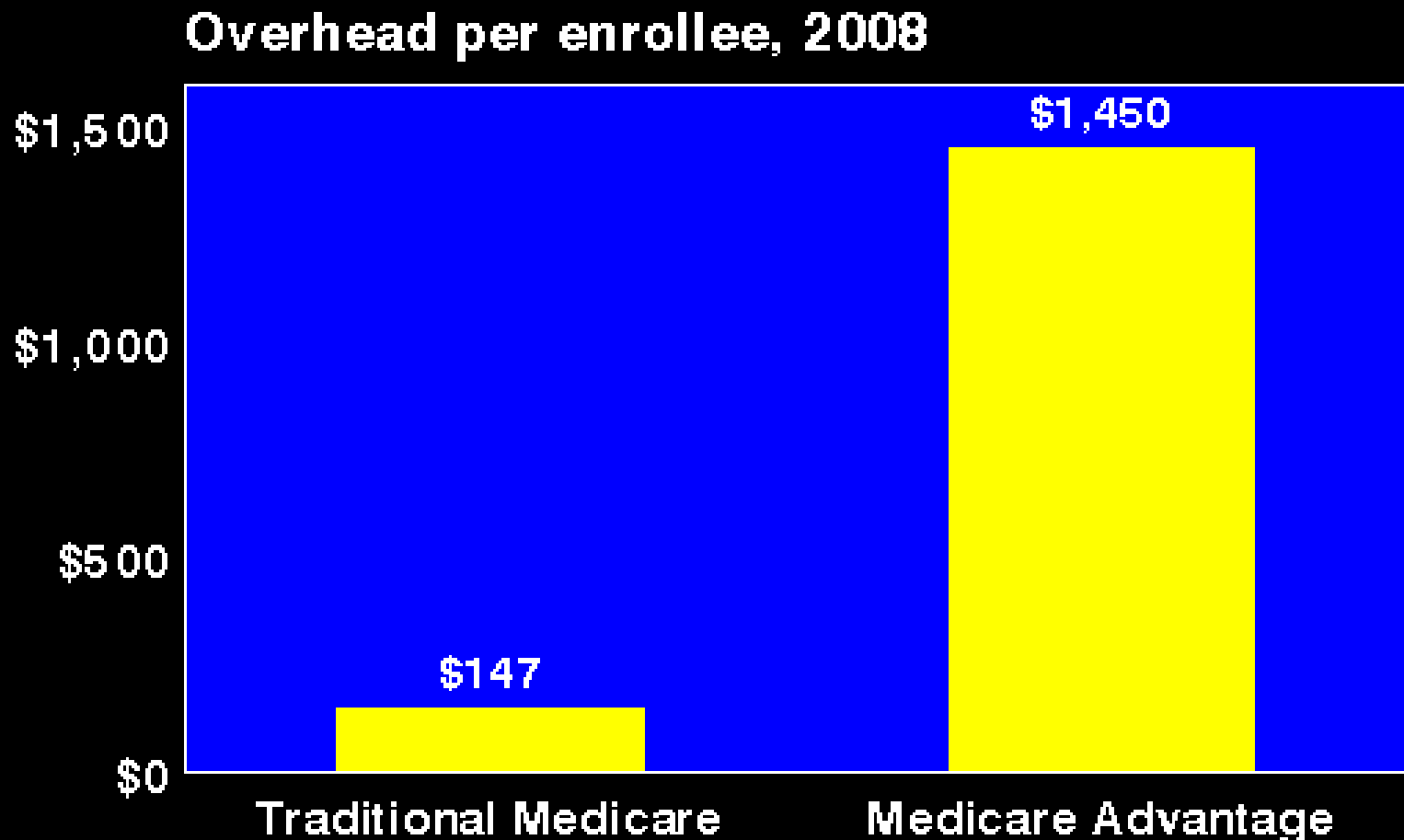
- Massachusetts General Hospital: 300 billing employees VS. Toronto General Hospital: 3 billing employees
 - Hospitals spend between 6.6% and 10.8% of total revenue on admin
- Admin costs/physician/year: between \$68,274 and \$85,276
- Researchers estimate the total costs of billing and insurance related administrative tasks in the U.S. at more than \$400 billion a year.

Streamlined administration and billing



Source: Bureau of Labor Statistics; NCHS; and Himmelstein/Woolhandler analysis of CPS

Private Medicare Advantage Plans' High Overhead



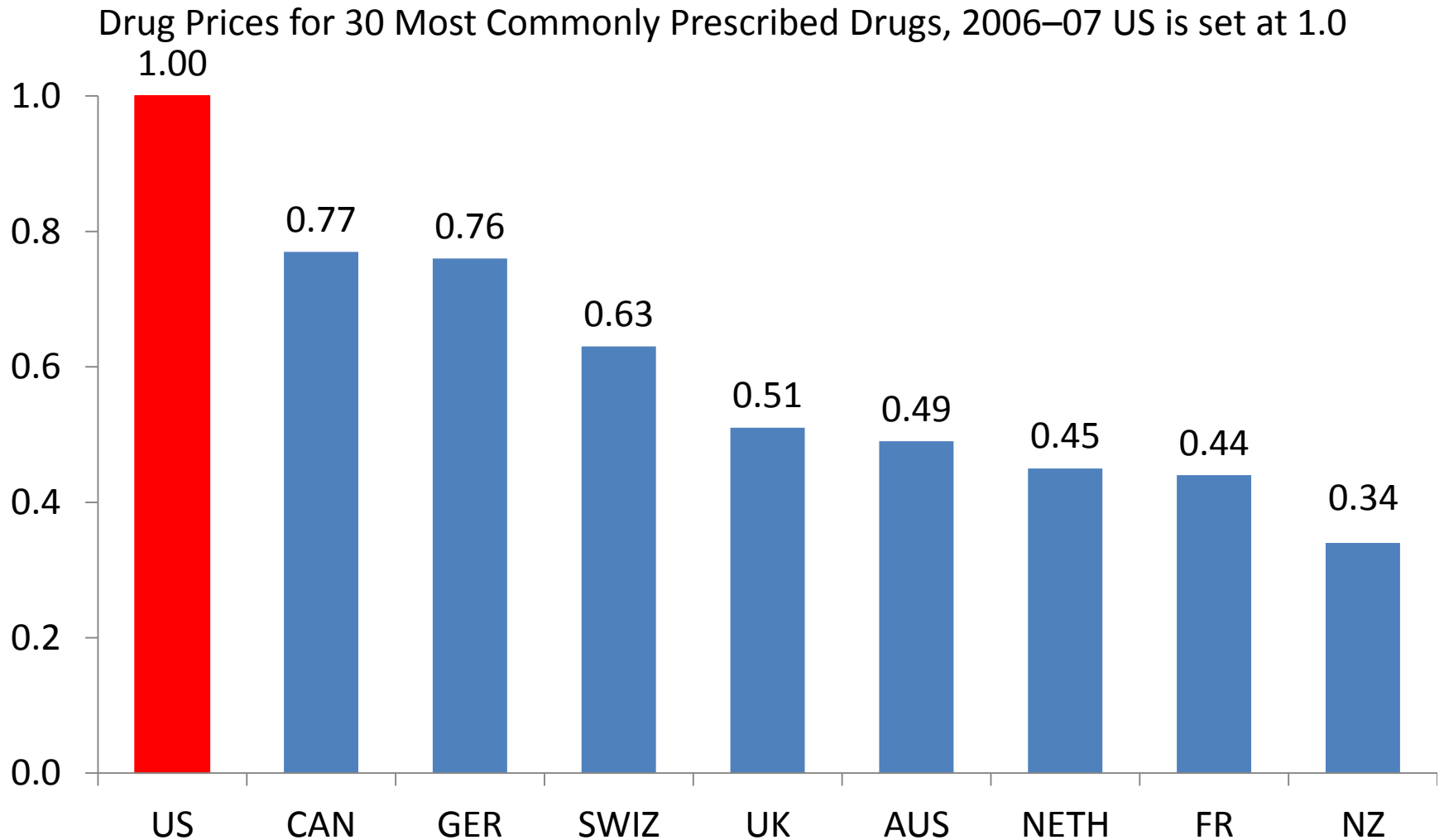
Source: U.S. House Committee on Energy and Commerce, December, 2009

Improved Medicare for All

How it Saves Money

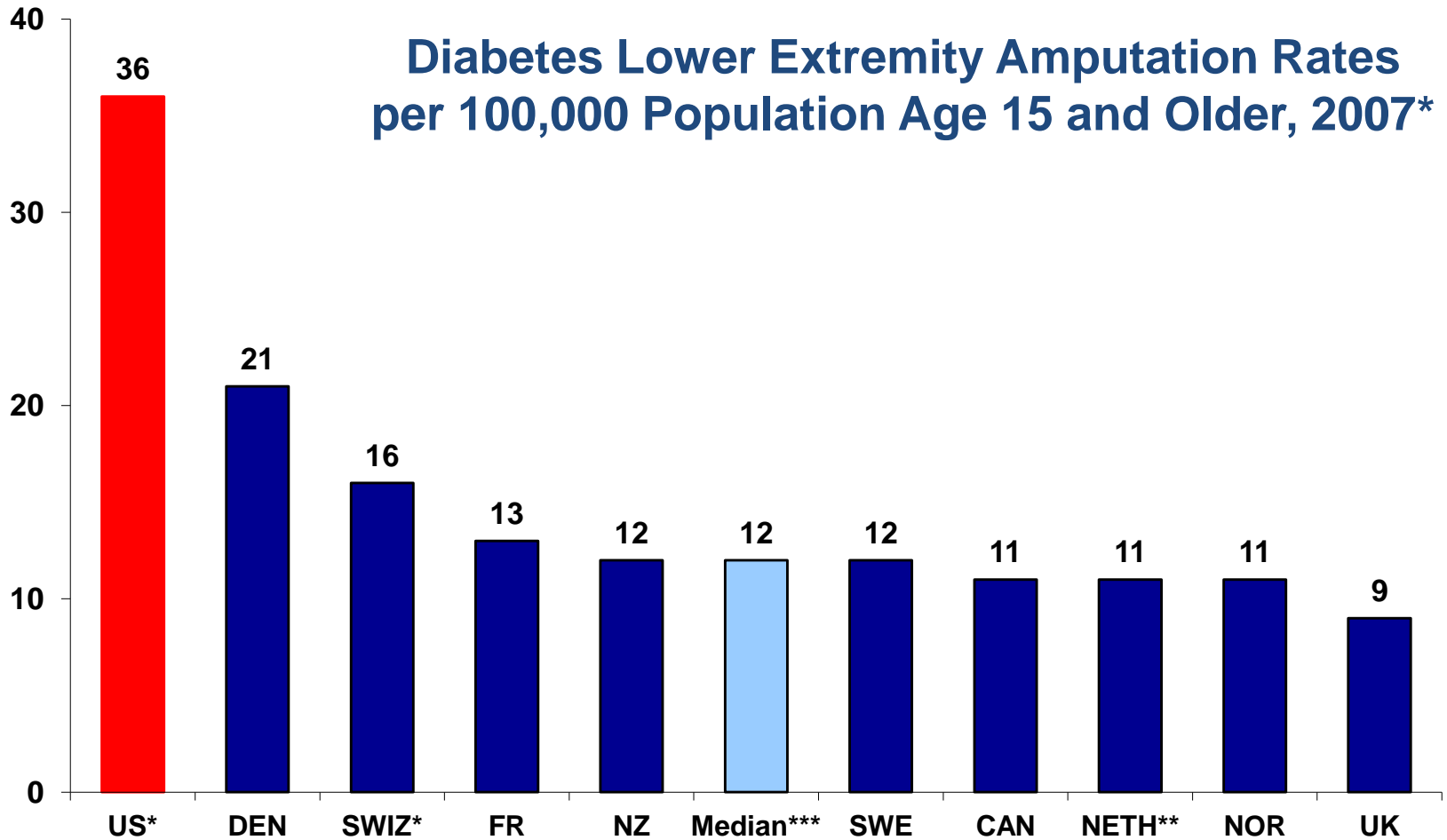
- Streamlined administration and billing process through a single-payer
- Bulk purchasing of pharmaceuticals and equipment
- Increased emphasis on primary and preventive care

Bulk purchasing of pharmaceuticals



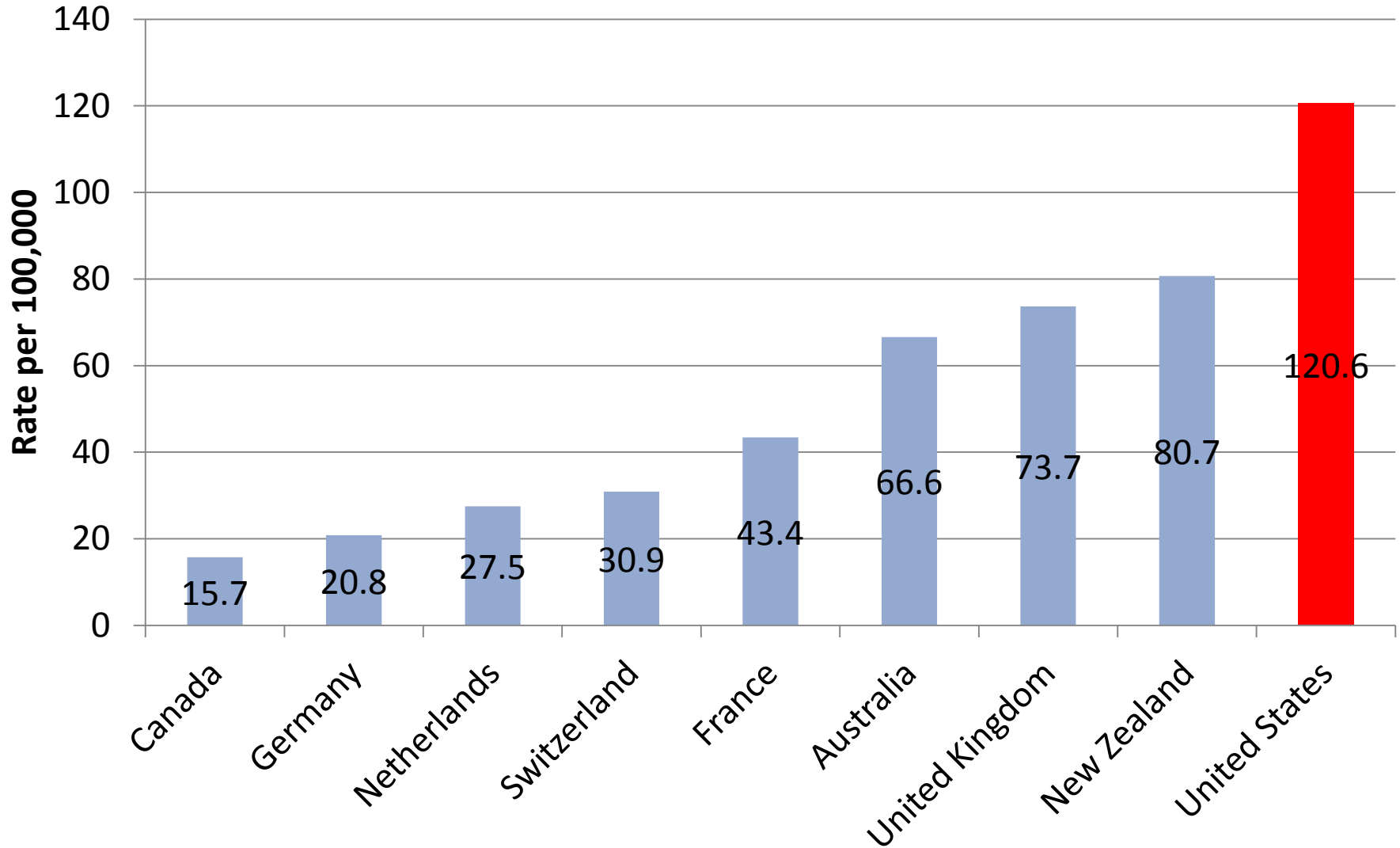
Source: OECD Health Care Quality Indicators, 2009

Increased emphasis on primary and preventive care



Source: OECD Health Care Quality Indicators, 2009

Asthma Hospital Admission Rates: Chronic Care Indicator



Source: OECD 2011, population aged 15 and over, 2009 (or nearest year)

Advantages of single payer

- **For patients:**

- Universal coverage from birth
- Comprehensive benefits
- No cost barriers
- Free choice of provider and hospital
- Portable coverage, improved continuity
- Improved health, as demonstrated by other countries



Advantages of single payer

- **For Primary Care Providers**

- Restoration of clinical autonomy
- Improved continuity with patients
- Simplified billing and decreased overhead
- Change in patient mix
- Improved patient access to therapy
- Increased reimbursement
- Easier referral to specialists
- Participation in budgeting, planning, setting fees
- Greater professional satisfaction



Advantages of single payer

- **For Hospitals / Clinics / Offices**
 - Single insurance form
 - Everyone covered = More stable financing
 - Head start on organized primary care focus



Advantages of Single Payer

- **Quality**

- One Tier of care = Acceptable to All
- Continuity = Same Provider = Less Errors
- One Electronic Medical Record System
- Resources allocated by need
- Consolidation of data collection means outliers stand out = better quality assessment
- Broad focus = Fixing mistakes rather than arguing over who will pay



Asthma-Related Benefits of Single Payer

Schools

- Save money = More school nurses/clinics?
 - LAUSD would save over \$300 Million (2008-2009)*
 - Even more money saved when school absences go down
- Save money = Build schools in cleaner environments?
- Kids spend more time in school = Better outcomes

*Source: California Leg Analyst Office 2009, SB 810 costs

Asthma-Related Benefits of Single Payer

Clinics / Providers / Hospitals

- Building Community Empowerment
 - Focus on addressing living conditions and living a healthier life style
 - Focus on education
 - Get paid for asthma counseling





How Do We Get There?

Policy, Education, Collaboration

The California Universal Health Care Act



- Senate Bill 810 has passed twice in CA
- Will be re-introduced in 2013
- \$8 billion in first year savings for CA
- \$345 billion in 10-year savings for CA

Services Covered

- Inpatient/outpatient health facility services
- Inpatient/outpatient services by licensed professionals
- Diagnostic imaging, laboratory services
- Rehabilitative care
- Emergency transportation and necessary transportation for health care services
- **Language interpretation**
- Child and adult immunizations and preventive care
- **Health education**
- Hospice care
- Home health care
- Home and Community based care
- Adult day care
- **Prescription drugs**
- **Mental Health Care**
- **Dental care/Orthodontia**
- Podiatric care
- Chiropractic care
- Acupuncture
- Blood and blood products
- Emergency care services
- **Vision Care including eyeglasses**
- Hearing including hearing aids
- Case management
- Substance abuse treatment
- **Durable medical equipment including hearing aids**
- **Care in skilled nursing facilities**
- Dialysis

Where can I find out more?

- ACA: Kaiser Family Foundation:
 - www.kff.org
- Single Payer: Physicians for a National Health Program
 - www.pnhpcalifornia.org OR www.pnhp.org
- Students: California Health Professional Student Alliance
 - www.cahpsa.org



Molly Tavella

- molly@pnhpcalifornia.org
- Cell: (408) 892-1255



A Few Sick People Account for Most Health \$s

Percent of total spending for each decile among privately insured Americans, 2001

% of total health spending accounted for by decile

