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
- Out-of-Pocket

T.R. Reid’s book *The Healing of America: A Global Quest for Better, Cheaper, and Fairer Health Care*
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:

• 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

Reform helps ease some of these issues

Himmelstein & Woolhandler, 2007
U.S. PUBLIC Spending Per Capita for Health is Greater than TOTAL Spending in Other Nations

- Japan: $2730
- U.K.: $3130
- Sweden: $3470
- France: $3700
- Germany: $3740
- Canada: $4080
- U.S.: $4410

Note: Public includes benefit costs for govt. employees & tax subsidy for private insurance
Source: OECD 2010; Health Aff 2002; 21(4):68 - Data are for 2008
### WHO World Health Report, 2000

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Country</th>
<th>Expenditure Per Capita</th>
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<tbody>
<tr>
<td>1</td>
<td>France</td>
<td>4</td>
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<tr>
<td>2</td>
<td>Italy</td>
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<tr>
<td>3</td>
<td>San Marino</td>
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<td>4</td>
<td>Andorra</td>
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<td>5</td>
<td>Malta</td>
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<td>6</td>
<td>Singapore</td>
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<td>7</td>
<td>Spain</td>
<td>24</td>
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<tr>
<td>8</td>
<td>Oman</td>
<td>62</td>
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<td>9</td>
<td>Austria</td>
<td>6</td>
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<tr>
<td>10</td>
<td>Japan</td>
<td>13</td>
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<td>11</td>
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<td>16</td>
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<tr>
<td>37</td>
<td>United States</td>
<td>1</td>
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</tbody>
</table>
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)
- Small firms: 3.99
- Large firms: 2.88

2010
- Small firms: 11.66
- Large firms: 8.08

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

The New York Times

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 ...

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>'03</td>
<td>7.1%</td>
</tr>
<tr>
<td>'07</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

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

Choose Policy with fewer benefits, higher deductible, lower premium

UNDERINSURED

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


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

“Sicker and Poorer”, Medical Care Research and Review, June 2003
Uninsured California Residents with Asthma Symptoms

<table>
<thead>
<tr>
<th>LA SPA Region</th>
<th>Uninsured with Fair or Poor Health Status, All Ages</th>
<th>Uninsured with Asthma Symptoms, All Ages</th>
<th>Uninsured with Diagnosed Hypertension, Age 45+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Percent*  Number**</td>
<td>Percent*  Number**</td>
<td>Percent*  Number**</td>
</tr>
<tr>
<td>Los Angeles</td>
<td>24        534,000</td>
<td>6         136,000</td>
<td>29         103,000</td>
</tr>
<tr>
<td>LA SPA Antelope Valley</td>
<td>25        13,000</td>
<td>17        9,000</td>
<td>45         4,000</td>
</tr>
<tr>
<td>LA SPA East</td>
<td>25        75,000</td>
<td>5         16,000</td>
<td>28         13,000</td>
</tr>
<tr>
<td>LA SPA Metro</td>
<td>28        124,000</td>
<td>6         27,000</td>
<td>27         20,000</td>
</tr>
<tr>
<td>LA SPA San Fernando</td>
<td>19        80,000</td>
<td>5         21,000</td>
<td>29         21,000</td>
</tr>
<tr>
<td>LA SPA San Gabriel</td>
<td>24        74,000</td>
<td>6         18,000</td>
<td>25         13,000</td>
</tr>
<tr>
<td>LA SPA South</td>
<td>27        77,000</td>
<td>6         18,000</td>
<td>36         13,000</td>
</tr>
<tr>
<td>LA SPA South Bay</td>
<td>23        75,000</td>
<td>6         21,000</td>
<td>26         14,000</td>
</tr>
<tr>
<td>LA SPA West</td>
<td>16        16,000</td>
<td>–          –</td>
<td>29         5,000</td>
</tr>
</tbody>
</table>

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

Medicare

Medicaid

Payroll Tax

Income Tax

Single-Payer Health Care Fund

$$$

Hospital

Medication

Ambulance
Current Financing System

- Individuals/Businesses
  - Direct/out-of-pocket payments
  - Subsidies
  - Taxes
  - Premiums
- Government
  - Medicare, Medicaid, SCHIP, VA, IHS
  - Public Employees' Premiums
- Private Insurers
  - Payment to providers
- Health Service Providers
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

Overhead per enrollee, 2008

- Traditional Medicare: $147
- Medicare Advantage: $1,450

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

Drug Prices for 30 Most Commonly Prescribed Drugs, 2006–07 US is set at 1.0

Source: OECD Health Care Quality Indicators, 2009
Increased emphasis on primary and preventive care

Diabetes Lower Extremity Amputation Rates per 100,000 Population Age 15 and Older, 2007*

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

Source: Lewin Group, January 2005
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

Decile of Privately Insured

Source: MEPS Data, from Thorpe and Reinhart