

Health Policy Overview

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Overview of Major Health Care Policy Issues

- A. Status/future of ACA and Medicaid.
- B. Status/future of Medicare.
- C. Status/future of private health insurance.
- D. The emerging policy alternatives—health care reform and the 2020 elections.



Status/Future of ACA and Medicaid

- A. Fierce Republican opposition in Congress and Trump Administration—but little has changed in the program since 2016 except the elimination of individual mandate and reduced efforts to inform and assist the public. One million however have lost coverage.

- B. Medicaid (health insurance for lower income individuals and families), following ACA expansions (34 states), is now the largest health insurance program with over 70 million beneficiaries and record high approval ratings.



Status/Future of ACA and Medicaid (continued)

- C. Republicans want to block grant and cap Medicaid expenditures, but most states oppose the idea; they would lose federal funds and have to reduce the number insured. They are also supporting work requirements for eligibility.
- D. Medicaid is the only public long term care program, but is restricted by tight eligibility criteria and is increasingly controlled by corporate health firms with problematic results.
- E. The future of the ACA and Medicaid depends on the results of the 2020 elections and new reform initiatives.



Status/Future of Medicare

- A. About 48 million beneficiaries most of whom, 37 million, are age 65 and older. Medicaid and Medicare began in 1966.
- B. Medicare is significantly more efficient than private insurance (over 15% less expensive on average), with higher satisfaction levels. Over 85% of all physicians participate in Medicare, which is much higher than Medicaid.
- C. Medicare is not perfect. The main deficiencies are lack of dental and long term care coverage and excessive out-of-pocket spending for premiums, co-payments and deductibles.



Status/Future of Medicare (continued)

- D. Medicare Advantage, the corporate managed care part of the Medicare program, now includes about 35% of all beneficiaries as HMO members. MA was intended by some lawmakers in 2003 to serve as the wedge program that would eventually absorb the entire beneficiary population. This is unlikely for four reasons; the program costs more than regular FFS Medicaid, no consistent evidence of better outcomes, many MA beneficiaries leave the program as they begin to need more care and evidence of corrupt practices (up coding) is substantial.
- E. Medicare costs will rise from 4.7% of GDP today to 6.0% at the peak of the growth of the 65+ population in 2055-2060, unless effective cost reduction measures are taken. But Medicare will continue to cost less than private insurance.



Status/Future of Private Health Insurance

- A. Private Insurers now cover about two thirds of the insured population and control most of Medicaid through state Medicaid HMO contracts and one third of Medicare through MA.
- B. Insurance companies were not the major players in the U.S. health care system they are today until the 1970s and especially the late 1980s with the emergence of managed care programs increasing medical efficacy and the rapid rise in health care costs.
- C. Most privately insured beneficiaries are in managed care programs (over 80%) and increasingly fewer in FFS programs. This shift has done little to slow cost increases.



Status/Future of Private Health Insurance (continued)

- D. About 160 million workers and family members are insured through employer based insurance plans, mostly the major private insurers. Many employers now either fully or partially are self insured with insurance companies providing administrative services.

- E. Private insurance companies administrative costs, including profits in propriety firms, range from 12% to 25%, and average 15%, compared to far lower administrative costs in the public programs (Medicare and Medicaid which average 2-4%). Administrative costs in private insurance come to approximately 350-400 billion of the 3.6 trillion total health care costs.



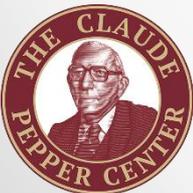
Status/Future of Private Health Insurance (continued)

- F. Employer based insurance beneficiaries drop or change plans very often. Over 60 million workers a year drop/change plans, which is far more churning than is commonly recognized.
- G. Employees are paying increasingly more out-of-pocket for employer based private plans. Families of four earning \$55,000 or less annually are now paying 20% of their income for premiums, co-pays and deductibles, which is up from 13% in 2010. The total insurance cost for a family of four is now \$24,000 a year with employees covering about \$14,000 of the costs.
- H. The trends are eroding beneficiary satisfaction with their private insurance plans and building support for health care reform proposals like single payer plans of which Medicare For All is one that has become increasingly popular.



Health Policy Reform Alternatives and the 2020 Elections

- A. The U.S. health care system is the only one among developed countries dominated by private, mostly for-profit, health care companies—insurers, hospitals, pharmaceuticals, physician groups, etc. This unique characteristic is the principle source of the fact that the U.S. system is far more expensive (18% of GDP compared to 6-11% in other countries), even with far more uninsured people (9% of population compared to 5% and fewer in other countries).
- B. Even with the ACA, the U.S. still has 30 million uninsured and almost 45 million underinsured, which is one of the major reasons for the growing support for qualitative reform. The other major reason is the steady increase in costs to employers and individuals. Health care costs have grown at 2+% more than overall inflation for decades.



Health Policy Reform Alternatives and the 2020 Elections (continued)

C. The main health care policy options are:

1. The Trump Republican position is to dismantle the ACA, while somehow preserving the “no pre-existing conditions exclusion” provisions, block granting the Medicaid program and implementing more pro-market reforms which seems to mean work requirements and more deregulation.
2. The Democrat Party leadership position is to preserve and strengthen the ACA, mainly by increasing subsidies to people getting insurance through the exchanges and, possibly, adding a public option which could be done by allowing people to buy in to the Medicaid or Medicare program.



Health Policy Reform Alternatives and the 2020 Elections (continued)

3. Presidential candidate Bernie Sanders supports a Medicare For All program that would also include long term care (now covered only under Medicaid with strict eligibility criteria) and dental care. His Medicaid For All plan would have no premium, co-payments or deductibles for any medical services. It would be paid for through a combination of increased payroll, and corporate taxes and a new tax on financial transactions, and cost between 3.2 and 3.8 trillion annually or about what the health care system costs now, but with everyone insured, and less over time from administrative cost savings. Private insurance would be eliminated and provider and drug prices would be negotiated by the federal government.



Health Policy Reform Alternatives and the 2020 Elections (continued)

4. Other policymakers have also presented a range of proposals that fall between the ACA strengthening position and the Medicare For All proposal, including the extension of Medicare to those between 50 and 64, a rigorous all payer regulation system (Maryland has now) to contain costs in an increasingly concentrated (monopolistic) industry.
- D. The future of health care policy is very much up for grabs at this point and may well not be settled by the 2020 elections. Corporate health has a great deal of wealth and power and has already begun to resist fiercely any significant policy changes but public opinion may have begun to shift in the direction of majority support for major changes, including some form of single payer (Medicare For All) health care.

