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A Message From Lilly: The Opportunity to Create Policy Insights via the Implementation of the Patient Protection and Affordable Care Act (ACA)

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A Message from Lilly

The Opportunity to Create Policy Insights via the Implementation of the Patient Protection and Affordable Care Act (ACA)

By Karen L. Friss, BS, MBA

By now the public may know the Supreme Court ruling on key aspects of the ACA: the individual mandate, severability of the mandate from some or the entire 2700-page law, and Medicaid expansion.

The individual mandate requires that all citizens (not currently enrolled in a public health program) purchase health insurance. Various models have been created to forecast the impact of a court decision invalidating the individual mandate while maintaining the other components of the ACA. These forecasts range from an exponential increase to a significant reduction in persons seeking insurance.

If the entire law is struck down, Congress may act quickly to reinstate some of the provisions that generate revenue or are valued by the public, or gridlock may continue. This debate will play out alongside presidential and congressional elections in November. Everything could look completely different politically in 2013.

So, although the future of health care for the current uninsured is uncertain, it is a fact that ACA implementation is under way. This is evident on many levels:

- Over 2.5 million young adults have enrolled in their parents' insurance plans.
- 129 million Americans have gained coverage as a result of the elimination of preexisting condition restrictions.
- Demonstration projects have been initiated to improve care and reduce costs in Medicare and Medicaid.
- The federal government has received revenue from the private sector in various ways.

Significantly, many states have already begun to evaluate and prepare to implement state-based insurance exchanges – a more organized and competitive market for buying health insurance. As of March 2012, thirteen states plus the District of Columbia had legislatively established state-based exchanges while 3 more states have announced their intent to create these entities.[1] For those states that move forward with exchange implementation (regardless of the Supreme Court decision), the health policy field will benefit from very public case studies.

The exchanges will be organized at the state level while incorporating a federally defined basic level of care (the Essential Health Benefits). Per the ACA, the state exchanges must address 10 service categories[2] but their average standard of care is driven by local standards (based on small and large employer plans, Medicaid plans, and the federal employee health benefits program). And, the insurance providers in each state will have to propose plans that relate actuarially to that average standard of care. More information is available online at: http://cciio.cms.gov/resources/regulations/index.html#hie.

Watching these state implementations raises interesting policy questions that today's scholars might want to consider. Here are a few and I suspect you can think of more:

- Can the states tailor care standards to their specific populations and achieve better outcomes because of variability between state plans?

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- What state model of basic services provides the best outcomes for the overall population as well as specific patient populations?
- Do exchanges work without federal subsidies (if the Court strikes down the ACA) or can state-level oversight drive improvements in quality and reductions in cost more rapidly and effectively than the federal government (if the Court upholds the ACA)?

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