The Impact of the 2016 Election on Healthcare

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Focus of the ACA Thus Far

- **Expanding** coverage
- Insurance reforms
- **Limited** delivery system reforms
  -- value-based purchasing, ACOs
- Medicare Innovation Center and its pilot projects
  -- mixed record at best
Some Progress on Traditional Healthcare Challenges

♦ Too many uninsured
♦ Unsustainable spending growth
  -- short-term v. long-term
♦ Patient safety issues
♦ Clinical appropriateness
Number of Uninsured Is Clearly Declining

♦ Latest estimates show substantial decline in uninsured
  -- adults 18-64: 22% in 2010 → 13% 1st Q, 2015

♦ Larger than expected impact from Medicaid expansion
  -- initial estimate for 2016: 52 million < 65
    current estimate: 68 million,
    But …

♦ As of 2026, still expect 28 million uninsured
Healthcare Spending: The Challenges May Be Returning

- Healthcare spending had several years of very slow growth: <4% per year
- Never clear how much was policy-induced and how much was recession-related
  -- how much payment or delivery reform v. increased use of high-deductible plans
- 2015 OECD report showed US spending slow-down < OECD average; suggests mostly recession-related
And Many “Perverse” Incentives Remain in Healthcare

- Tax treatment for employer-sponsored insurance
  > $260B of revenue loss

- Pervasive use of 3\textsuperscript{rd}-party payment without direct controls on spending, utilization, technology

- Still a lot of fee-for-service reimbursement

- Liability concerns remain for physicians and hospitals
Democrat Positions on Healthcare

**Hillary Clinton** – “presumptive nominee”

♦ Strong supporter of the ACA
♦ Focused on strategies to improve the ACA
  -- extend coverage to remaining uninsured
  -- limit out-of-pocket spending for R$_x$
♦ Wants to “negotiate” prices for Medicare R$_x$
  -- *administered* pricing v. *negotiated* prices?
Democrat Positions on Healthcare

Bernie Sanders – continuing challenger

♦ “Medicare for All” supporter
♦ Single payer; no allowance for private payers
♦ Much broader benefits than Medicare
♦ Much more power given to Medicare
♦ Claims savings but many (Democratic) analysts question the estimates
Republican Positions on Healthcare

- United in their calls for “repeal and replace”
- Not a lot of detail; some common elements
  - expanded availability of HSAs
  - ability to buy insurance across state lines
  - block-granting Medicaid
  - protecting pre-existing conditions with con’t coverage
- Trump’s early positions on Rx pricing and mandates??
Recent Polling Data on Issues/ACA

♦ Most important issues: (1) Economy/jobs (2) National security (3) Immigration (4) Health

♦ Attitudes towards ACA:
  -- 49% “against” v. 38% “for”

♦ Attitudes toward change very divided
  -- 32% repeal v. 30% expand v. 11% reduce
Predicting the Election Outcome is a Challenge

♦ House *probably* stays Republican

♦ Senate *could* flip
  -- 24 R seats up v. *10* D seats
  -- Ds need 4-5 to take control (54/45/1- current split)

♦ White House?
  -- polls currently say “Clinton” but …
  -- polls have consistently underestimated Trump
What Election Means for Healthcare Depends …

♦ *Split government* is most likely
♦ *Simple majority* control in Senate *most likely*
♦ Both mean changes to the ACA will require *bipartisan* actions
♦ If Ds control WH and Senate, *less* change is likely
♦ If Rs control WH and House, *more* change is likely
What About the ACA Post-2016 Election?

♦ *Outright repeal* of the ACA is *highly unlikely*
  -- *no* historical precedent 3 years after implementation
  -- also, only 1/3 of public supports repeal
  -- Republicans unlikely to control WH + Congress
  -- would need to replace coverage for newly insured

*But …*

♦ Significant changes could begin by 2017/2018
Potential 2017/2018 ACA Changes

♦ Providing subsidies to people below the poverty line in non-expansion states

♦ Smoothing the transition between Medicaid and the Exchanges

♦ Allowing states to use private insurance for Medicaid without waivers

♦ Deferring the mandate; trying Medicare’s “incentive” strategy

♦ Eliminate the Independent Payment Advisory Board
ACA Changes Post-2018

♦ **Rationalize** and **unify** different Federal match rates for traditional Medicaid CHIP, expanded-Medicaid

♦ **Rationalize/unify** exchange subsidies and employer-provided insurance subsidies for the low/middle classes

♦ Develop strategies for remaining uninsured
Some Challenges Will Continue Even After the ACA is Revised

♦ Healthcare spending battle not yet won
♦ 28 million uninsured expected to remain; uncertain exchange stability
♦ *Entitlement reform* is still in our future
  -- current Medicare/Social Security programs are unsustainable
♦ Improving value and safety in healthcare remains *elusive*
To Really Improve Health, Focus on the Social Determinants of Health (SDH)

♦ Need more focus on targeted *prevention*
  -- recognize *obesity* is the new *smoking*
  -- will require *sustained campaign* for success

♦ More *efficient, effective healthcare* is *important, but* SDH are *more* important
  -- early childhood education, fight against poverty,
  more food security, equal opportunities for women

We spend *enough*; we need to spend it *smarter*!