Ten Titles:
Understanding the Affordable Care Act

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Presentation Outline

- The ACA’s Architecture
- The People Flows and the Money Flows
- Ten Ways to Think about the ACA and Its Impact
- Some Essential Resources
Ten Titles: the Architecture

I. Affordable and Available Coverage
II. Medicaid and CHIP
III. Delivery System Reform – Medicare plus
IV. Prevention and Wellness
V. Workforce Initiatives
VI. Fraud, Abuse and Transparency
VII. Pathway for Biological Similars
VIII. CLASS – Community Living Assistance Services & Supports
IX. Revenue Measures
X. Harry Reid’s Manager’s Amendment

I. And the “Reconciliation Sidecar”
Title I and II

I: Affordable and Available Coverage
- The Three-Legged Stool
  - Insurance Market Reform – Guaranteed Issue
  - Individual Mandate/Responsibility
  - Premium & Cost Sharing Subsidies
- State Insurance Exchanges
- Employer Responsibility

II: Medicaid & CHIP
- National Eligibility floor of 133% fpl
- Federal Financing 90% plus
- Uniform Eligibility and Enrollment Standards
- CHIP Extension through 2019
Titles III and IV

III: Medicare and Delivery System Reform
- Delivery System Reforms
  - National Quality Strategy
  - Medical Homes, Accountable Care Organizations, Preventable Readmissions, Hospital Infections
- Changes to Lower Medicare Spending
  - Medicare Advantage
  - Hospitals, Home Health, Hospice Market Basket Payment Adjustments

IV: Prevention and Wellness
- Prevention and Wellness Commission
- Prevention & Wellness $15B Trust
- Inclusion of Clinical Preventive Services
- Calorie Labeling in Chain Restaurants
Titles V and VI

- **V. Health Care Workforce**
  - National Workforce Commission
  - Primary Care Expansions
  - Community Health Centers & National Health Service Corps

- **VI. Transparency and Program Integrity**
  - Physician Payment Sunshine Act
  - Medicare & Medicaid Fraud & Abuse
  - Elder Justice Act
  - Nursing Home Transparency
Titles VII and VIII

VII. Pathway for Biological Similars
   ◦ FDA Approval for Generic-like BioPharma

VIII. CLASS – Community Living Assistance Services & Supports
   ◦ Public – Program – Option
   ◦ National cash support program for disabled
   ◦ Minimum 5 years monthly premium payments
   ◦ Premium TBD by DHHS Secretary
   ◦ Daily cash benefit $50-75
   ◦ $ to be used to support community living
   ◦ $5 premium for low-income and students
Title IX and X

- Revenue Provisions
  - FICA High Income Changes
  - Fees on Health Insurers, Drug Manufacturers & Med Device Makers
  - “Cadillac” Tax on High Cost Health Plans
  - Tax on Indoor Tanning Services

- Manager’s Amendment & Reconciliation
  - MA = Changes to Titles I-IX in Nov/Dec 2009 to achieve 60 Senate votes
  - Reconciliation = Changes to Titles I-X in March 2010 negotiations with White House & House
## Tracking the Impacts of the Affordable Care Act (2010-19)

<table>
<thead>
<tr>
<th>ACA Title</th>
<th>Covered Lives (#M)</th>
<th>$ Spent ($B)</th>
<th>$ Raised /Saved ($B)</th>
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<tbody>
<tr>
<td>1. Private Sector Coverage</td>
<td>16</td>
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<td>2. Medicaid/CHIP</td>
<td>16</td>
<td>$434</td>
<td>$52.1</td>
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<td>3. Medicare/Delivery Reform</td>
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<td>$449.9</td>
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<td>4. Prevention/Public Health</td>
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<td>$18</td>
<td>$.8</td>
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<td>5. Workforce</td>
<td></td>
<td>$18.2</td>
<td>--</td>
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<tr>
<td>6. M&amp;M Fraud &amp; Abuse</td>
<td></td>
<td>$2.8</td>
<td>$6.5</td>
</tr>
<tr>
<td>7. Biologic Similars</td>
<td></td>
<td>--</td>
<td>$7</td>
</tr>
<tr>
<td>8. CLASS</td>
<td></td>
<td>--</td>
<td>$70</td>
</tr>
<tr>
<td>9. Revenues</td>
<td></td>
<td>--</td>
<td>$452</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>32 million</strong></td>
<td><strong>$1,031.5</strong></td>
<td><strong>$1,118.9</strong></td>
</tr>
</tbody>
</table>
1. The ACA is a landmark law full of smaller landmarks.

- Once every other generation, on par with Social Security (‘35) and Medicare (‘65)
- Multiple smaller achievements:
  - Patients’ Bill of Rights
  - Coverage of Clinical Preventive Services
  - Physician Payments Sunshine Act
  - Medicaid for all low-income
  - Elder Justice Act
  - CLASS
  - Bio-Similars
  - Indian Health Care Improvement Act
2. The ACA will be revisited and revised repeatedly for many years

- Social Security’s many large holes filled over ~40 years
- Ditto for Medicaid
- Enactment closes one chapter and opens an entirely new book
- “Continuous Policy Improvement”
3. More than Money or Politics, Health Reform Is About Values

- Not the highfalutin ones: liberty, justice, security, efficiency, equity, patriotism etc.
- We only understand our values when two or more compete and we have to choose
- “We all support universal health insurance...” Kay Bailey Hutchinson (R-TX)
- Everyone has a price and a limit
- Democrats found their minimal sweet spot; Republicans found a bridge too far
4. ACA is the achievement of a movement for health justice

- Movements are messy, undisciplined, and uncoordinated, full of internal conflict.
- Think civil rights, women, environmental, conservative, gay & lesbian rights
- Many thousands of individuals and organizations have worked for health justice for nearly 100 years
- In end, health reform became a clash between two movements – health justice versus the Tea Party
5. Bipartisanship was pursued on both sides and was not possible

- Key Democrat ideas have Republican roots: individual mandate, private coverage, exchanges, business credits
- Serious negotiations in Senate, not House
- Many Republican ideas incorporated
- Two Republicans camps: policy/politics –
  - Waterloo
- Democrats’ bottom lines were a bridge too far for Republicans in 2010
- In the end, no internal conflict for Rs
6. Compromises and Deals Were Necessary, Not Scandalous

- Key deals with hospitals, physicians, drug companies, home health, hospice, BRT
- Deals, agreements, handshakes – the vital currency in every democratic legislative assembly in the world
- Without this currency, business does not get done
- The most despised deal – Nebraska’s “cornhusker kickback” – was eliminated
7. Coverage Affordability Will Be a Key Test: Short/Long Term

- 70% actuarial value for subsidized enrollees will not be affordable for many
- Out of pocket enrollee exposure is unrealistic
- Done this way to keep price tag down
- Larger issue in 2020 and beyond:
  - Subsidies grow at CPI
  - Enrollee exposure as high as 10% annually
- Major test for workability of law and challenge in terms of fiscal balance
8. ACA’s Fiscal Future Is Uncertain

- 10-year Spending Effect Is Speculative
  - Davis & Cutler – $590B in system savings
  - Holtz-Eakin -- $500B in federal losses
- CBO’s Historical Track Record
  - 1983 Prospective Payment System – DRGs
  - 1997 Balanced Budget Act
  - 2003 Medicare Modernization Act
  - This could be the really good news
- Will Congress have the will to stick with it? Experience in both directions
9. ACA May Be a Landmark for Racial and Ethnic Minorities

- In three years, Massachusetts health reform eliminated racial/ethnic disparities in health insurance coverage
- 54% of uninsured Americans are non-white (75% in Texas)
- ACA has potential to eliminate disparities in coverage nationwide
- Combined with other provisions, ACA is major step forward in fighting disparities
10: Most Challenging Federal Law Implementation since Civil Rights

- 150+ policies taking effect just in 2010
- High level of political resistance by states, Republicans, Tea Party, media
- Political threats from a new Congress
- Lack of political cohesion seen in MA
- Yet...
  - Big threats to Medicare in the late 1960s
  - Much funding is locked in
  - The public likes most of the details
In conclusion:

### The Affordable Care Act Is/Was:

<table>
<thead>
<tr>
<th>Description</th>
<th>AND</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>About self interest</td>
<td>AND</td>
<td>About public interest</td>
</tr>
<tr>
<td>Way too expensive</td>
<td>AND</td>
<td>Not expensive enough</td>
</tr>
<tr>
<td>Seriously bipartisan</td>
<td>AND</td>
<td>Excessively partisan</td>
</tr>
<tr>
<td>Better covered by media ... ever</td>
<td>AND</td>
<td>Not covered nearly well enough by the media</td>
</tr>
<tr>
<td>Done way, way too fast</td>
<td>AND</td>
<td>Done way, way too slowly</td>
</tr>
<tr>
<td>An act that will save and improve the lives of many Americans</td>
<td>AND</td>
<td>An act that will harm and/or burden the lives of many Americans</td>
</tr>
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F. Scott Fitzgerald: “...the test of a first rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function.”
Essential Resources

- Bill Text and Section-by-Section Summary
- Congressional Budget Office: cbo.gov
- Joint Tax Committee: jtc.gov
- Administration Site: healthcare.gov
- Commonwealth Fund: cmwf.org
- Kaiser Family Foundation: kff.org
- Health Reform GPS: healthreformgps.org
- Politico’s PULSE: www.politico.com/politicopulse/