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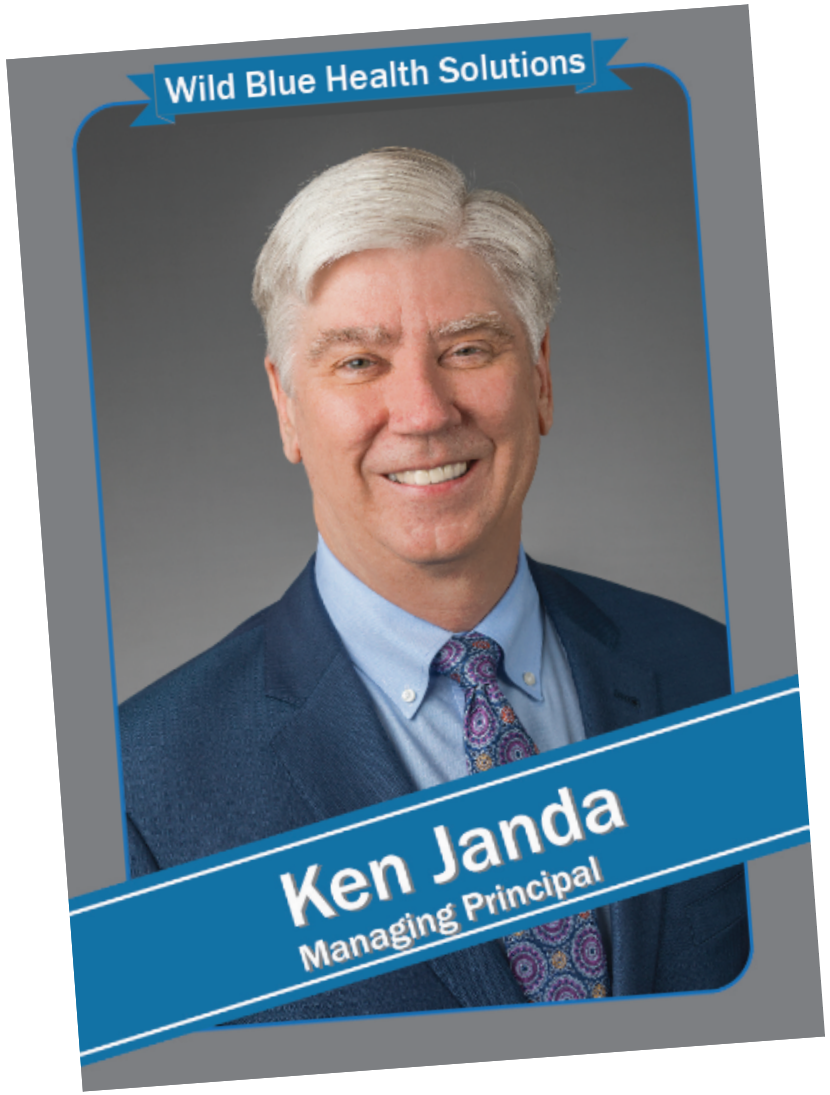
U.S. HEALTH CARE FINANCING

Concepts for an Informed Health Care Conversation
- 2020 Political Edition -

Slides at Wildbluehealthsolutions.com

Ken Janda - February, 2020

About Ken



- Principal, Wild Blue Health Solutions, a strategic consultancy taking on challenges in health care.
- Adjunct professor at University of Houston College of Medicine and Jones Business School, Rice University
- Former CEO of non-profit health insurer Community Health Choice, focused on low-income populations
- Over 25 years experience with national health insurers Prudential, Aetna and Humana
- Health policy wonk (Rice University, Texas Medical Center, Center for Public Policy Priorities and more)
- B.A. Rice University; J.D. U of H Law Center
- Native Texan…small town roots and values
- Husband, father of two and grandfather of four
- Community board volunteer (San Jose Clinic, Christ Clinic and others)
- Huge baseball fan. Still loves the Astros.
- Ken.Janda@wildbluehealthsolutions,com

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2020 Issues

How do we improve value in health care?

1. Medicare for All
2. Public Option
3. Repeal Obamacare
4. Lawsuits everywhere
5. Social determinants of health
6. High Drug Prices
7. Surprise medical bills
8. Health care profits
9. Reduce complexity
10. Reduce fraud, waste and abuse
11. The best system in the world, or is it?

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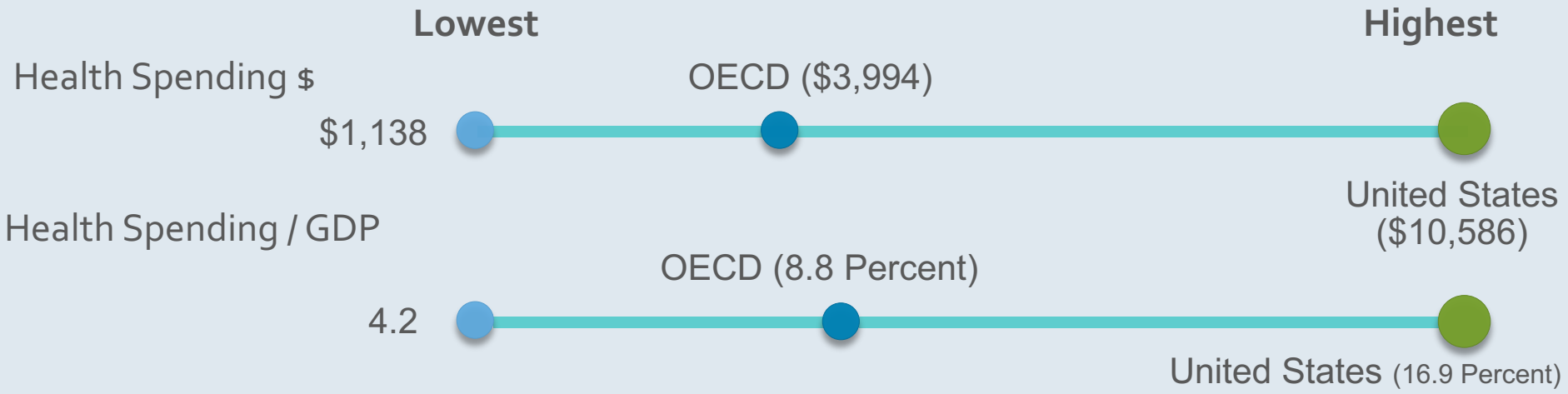
2020

Ten Concepts for an Informed Conversation

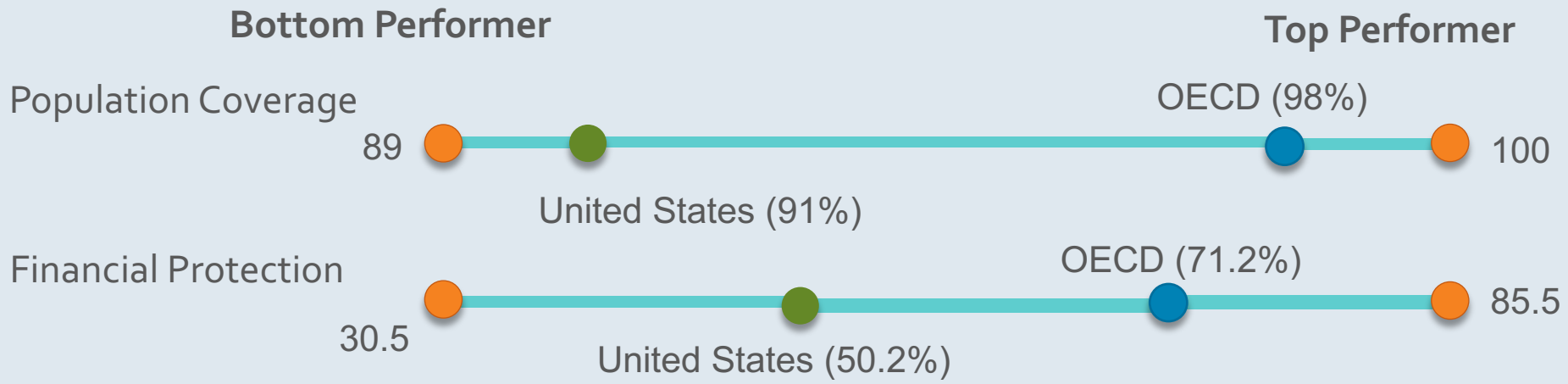
1. US Spends More than Other Countries

Health Care Resources

....but Gets Less



Access to care

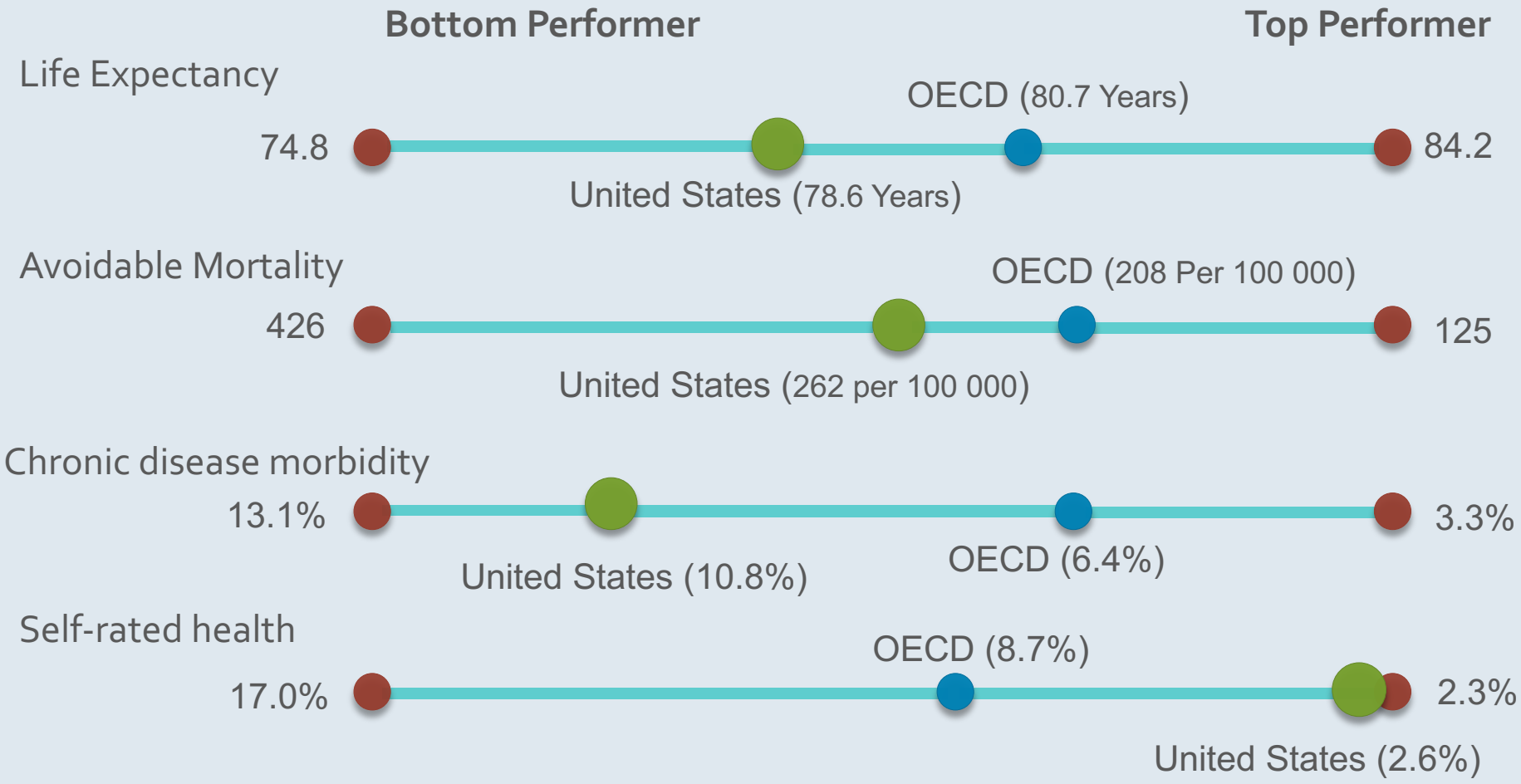


Source: OECD Health at a Glance 2019, 36 countries

1. US Spends More than Other Countries

Health Status

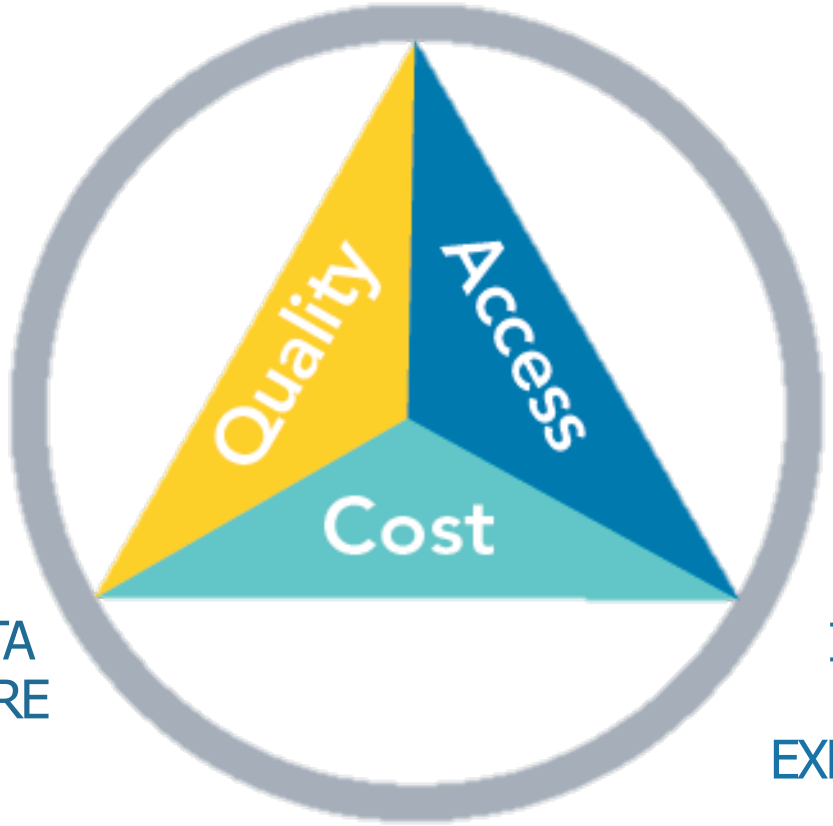
....but Gets Less



Source: OECD Health at a Glance 2019, 36 countries

2. The Health Care Triple Aim:
Simultaneous improvements

IMPROVING THE HEALTH OF POPULATIONS



REDUCING PER CAPITA COSTS OF HEALTH CARE FOR POPULATIONS

IMPROVING THE INDIVIDUAL EXPERIENCE OF CARE

http://www.ihi.org/Engage/Initiatives/TripleAim/Pages/default.aspx

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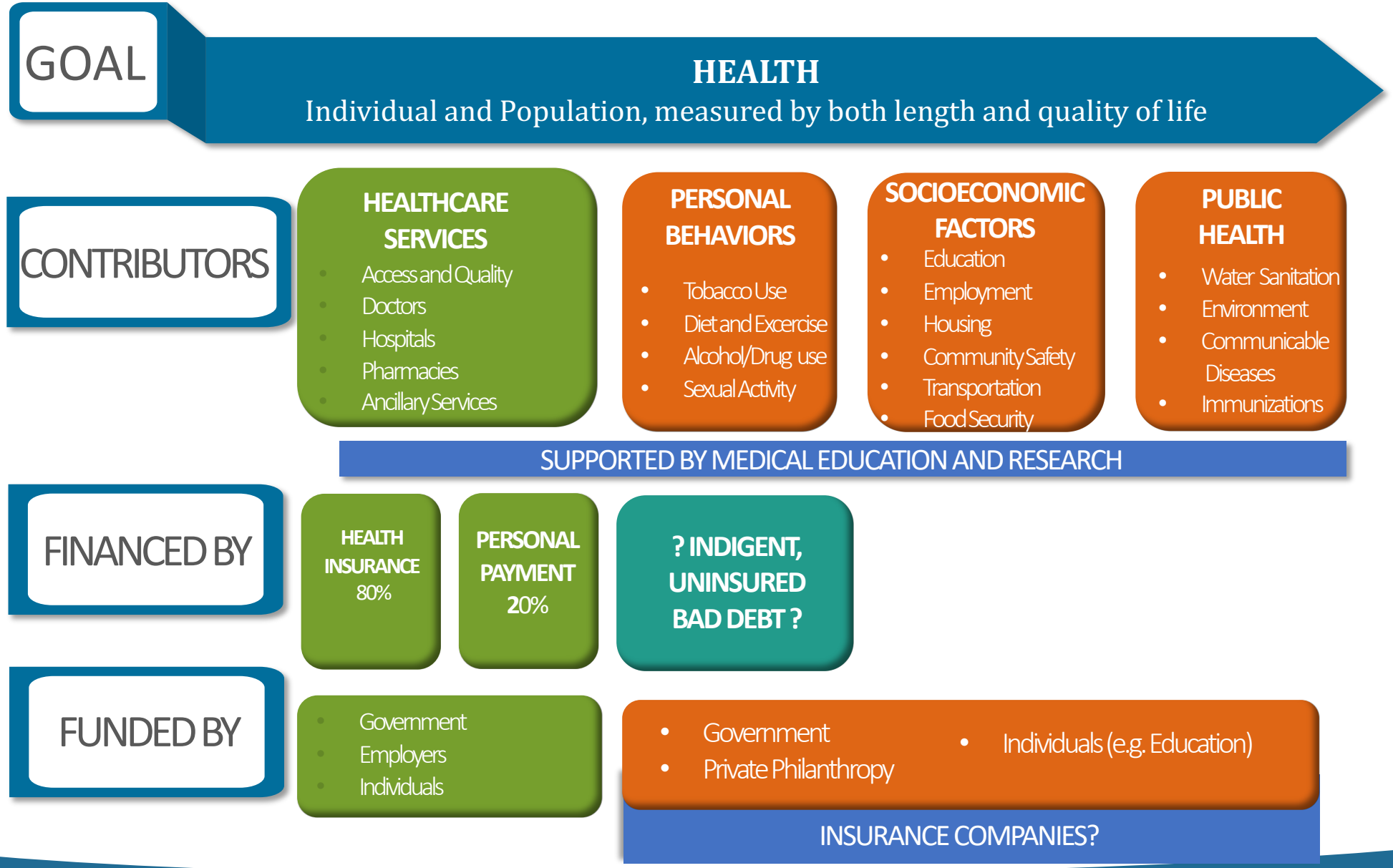
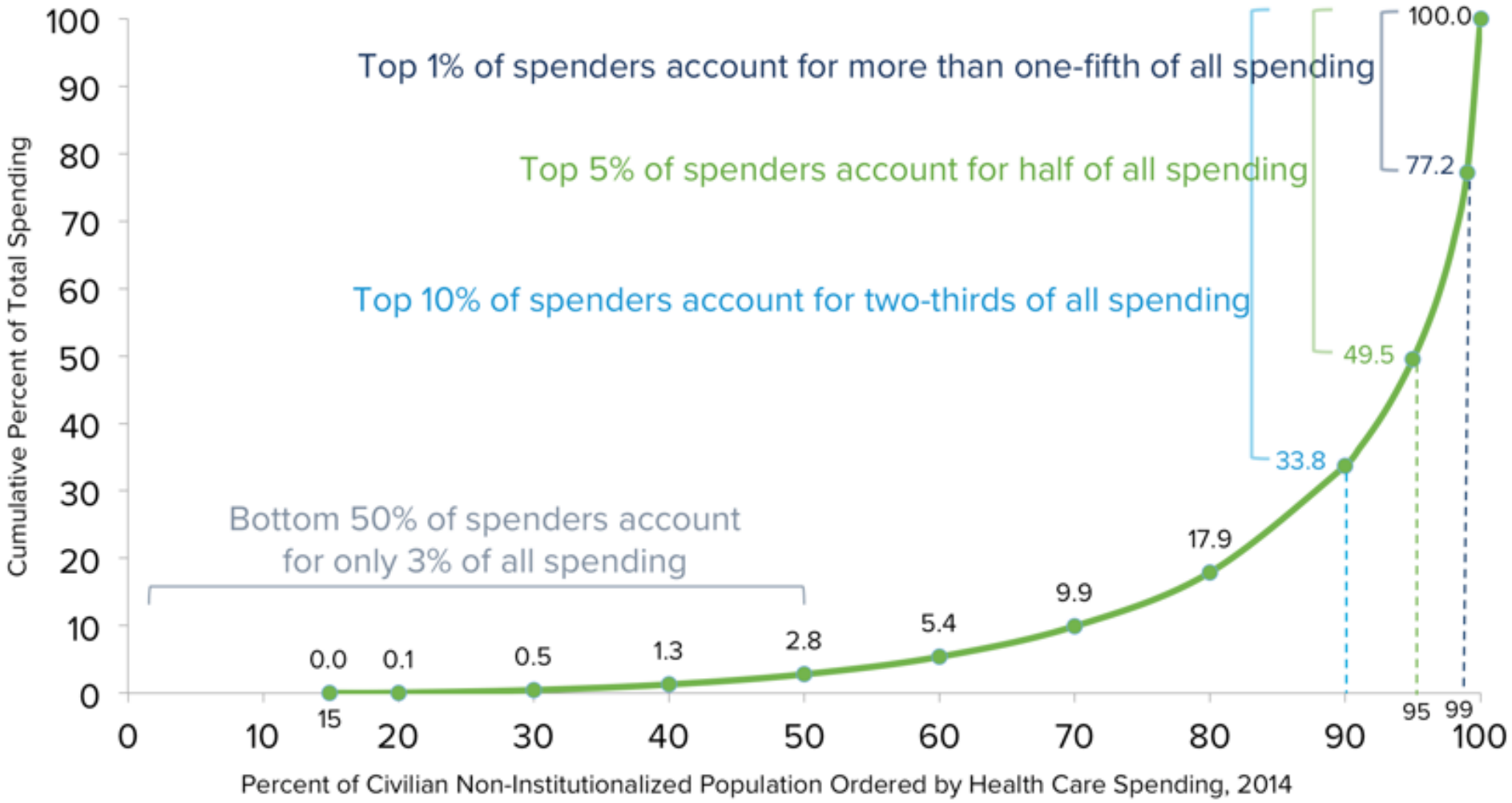
3. Health ≠ Health Care ≠ Health Insurance



4. Health Care Spending is Highly Concentrated



NIHCM Foundation analysis of data from the 2014 Medical Expenditure Panel Survey

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4a. Health Insurance is Critical

Expensive and you never know when you'll need high-cost care

Protect assets
(if you are lucky enough to have assets to protect)

Insurance is **access** to health care providers

Insurance facilitates **care coordination**

Everyone needs coverage!

Health insurance is important tool, but not the goal…

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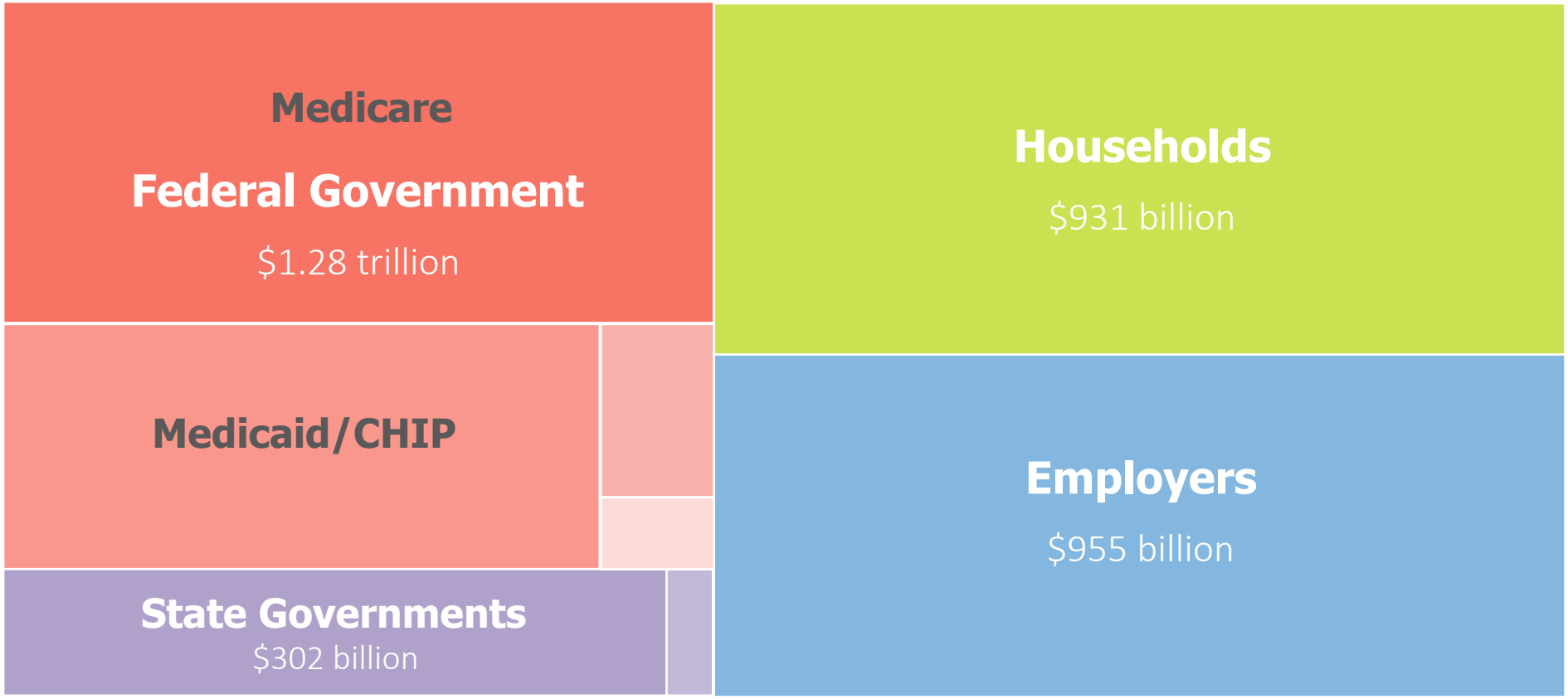
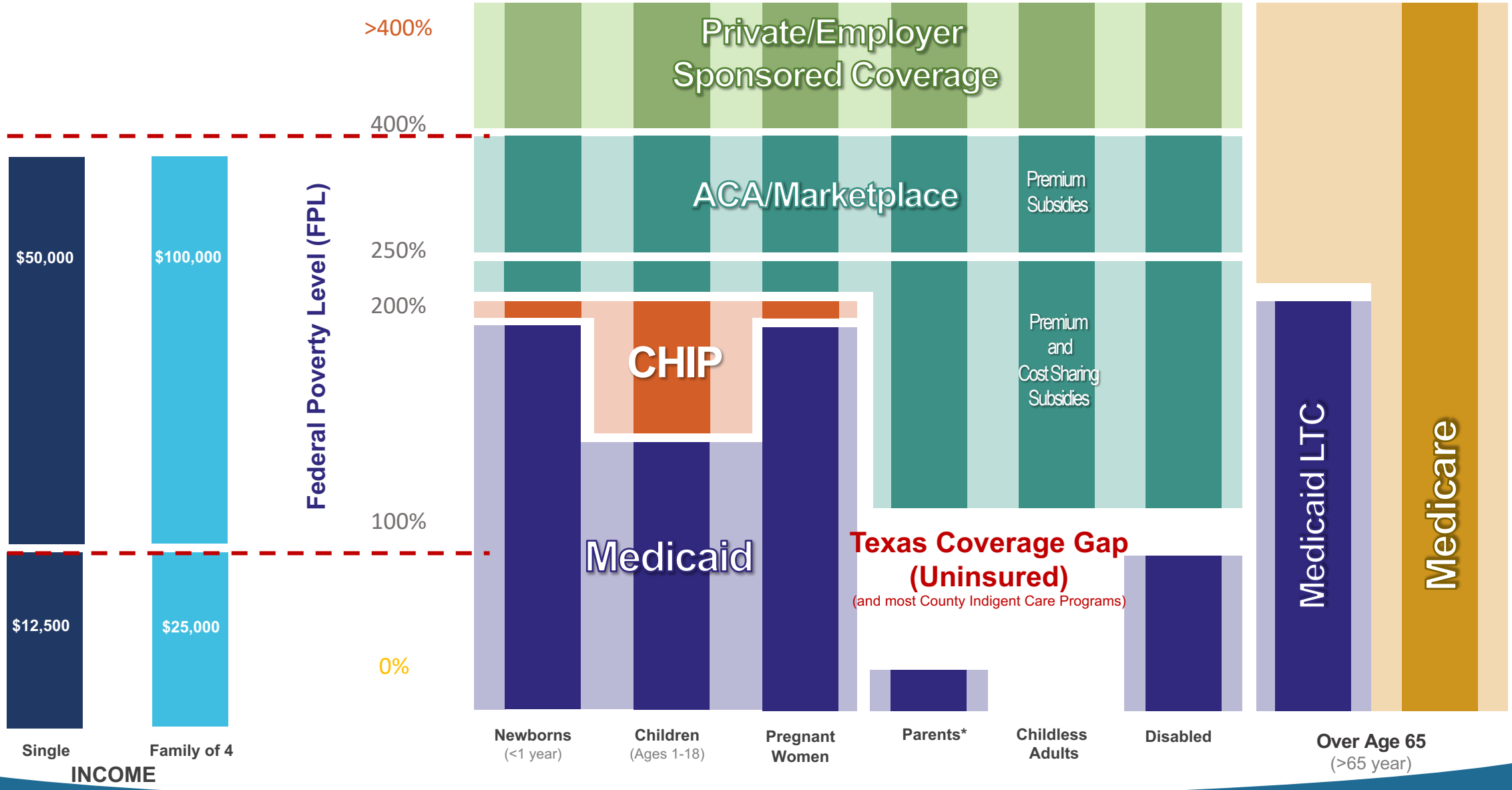
5. Who Pays for Our Health Care?
$3.6 trillion annually under current law



US Health Care Spending in 2020 from NY Times Upshot

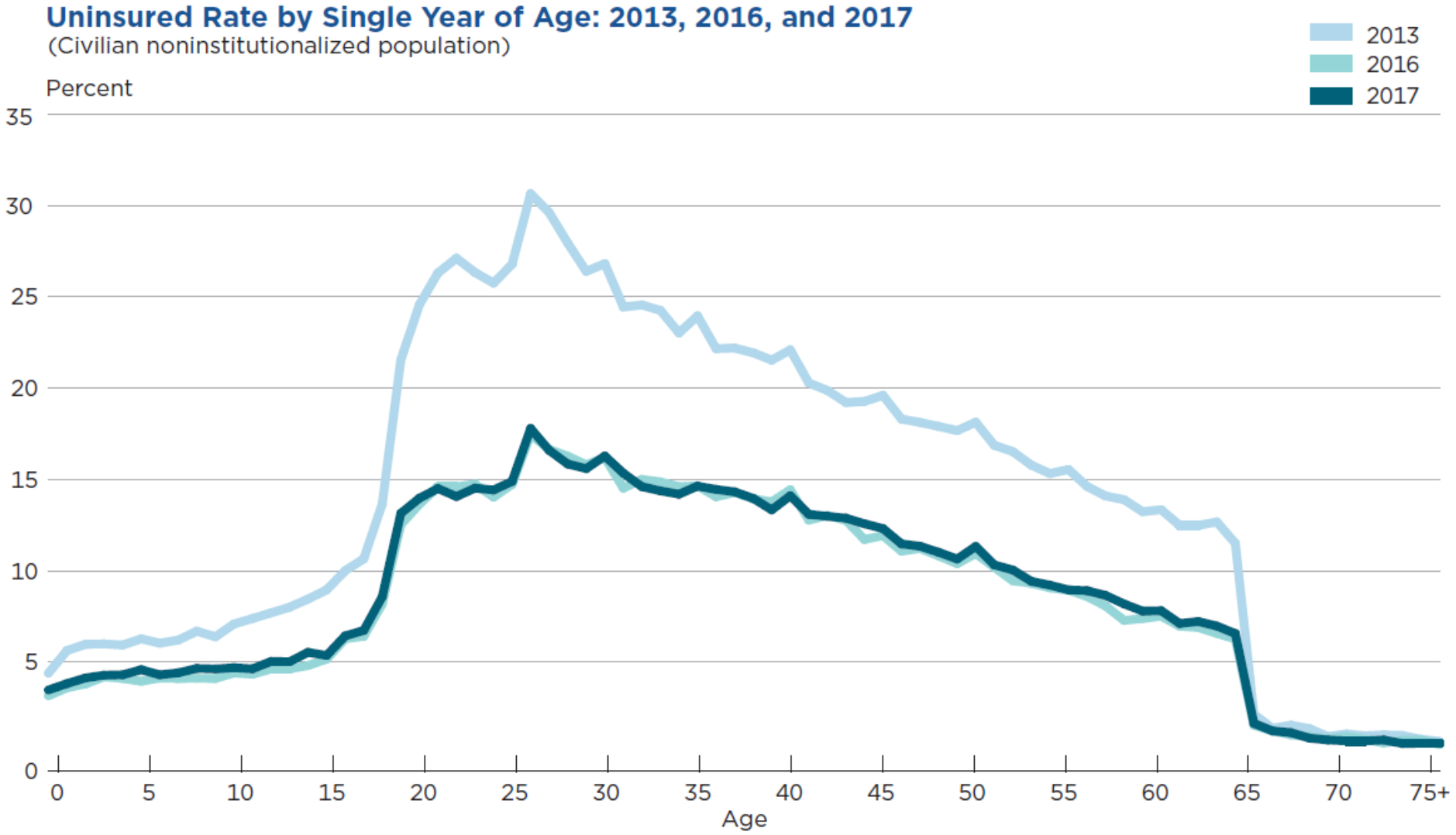
6. Health Insurance is Complicated

Predominant Coverage by Age and Income



7. Uninsured Rates Vary by Age

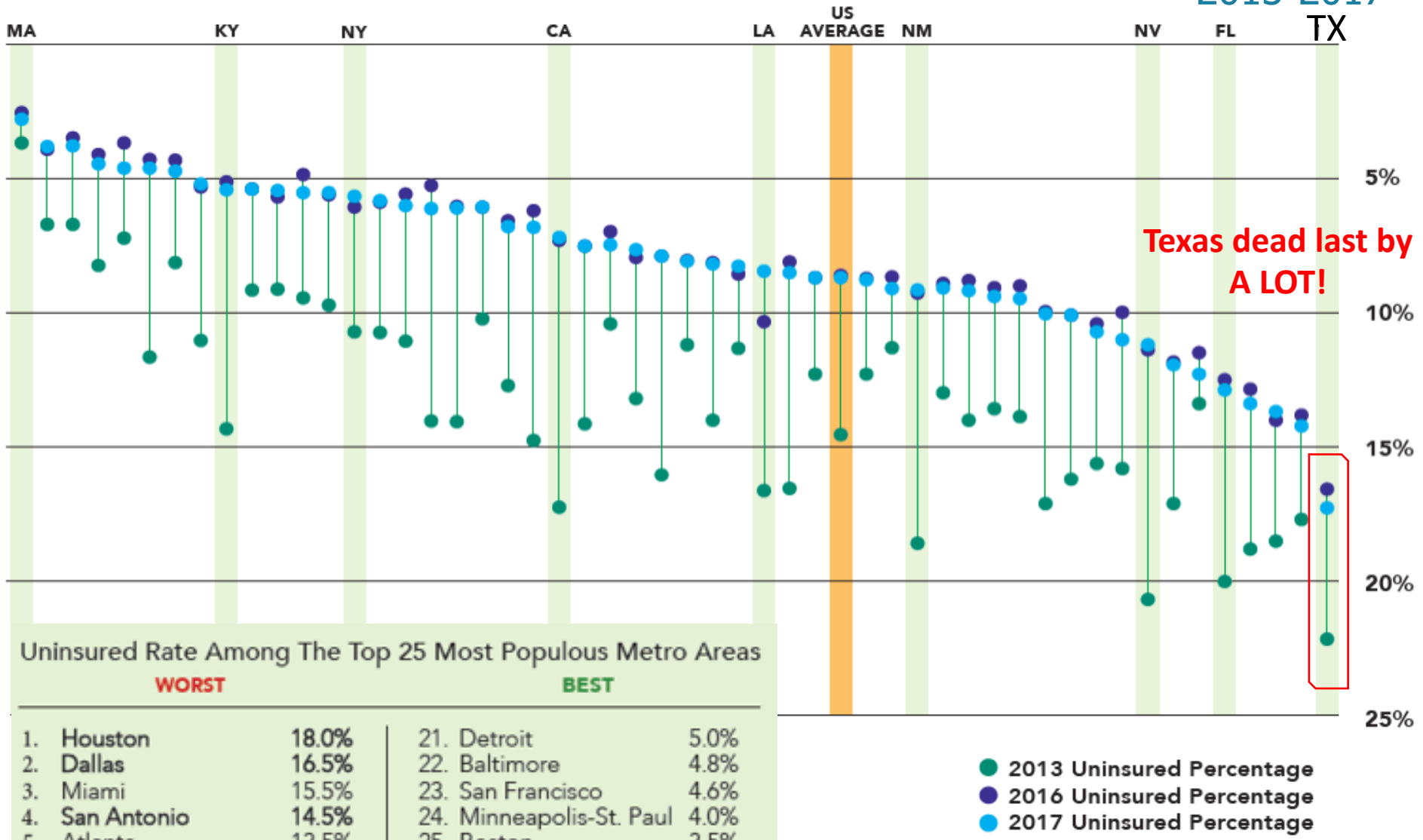
ACA drove big decrease, 2013-2017



Source: https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-264.pdf

7. Uninsured Rates Vary by State

2013-2017



Uninsured Rate Among The Top 25 Most Populous Metro Areas

	WORST		BEST	
1.	Houston	18.0%	21. Detroit	5.0%
2.	Dallas	16.5%	22. Baltimore	4.8%
3.	Miami	15.5%	23. San Francisco	4.6%
4.	San Antonio	14.5%	24. Minneapolis-St. Paul	4.0%
5.	Atlanta	13.5%	25. Boston	3.5%

Source: https://www.census.gov/content/dam/Census/library/publications/2018/demo/p60-264.pdf

7. Five Million Uninsured Texans

1.3 Million Adults could be covered under a Medicaid expansion

400K are Currently Eligible NOT enrolled in Medicaid

800K Undocumented working immigrants

2.5 Million low-wage Texans and their families

NOT offered
NOT eligible
or cannot
afford
employer
insurance

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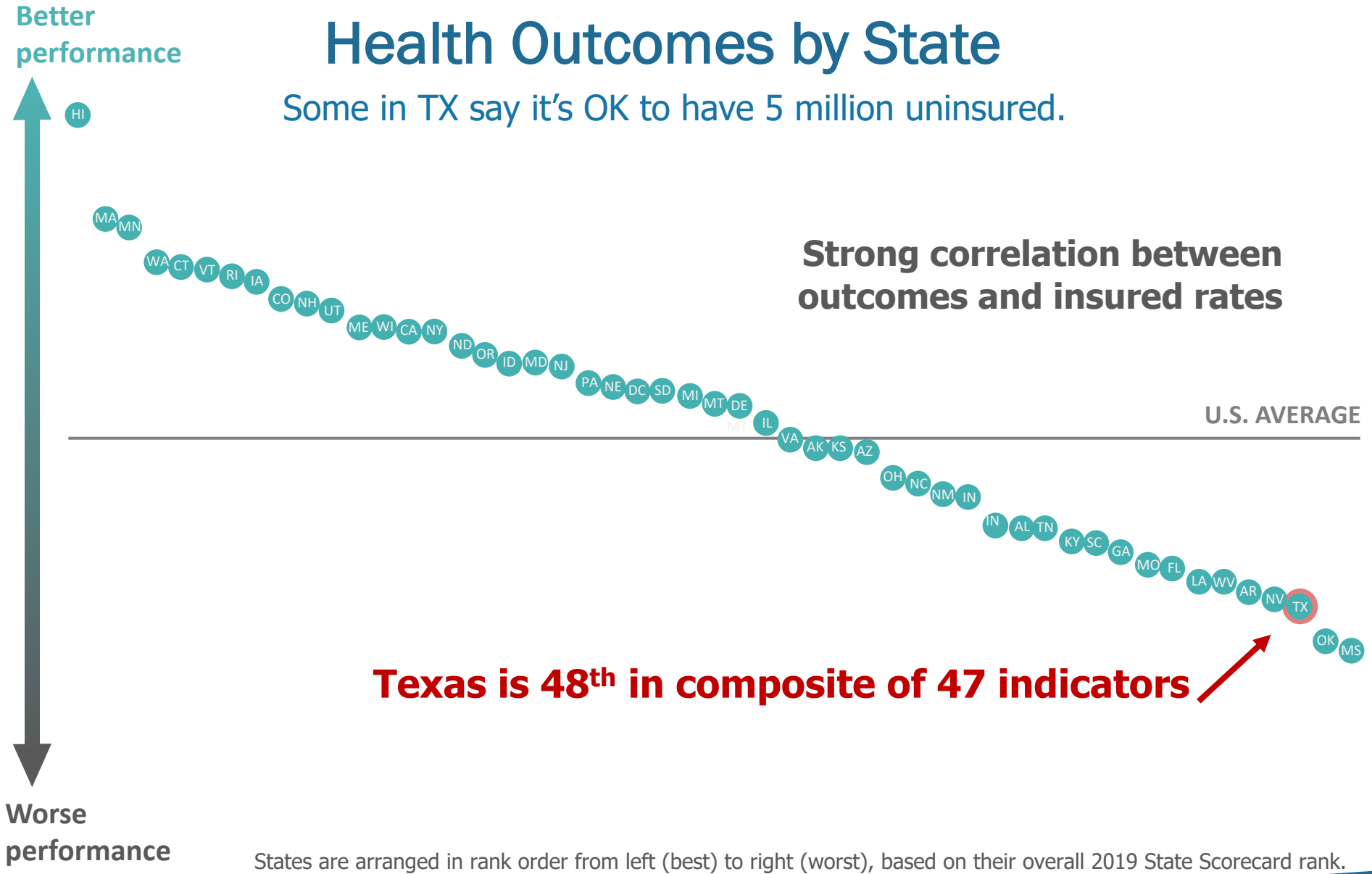
Health Outcomes by State

Some in TX say it's OK to have 5 million uninsured.



States are arranged in rank order from left (best) to right (worst), based on their overall 2019 State Scorecard rank.

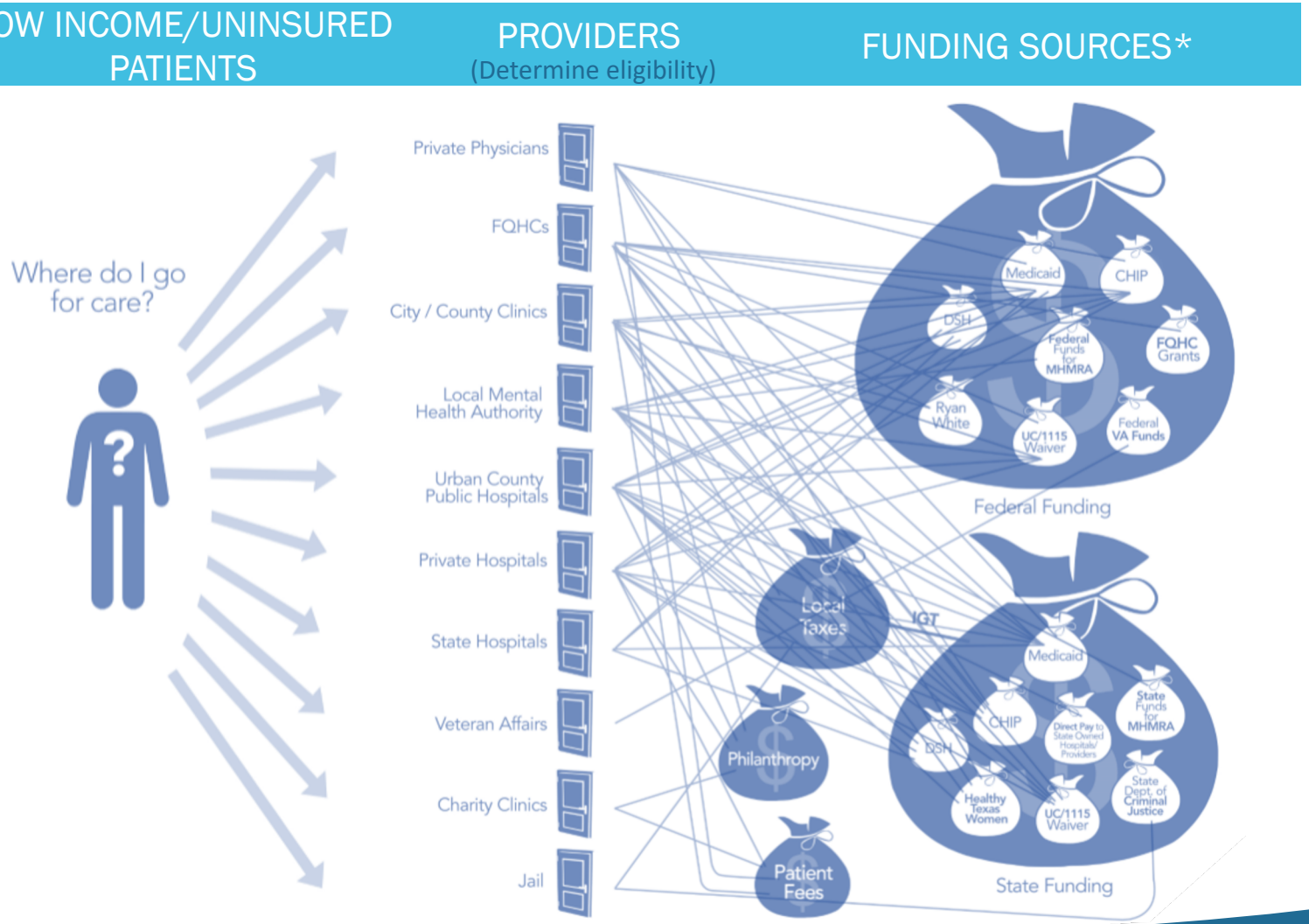
Source: Commonwealth Fund 2019 State Rankings on Health System Performance

9. We Pay for the Uninsured: It's a Mess (Coverage is Better)

CURRENT FRAGMENTED SAFETY NET "SYSTEM"

For 1.3 million eligible for Medicaid expansion, coverage would:

- Draw down more federal dollars
- Save the state money (90/10 match)
- Reduce administrative burden
- Produce better health outcomes

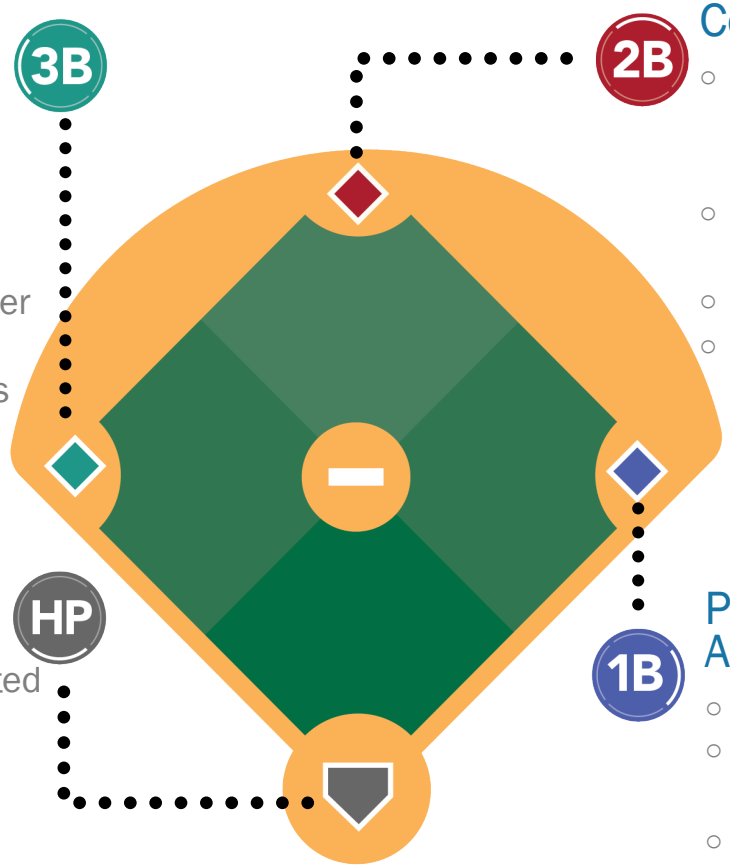


*Not exhaustive, other state funding sources currently exist for safety net care

10. Our Goals: A Health Policy Home Run

Simplify Funding and Administration of Programs

- Reduce administrative burden through consistent program administration across Medicare, Medicaid, and private plans
- Reduce complex supplemental provider funding in government programs
- Integration/interoperability of systems



Coverage for Everyone

- A basic benefit plan for all based on age, income, disability
- Choices and ability to "buy up" for additional services
- Everyone in the pool
- Subsidies based on age and income

Slow Cost Increases through Provider Payment Reform

- Encourage coordinated, less fragmented care (medical homes, ACOs, etc.)
- Restructure provider payments to reward efficiency and quality (value-based payments)
- Assure fair payment rates across programs and providers, incl Rx

Personal & Community Accountability for Health

- Healthy behaviors
- Choices, transparency and consumerism
- Everyone pays something: based on income
- Community/social influences

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The 2020 Political Playing Field

- Republican plan
- Medicare for All
- Medicare for More, a Public Option
- Fixing ACA
- How do we evaluate?

The Republican Plan

- Repeal ACA and… (oh crap, we don't have a replacement)
- Attack ACA components… mandate, taxes, safe-guards
- Block grants, STLDI, association plans, insurance across state lines

- Universal coverage is not a goal
- We have a plan, we just can't tell you what it is. Really, it's a great, beautiful plan.

…but some R Senators working on efforts to hold down Rx costs, surprise billing

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Protect, Build on the ACA: Tweaks and add a public option

- Reverse Republican sabotage measures
- Add a public option like current Medicare
- Premium-free public option in states that didn't expand Medicaid (e.g. Texas)
- Increase subsidies
- Efforts to hold down costs
  - Surprise medical bills
  - Pharmaceutical costs
- Ensure access to women's health services, reducing maternal mortality

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Medicare for All

- Single federal program with comprehensive benefits for all US residents
- Tax financed (no premiums, limited cost-sharing)
- Replaces all private insurance, Medicare, Medicaid, CHIP
- New coverage for dental, vision, hearing and more
- Payments to doctors and hospitals at current Medicare rates

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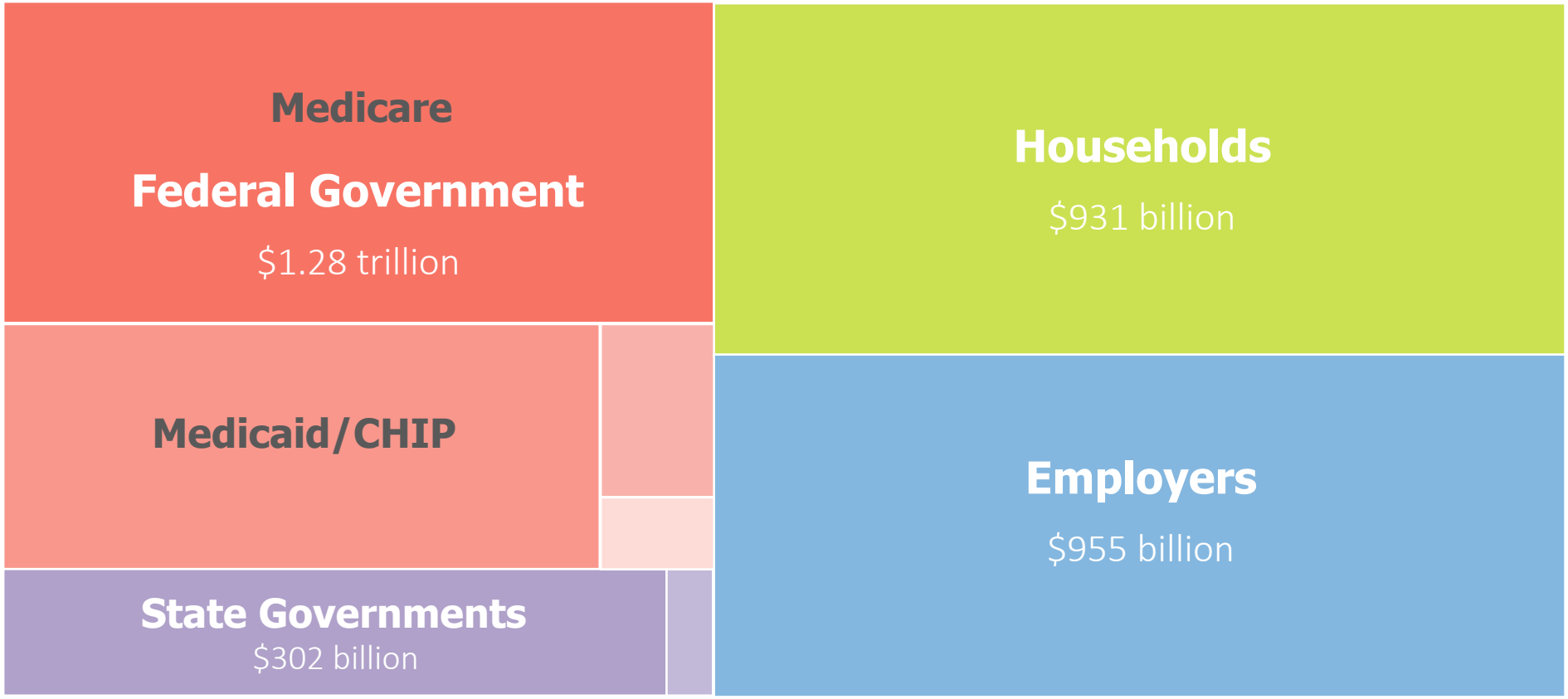
What would Medicare for All Cost?

$3.6 trillion annually under current law



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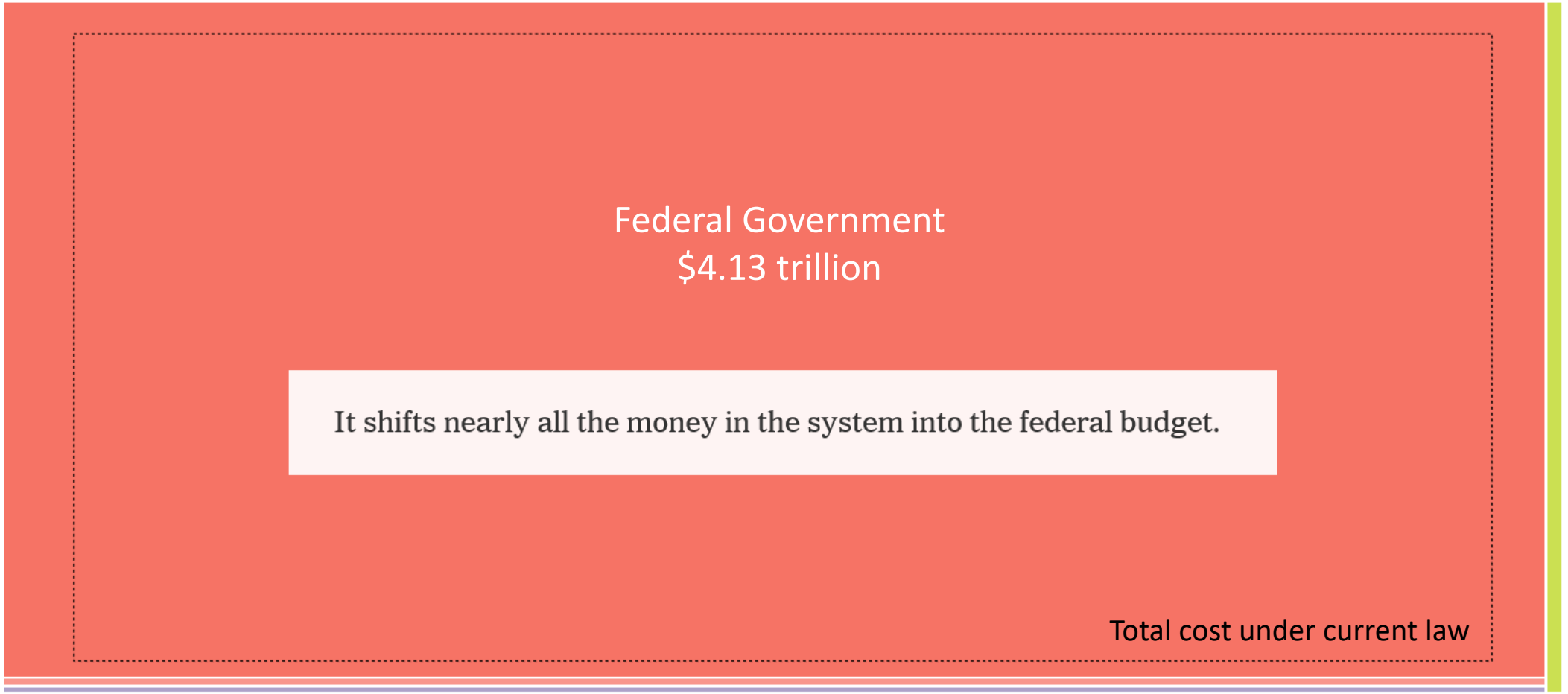
Who Pays for Our Health Care?
Medicare for All Proposal

Estimated spending under ‘Medicare for all’



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Big Questions on Medicare for All

1. How much will it cost in total? $32 trillion? $40 trillion? Will it save or cost money?
2. Displacing 160 million people with employer-sponsored coverage (wavering on unions)
3. Converting from employer/employee expense to big, new federal taxes
4. Converting joint federal/state Medicaid programs. Texas is going to give $25 billion every year to the Feds?
5. How much will doctors, hospitals, other providers get paid? Can they survive if 100% of patients at current Medicare rates? Is federal government ready to set prices for Rx and every element of healthcare?
6. Administrative savings YES, but how much? Who loses jobs? Eliminate an entire health insurance industry employing 1,000,000 people?
7. Feds would have to build infrastructure to replace private insurers who administer much of current Medicare, add 250 million enrollees
8. The health industry lobby (insurers, doctors, hospitals, pharma) is VERY powerful, and they are all opposed

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A Framework for Considering Health Insurance Proposals

- A national health service…VA for all
- Single federal government run program, no private insurance
- Single federal program, but allow private union plans
- Single federal program, but allow private individual insurance
- Single federal program, but allow employer-sponsored insurance
- Improved ACA 2.0 with a public option
- Current ACA with Medicare Buy-in
- Current ACA with Medicaid Buy-in
- Improved ACA 2.0
- Current ACA
- Continued attacks on ACA, non-existent Republican Plan

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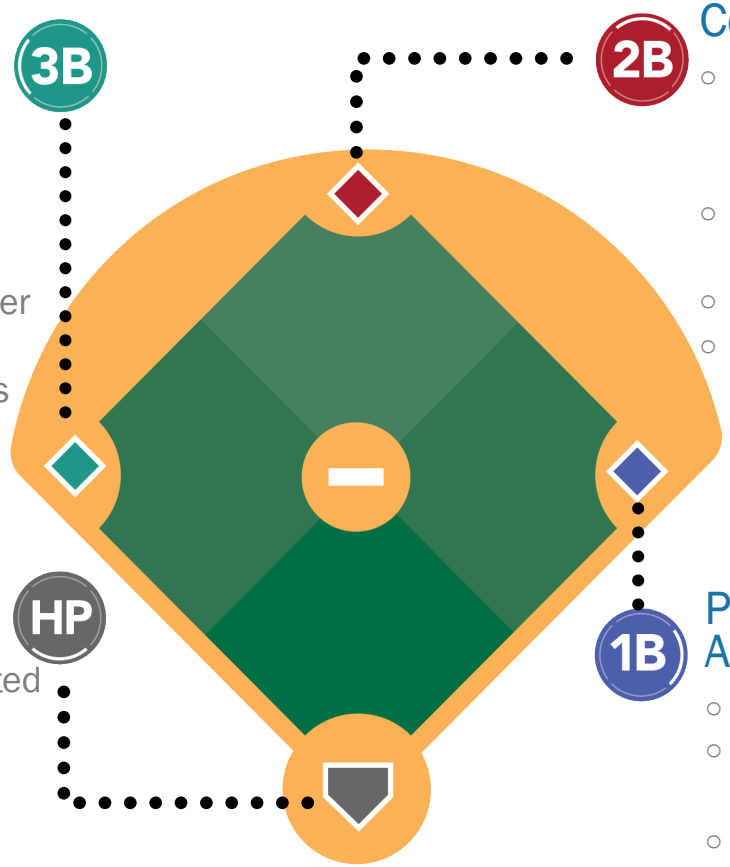

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Running the Bases: How do the plans compare

- Rs (and most providers) see **personal accountability** as imperative.
- Ds not talking about it. They need to!

- All D plans include **universal coverage**, but concern about cost of broad services with limited/no cost-sharing
- Rs support for junk insurance or no insurance makes no sense; can't get to 3B, and certainly not HP without universal coverage

- Medicare for All could be the big winner here. Others need to think about **administrative and financial simplification.**
- Rs complain but no answers: ideas just increase admin costs

- Ken thinks private market will beat government control for most **payment reform** issues, but govt. controls essential for movement and some health costs… price gouging in non-consumer events

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Don’t leave us stranded on 3B

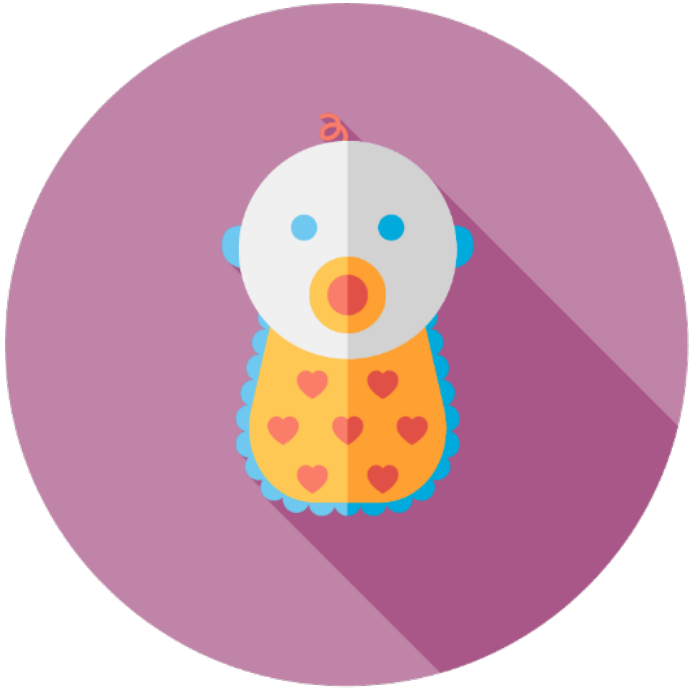
Cost is a Big Issue for Everyone

… and you can’t slow cost growth unless everyone is covered

- Administrative simplification and standards across segments
- Simplify financing and increase transparency to reduce provider cost-shifting (price discrimination)
- Payment reform: pay for value, not volume
- Encourage insurers to compete on premiums in all segments
- Recognize that market forces can’t do it all: Regulate Rx drug prices, hospital-based physicians

HP

Final Thoughts? Discussion?



Thank you!

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