U.S. Healthcare Crisis

- Problems with quality of care
- Problems with access to care
- Problems with cost of care

Uninsured Americans

- In 2010, 50 million Americans uninsured
- Equal to combined populations of Sweden, Austria, Switzerland, Denmark, Finland, Norway, & Ireland


Average spending per capita ($US PPP)

Total expenditure as percent of GDP

The COMMONWEALTH FUND
Federal Spending (percent of $3.5 Trillion budget)

Obama on Healthcare Cost

“Our health care system is placing an unsustainable burden on taxpayers. When health care costs grow at the rate they have, it puts greater pressure on programs like Medicare and Medicaid. If we do nothing to slow these skyrocketing costs, we will eventually be spending more on Medicare and Medicaid than every other government program combined. Put simply, our health care problem is our deficit problem. Nothing else even comes close. Nothing else.”

President Barack Obama - Joint Sessions of Congress - June 9, 2009

I want, we’re going to repeal and replace Obamacare. Obamacare is a total and complete disaster. It’s going to be huge.

— Donald Trump
Executive Order

Minimizing the Economic Burden of the Patient Protection and Affordable Care Act Pending Repeal

- Executive Order directs administration to:
  - Seek prompt repeal of the ACA
  - Delay any further implementation of the ACA
  - Give States greater flexibility in implementing new healthcare programs
  - Encourage interstate commerce for healthcare services and healthcare insurance

Major Provisions of ACA

- Medicaid Expansion
- Individual & Employer Mandates
- Health Insurance Reform

“A Better Way” Plan

- Provide refundable tax credits to help buy insurance on the open market.
- Allow consumers to buy insurance tailored to their needs.
- Allow health insurance to be sold across state lines
- Tax some employer health care plans
- Privatize Medicare
Empowering Patients First Act
• Individual & small business health tax credits
• Interstate insurance markets
• Federal grants to establish state-based high risk insurance pools
• Exempts physicians from anti-trust laws
• Allows physicians to charge Medicare patients market rates

ACA Repeal & Replace February 15, 2017
The Proposal
• Drafted by House leadership
• Contains provisions that can be passed through a special budget process that requires only 50 Senate votes
• Would repeal and replace simultaneously

ACA Medicaid Expansion
• Expanded Medicaid coverage to 15 million Americans at or below the poverty line
• Provides tax credits for low income people to buy their own insurance
• Tax credits increase as individual’s income goes down
• Essentially redistributes money from the rich to the poor
Medicaid Proposal

- Medicaid, currently an open-ended entitlement program with 72 million Americans enrolled, would be put on a budget
- Sliding-scale subsidies would be replaced with fixed tax credits
- Tax credits will increase with age, but not vary by income

States will have a choice:

- States in ACA’s Medicaid expansion would be given a fixed amount of money for each beneficiary, or
- A state could receive a lump sum of federal money for its entire Medicaid program (a “block grant”)
- Either way, the federal government would reduce the extra payments made to states that have expanded Medicaid coverage

Federal Contribution to Medicaid Expansion

- The federal government now pays more than 90% of the cost of newly eligible Medicaid beneficiaries in the expansion states
- Under the new plan, the federal share would decline to 50% resulting in a significant loss of federal revenue
- In states that have expanded Medicaid, Republican governors will not like the idea of a block grant or per-beneficiary allotment

Repeal and Replace Heat Map

- The low-income people lose their coverage if they can’t find the money to pay the gap between their fixed tax credit and the cost of the health plan
- Net effect: Millions of Americans will lose their coverage
ACA Requirement

- Every U.S. citizen must have health insurance
- Penalty for those without insurance

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Individual & Employer Mandates

- Would immediately eliminate tax penalties for people who do not have insurance and employers that do not offer it

Insurance Proposal

- Fixed tax credit that increases with age to all Americans not covered by work, regardless of income
- Simplifies current system which requires verifying each applicant’s current income to give the right amount of subsidy
- Eliminates incentives for low-income people to avoid earning more (more earnings reduce benefits)

Health Savings Account Proposal

- Allows Americans to save money for health spending in tax-free health savings accounts
- Assumes workers have the money at the end of the month to sock away
- Redistributes money from the poor to the rich because the benefits of HSAs fall largely to higher income people who pay more in taxes
Essential health benefits


Insurance requirements

- No pre-existing condition limitations
- No lifetime limits
- Guaranteed issue, guaranteed renewal
- Communal pricing

Proposed Insurance Requirements

- Easier to buy insurance across state lines
- ACA requirements unchanged for
  - Essential Health Benefits
  - Requirement that the healthy and sick are charged the same for insurance
- Cannot be changed by budget process
- Does not address protection for people with pre-existing conditions

Innovation Grants

- Plan provides an unspecified amount of money for “innovation grants” that states could use to defray consumers’ out-of-pocket costs or to establish “high-risk pools” for people with serious chronic conditions

Federal Spending

**Obamacare Tax Hikes**

(2013-2022 in billions)

- 2010 Estimate of Health Care Spending (2010-2035 percent of GDP)
Proposed Elimination of Taxes

- Plan would eliminate taxes and fees that help pay for the expansion of coverage under the ACA
  - Fees collected from health insurance companies
  - Manufacturers of brand-name prescription drugs
  - Excise tax on medical device manufacturers
- Does not address how legislation will be paid for

What’s Missing

Proposal does not address:
- How the 72 million Medicaid recipients will continue to have coverage
- How many will gain or lose their insurance
- Does not compare its coverage with the 20 million additional lives covered by the ACA

It’s a Draft (Thank God!)

- There’s still a lot subject to change
- Draft still needs to proceed through committee hearings and amendments and then pass through both houses of Congress
- This policy draft seems likely to set the terms of the discussion
- It certainly doesn’t fulfill Trump’s campaign promise of coverage that is “far less expensive and far better” or provide insurance for “everybody”