Wide Agreement on the Challenges

♦ Long-term spending growth
♦ Problems with patient safety
♦ Problems with quality/clinical appropriateness
  and …

Too Many Uninsured!
Unclear What's Happening With Spending

♦ Healthcare spending has been growing at historically low rates
  -- 3.7% in 2012
  -- expect 4% in 2013
♦ Unclear how much is recession-related v. ACA-related
♦ Economy is picking up and so is health care spending
  -- 4th quarter 2013, health care spending ↑5.6%; fastest pace in 10 years
  Too soon to know!
Focus of the ACA Thus Far

♦ Initial expansions of coverage; getting ready for 2014
♦ Insurance reforms
♦ *Limited* delivery system reforms
   -- value based purchasing, Accountable Care Org.
♦ Medicare Innovation Center and its pilot projects
   -- bundling pilots, medical homes, primary care
Most Agree --- Incentives in Health Care Need to be Reformed

♦ Most of Medicare uses “bundled” payments
  -- encourages efficiency within the bundle but no reward for quality, outcome or overall cost

♦ Care coordination is key especially for seniors with chronic conditions
  -- little reimbursement under FFS except for PCMH; MA plans are better suited
Desperately Needed: Physician Payment Reform

♦ Too much attention on the “SGR” spending limit -- not enough on changing reimbursement

♦ Difficult to reform health care *without* reforming how physicians are paid

♦ SGR repeal bill stalled; temp patch is back -- better rewards for *value* and *efficiency* -- challenges of financing $140 billion cost
Interesting Medicare Demos

Past: Premier demo; physician group practice demo

Present: Gain sharing demo; medical homes

Future: Bundling demos of hospitals with post-acute; physicians with hospitals; hospitals with all services; discounted DRG

Missing Demo: How to reimburse physicians separately from hospitals
Challenge: Translating Pilots Into Practice

♦ Historical precedence: Discouraging!
  -- even successful demos rarely become law
  But …

♦ Secretary has new authority under ACA
  -- can “scale-up” successful pilots
  -- can make successful pilots national

♦ Still … can ≠ will
Also Need
Liability Reform to Drive Change

Need to protect docs/institutions who practice conservative medicine

- Arbitrary caps on pain/suffering don’t improve quality
- Need to consider “quid pro quo” strategy
  -- get protection if adopt IOM patient-safety measures, evidenced-based clinical protocols
  -- no provable criminal negligence
Initial Expectations Have Been Tempered

Administration: 32 million fewer uninsured
(2010) -- 16 million on Medicaid
-- 24 million subsidized in Exchanges

Latest CBO: 25 million fewer uninsured
(2017-2024) -- 12-13 Medicaid/CHIP
-- 24 million in Exchanges
(12 million fewer thru employers and non-group)

31 million will remain uninsured in 2023!
Most Polls Continue to Show Negative ACA Views

CBS News: 53% disapprove v. 41% approve
KFF Poll: 46% disapprove v. 38% approve
Gallup Poll: 54% disapprove v. 43% approve (April)

BUT …

Most people don’t want ACA to be repealed – want it “fixed/improved”
With Many Unknowns Ahead

- What happens when newly insured try to use health care? Impact on Rx use?
- What happens if they stop paying their premiums?
- Will the bumpy roll-out affect the 2014 election?
  -- Will the 2014 election affect the ACA?
- When will clean-up legislation start?

Take Note: ACA is only Health Care Reform 1.0; More legislation will be coming . . .