SPEAKER NOTES

Implementing Health Care Reform: Promises, Progress, Political Struggle

Summarized by Thomas T. Thomas

Passage of the Patient Protection and Affordable Care Act (ACA) in 2010 was an unprecedented victory for health reform in the United States, bringing the promise of comprehensive and affordable coverage for almost all Americans. However, the law still remains intensely contested, and many states are refusing to implement core provisions for new coverage. **Deborah LeVeen, PhD,** is Professor Emerita at San Francisco State University and has taught health policy and political science for more than 30 years and is a member of Physicians for a National Health Program – California. At our July 24 meeting she provided a brief overview of the ACA, its key gains in mental health coverage, the groundbreaking work that's been done in California, and the struggle nationwide for implementation.

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As of 2011, almost 50 million people, or 18% of the U.S. population, had no health insurance. This has a devastating impact on their health and income: the uninsured get less care and later care, with worse health outcomes and higher mortality, while 30 million people were being pursued by collection agencies for medical debts. Among people with mental illness, the level of uninsured is 25%.

At the same time, the country in 2011 spent $2.7 trillion on health care, or $8,680 per person, almost 18% of gross domestic product (GDP). Health insurance premiums rose 97% from 2002 to 2011, compared to a combined inflation rate of 28% and wage increases of 33%.

Ours is the only industrialized country without a national health system. In 2008 we spent almost twice as much on health care as the median among other countries in the Organization for Economic Cooperation and Development (OECD), yet we have fewer doctors, shorter hospital stays, worse outcomes, and we rank last in preventable deaths. The U.S. is the only industrial country that allows people to go without coverage and the only one that allows profit-motivated cost drivers, such as unlimited capacity and utilization of medical technology; higher pricing for staff, medications, and other resources; higher administrative costs under a fragmented, for-profit system; and a greater role for profit in providing care and insurance. "The system is not only cruel but inefficient," LeVeen said.

"Winning health reform is a victory after a century of struggle," she said, noting that many European countries have had national health programs since the

late 19th century. Yet the ACA legislation in 2010 barely passed in the House (219-212) and Senate (56-43). Powerful opposition forced major compromises: reduction of reproductive rights, loss of the public option, and loss of access for undocumented workers. Opponents are still trying to repeal this legislation.

The ACA offers nearly universal, more comprehensive, more affordable coverage. All legal residents will have access at three levels: (1) Through their employer. (2) Through Medicare and Medicaid. Although Medicare eligibility is unchanged, Medicaid will be expanded[1] to adults earning 133% of the federal poverty level (FPL)—or $15,282 for an individual, and $31,322 for a family of four. (3) Through new state exchanges—i.e., regulated insurance markets—offering qualified plans to all individuals who lack coverage and to small businesses and groups.

The act provides reforms that prohibit insurance denials and discrimination, with guaranteed issue and renewal of coverage, no exclusions for pre-existing conditions, no rescission or dropping of coverage when a person becomes ill, no consideration of health status or gender in setting premiums, and unprecedented transparency of benefits, pricing, and cost sharing to allow for clear plan comparisons. Coverage must include essential health benefits (EHBs) such as hospitalization, outpatient services, prescriptions, laboratory work, emergency services, maternity, pediatric care including oral and vision care, and mental illness and substance abuse treatment including rehabilitation, prevention, wellness, and chronic disease management.

The CEO of Aetna Health Insurance has said that the ACA "has made the traditional health insurance model untenable," which means insurers must now concentrate on promoting health and managing illness rather than denying coverage.

The legislation also provides for more affordable coverage. Through subsidies available through the exchanges and based on income up to 400% of FPL ($45,960/individual, $94,200/family of four), the amount spent on health insurance is limited to a percentage of that income on a sliding scale from 2% to 9.5%. Patient cost sharing such as copays and deductibles are limited: no cost sharing for preventive care, caps on deductibles ($2,000/individual, $4,000/family), caps on out-of-pocket spending ($6,400/individual, $12,800/family), and elimination of annual and lifetime limits on coverage. Four levels of coverage are offered based on the share of costs paid by insurance: bronze (60%), silver (70%), gold (80%), and platinum (90%).

LeVeen noted that the plans, income subsidies, prices, and cost-sharing are all complex, but online calculators are available at the state exchange websites and through the Kaiser Family Foundation (kff.org/interactive/subsidy-calculator).

Coverage is more fairly financed, too, through employer and individual mandates with penalties, as well as additional Medicare taxes on high wage earners and taxes on selected investment income.

California is in the forefront of the process of establishing an exchange. Called "Covered California" (www.coveredca.com), the exchange will offer pooled purchasing power, similar to the California Public Employees Retirement System

[1] After the Supreme Court decision in June 2012, Medicaid expansion is voluntary for each state.

(CalPERS), and will actively bargain with insurers to obtain choice, value, quality, and service options for both individuals and groups. (Other state exchanges may choose to be "passive clearinghouses" of insurance plans rather than bargaining for the best deals.) Covered California sets rigorous requirements for standard benefit designs and issues such as copays as well as promoting new models of care. So far, 32 insurers have expressed interest in serving the exchange, and it has chosen 13 including Anthem Blue Cross, Blue Shield, Health Net, Kaiser, and nine local plans including Alameda Alliance for Health and Contra Costa Health Plan. The costs will vary by region, household size, age, and other factors, but the statewide average for a silver plan is expected to be $321 per month.

California has adopted the full-scope expansion of MediCal (the local implementation of Medicaid), with simplified applications, eligibility rules, and verification procedures. The state also offers a "bridge program" that allows MediCal recipients to transfer into and out of the exchange, allowing for greater affordability, continuity of coverage, and safety-net support.

The ACA is "a game changer" for mental health, in the words of the Director of State Health Policy of the California HealthCare Foundation. In the U.S., 25% of adults have some form of mental illness, 6% a severe condition. The ACA requires coverage of mental illness and substance abuse as EHBs, and that coverage must be at parity, meaning that cost-sharing and treatment limitations must be comparable to medical coverage. The law also provides increased access through insurance reforms and exchange subsidies. Most importantly, eligibility for Medicaid is based solely on income, not family status. In addition, the ACA provides workforce development to increase the number of care givers and medical homes for people with mental illness.

Overall impacts of ACA legislation will include:

- Increased access to insurance: 30 million more will have coverage, although still about 30 million—mostly undocumented workers—will still lack it.
- Reduced costs through a long-term slowdown in health cost increases by 0.5% to 1% per year.
- Reduced use of unnecessary testing and treatment through programs like the "Choosing Wisely" initiative among 20 specialty groups. The legislation moves the practice of medicine from a "fee for service" to a "per capita" basis, with no incentive to provide excess treatments.

Major challenges to implementation of ACA include the inherent complexity of improving the cost effectiveness of health care. Conservative politicians are offering powerful opposition, with some states refusing to expand Medicaid and establish state exchanges. And public opinion is divided and confused. However, NAMI National has provided good support for ACA with respect to its benefits for mental health.