Affordable Health Care For Every Generation

AVIK ROY / @AVIK
PRESIDENT & CO-FOUNDER
THE FOUNDATION FOR RESEARCH ON EQUAL OPPORTUNITY
ARoy@FREOPP.ORG

FREOPP: A NEW MODEL FOR BIPARTISAN REFORM

• Our mission: We are a non-profit think tank striving to expand economic opportunity to those who least have it

• Our values: We advance ideas that advance both conservative and progressive values, at the same time

• Our focus: Market-based reforms that improve the lives of Americans whose income or wealth is below the U.S. median
IT’S THE PRICES, STUPID

• Tens of millions of U.S. residents lack coverage, and tens of millions more struggle to afford the coverage they have, because

IT’S THE PRICES, STUPID

• Tens of millions of U.S. residents lack coverage, and tens of millions more struggle to afford the coverage they have, because the prices of health care services are too high in America.
Examining the Continuum of Coverage Proposals

THE MYTH OF ‘FREE-MARKET’ U.S. HEALTH CARE

2012 government health expenditure per capita (US$ purchasing power parity-adjusted)

FAMILIES PAY MORE TO HOSPITALS THAN TO THE IRS

Median household federal tax rate vs. median household’s share of U.S. medical spending (%).
WHY IS U.S. HEALTH CARE SO EXPENSIVE?

- **Ninth-party health care:** Third-party purchase (by employers or the government) of third-party payment (insurance) of health care

- **Monopolies vs. markets:** We accept, incentivize, and even subsidize monopoly power (esp. hospitals & drugs)

- **Regressive insurance subsidies:** The U.S. heavily subsidizes coverage for high-earners and wealthy retirees (through the employer tax exclusion & Medicare), destroying consumer price sensitivity

STEP 1. STRENGTHEN & EXPAND INDIVIDUAL MARKET

- **Reduce adverse selection:** Reinsurance & invisible high risk pools; age-adjusted subsidies; 5:1 age bands; tax reductions; Copper plans; autoenrollment

- **Worker control of ESI funds:** Merge FEHBP into individual market via HRAs; require newly-formed companies to sponsor nongroup coverage via HRAs

- **Optional replacement of Medicaid expansion:** Give states the option to replace Medicaid expansion with expanded exchange eligibility & per-capita allotments
STEP 2. STRENGTHEN & EXPAND MEDICARE ADVANTAGE

- Competitive bidding & default enrollment in Part C: Require MA plans to compete with FFS on price & quality; autoenrollment in integrated MA plans

- Integrated MA-style plan for able-bodied duals: Give states option of federally-funded integrated benefit, in exchange for ending provider & premium taxes

- Stop subsidizing multimillionaires: Elimination of Medicare subsidies for seniors with lifetime earnings >$10 million

STEP 3. COMBAT MONOPOLY PRICING POWER

- Increase Rx drug competition: End artificial monopolies; facilitate generics & biosimilars; accelerated approval for drugs treating non-terminal diseases; Medicare B/D drug reforms

- Restore hospital competition: Increase FTC funding for hospital antitrust; bar anti-competitive contracting provisions; establish a national all-payer claims database; benchmark monopoly prices to Medicare Advantage
POLICY OUTCOMES BY 2030

- **Universally affordable coverage**: Autoenrollment; replacement of ACA Medicaid expansion; >25% reduction in nongroup premiums for those >200% FPL; more affordable options for those with ESI offers

- **Lower health care prices**: Ending free rein for hospital & drug monopolies could reduce ESI premiums by 5-10%; widespread use of HRA rule could reduce another 25%

- **Substantial deficit reduction**: Additional means-testing & efficiencies in Medicare; reduced ESI spending

H.R. 1332: THE FAIR CARE ACT OF 2019

- **Title I**: Reduce private insurance premiums & taxes

- **Title II**: Medicaid & Medicare reforms

- **Title III**: Reducing prescription drug prices through competition

- **Title IV**: Reducing hospital prices through competition, antitrust

- **Title V**: Digital health reform & patient ownership of data
Examining the Continuum of Coverage Proposals