

What's Next for Healthcare?

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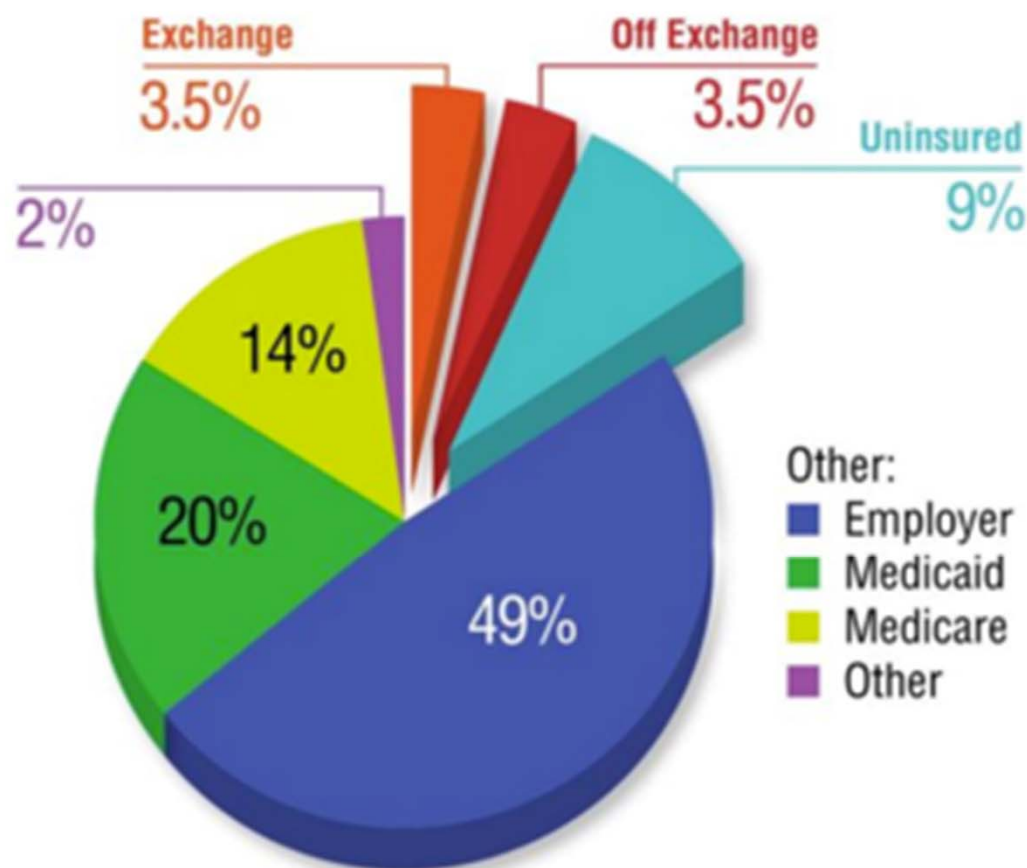
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“It’s tough to make predictions,
especially about the future.”

- Yogi Berra
- Neils Bohr
- Samuel Goldwyn
- Mark Twain
- Ancient Danish Proverb

Figure 1

Who is Insured and Uninsured?



Sources: Kaiser Family Foundation estimates based on the Census Bureau's March 2014, March 2015, and March 2016 Current Population Survey (CPS: Annual Social and Economic Supplements).

Key Features of the ACA

A. Coverage of Pre-existing conditions:

- Guaranteed Issue/Community Rating
- Risk adjustment only for Age (3:1), Tobacco & Geographic Location

B. Essential Benefits Package

C. Health Insurance Marketplaces/Exchanges

D. Subsidies

- Premium tax credits (exchange plans only; FPL 100-400%; 85% of enrollees receive)
- Cost sharing (only for Silver plans; FPL 100-250%; 57% of enrollees)

E. Mandates

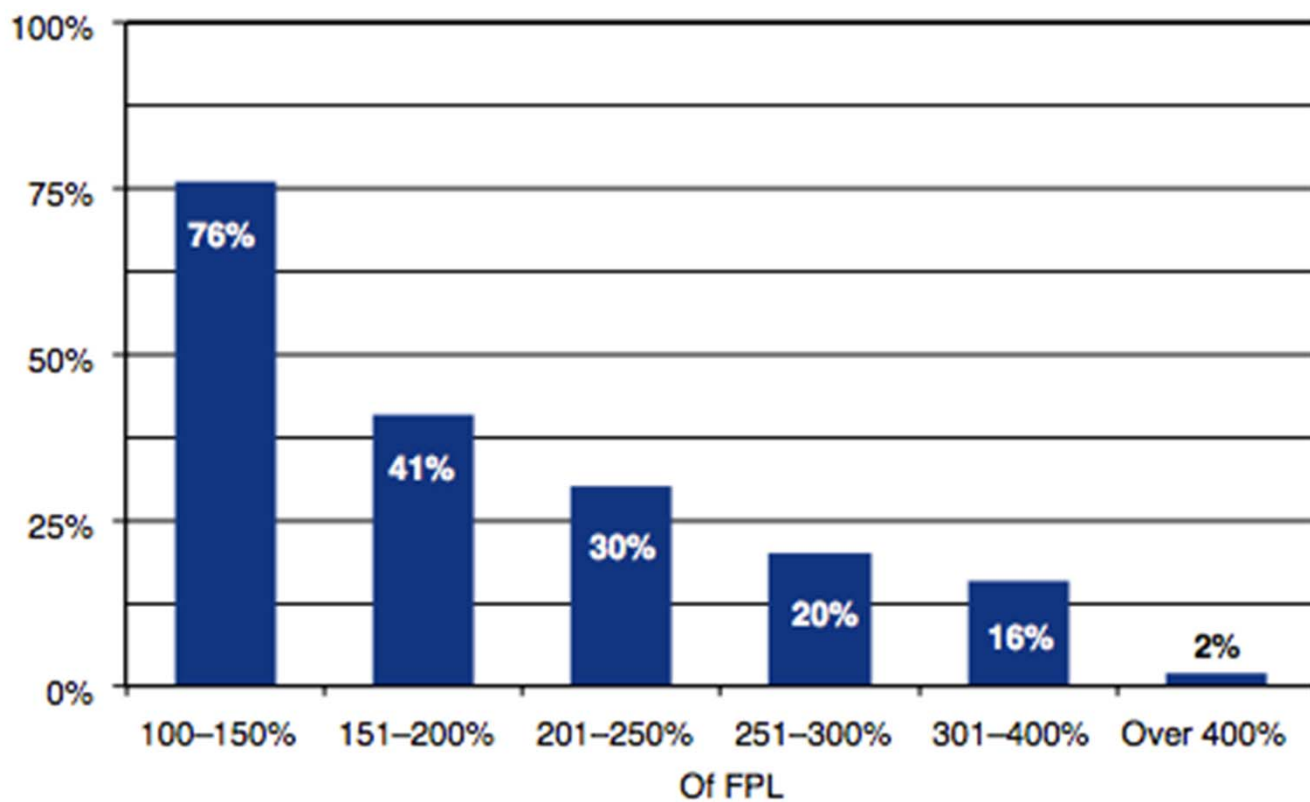
- Individual
- Employer

F. Coverage of Dependant Children up to Age 26

G. Medicaid Expansion - adults eligible to 138% FPL

H. Risk Mitigation for Insurers - 3 programs

Percentage of Eligible Individuals Enrolled



Source: "Exchanges Struggle to Enroll Consumers as Income Increases," Avalere Health, March 25, 2015.

Table 1: Summary of Risk and Market Stabilization Programs in the Affordable Care Act

	Risk Adjustment	Reinsurance	Risk Corridors
<i>What</i> the program does	Redistributes funds from plans with lower-risk enrollees to plans with higher-risk enrollees	Provides payment to plans that enroll higher-cost individuals	Limits losses and gains beyond an allowable range
<i>Why</i> it was enacted	Protects against adverse selection and risk selection in the individual and small group markets, inside and outside the exchanges by spreading financial risk across the markets	Protects against premium increases in the individual market by offsetting the expenses of high-cost individuals	Stabilizes premiums and protects against inaccurate premium setting during initial years of the reform
<i>Who</i> participates	Non-grandfathered individual and small group market plans, both inside and outside of the exchanges	All health insurance issuers and self-insured plans contribute funds; individual market plans subject to new market rules (both inside and outside the exchange) are eligible for payment	Qualified Health Plans (QHPs), which are plans qualified to be offered on a health insurance marketplace (also called exchange)
<i>How</i> it works	Plans' average actuarial risk will be determined based on enrollees' individual risk scores. Plans with lower actuarial risk will make payments to higher risk plans. Payments net to zero.	If an enrollee's costs exceed a certain threshold (called an attachment point), the plan is eligible for payment (up to the reinsurance cap). Payments net to zero.	HHS collects funds from plans with lower than expected claims and makes payments to plans with higher than expected claims. Plans with actual claims less than 97% of target amounts pay into the program and plans with claims greater than 103% of target amounts receive funds. Payments <i>net to zero</i> .
<i>When</i> it goes into effect	2014, onward (Permanent)	2014 – 2016 (Temporary – 3 years)	2014 – 2016 (Temporary – 3 years)