The Affordable Care Act at 6 years old: Will it thrive or whither on the vine?

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Disclosure

Thomas Buckley has nothing to disclose for this presentation

Learning Objectives

1. Explain the components of the ACA that have been enacted since its inception
2. Discuss the successes and shortcomings of the ACA since its enactment
3. Review elements of the ACA which apply to the pharmacy profession
4. Discuss the potential future of the ACA overall, and specific to the pharmacy profession

Tentative answer to title question

The Affordable Care Act at 6 years old: Will it thrive or whither on the vine?

YES!

Goals of the ACA
(per American Public Health Association)

1. Expand health insurance coverage
2. Shift the focus of the health care delivery system from treatment to prevention
3. Reduce the costs and improve the efficiency of health care
4. “Triple Aim” (Institute for Healthcare Improvement)
   - Improving the experience of care
   - Improving the health of populations
   - Reducing per capita costs of health care

Major ACA initiatives

- Increased access: primarily through Medicaid expansion & state exchanges
  - >25 million covered under ACA provisions:
    - 11.7 million thru insurance marketplace (8.8 million thru federal site, 2.8 million thru state-based exchanges); 10.8 million thru Medicaid or CHIP; 3 million on parents’ plan
    - 16.4 million previously uninsured
  - Supreme Court 2012 ruling making Medicaid expansion a state choice created greatly divergent uninsured rates between states
  - Supreme Court 2015 ruling upheld federal tax subsidies for individuals in exchange – up to 400% FPL ($97k for 4)

http://www.commonwealthfund.org/publications/blog/2015/may/aca-facts-after-five-years
Major ACA initiatives

• Increased access – positives:
  – “guaranteed issue”: nobody can be denied
  – “community rating”: everyone pays same rate
  – “risk adjustment”: redistributes premium income between insurers based on risk of member they attracted – insurers transfer premiums to insurers with higher risk members
  – Minimal essential coverage: 10 essential health benefits, limit deductibles & OOP maximums, no annual or lifetime dollar limits, min actuarial value

• Negatives:
  – Biases insurers against getting too many young, healthy members – results in risk pool too risky, causing higher premiums to cover cost
  – Penalty for mandate too small to de-incentivize healthy (penalty can only be collected thru tax refund)

Major ACA initiatives: how health care is delivered

2. Patient-Centered Outcomes Research Institute
   – Promotes research on effects of different treatments on QOL, functioning, survival (not cost)

3. Prevention & Public Health Fund
   – Grants to test new ways of preventing diabetes, heart disease, stroke; encouraging immunization, smoking cessation

4. Medicare-Medicaid Coordination Office
   – Reduce treatment costs for 9 million “dual eligibles”

Major ACA initiatives: how health care is delivered

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Question #1

The goals of the ACA included all of the following EXCEPT:

a. Increasing access to insurance
b. Reducing cost of care
c. Shifting focus from treatment to prevention
d. Increasing reimbursement to providers

Major ACA initiatives: how health care is delivered

• Goal: “better care at lower cost”
• ACA created vast array of reforms:
  1. Center for Medicare & Medicaid Innovation (CMMI)
     • ACOs: hold providers accountable for quality & costs
     • Health Homes, Independence at Home, Comprehensive Primary Care Initiative - strengthen primary care
     • State Innovation Models (i.e. CT SIM)
     • Bundled payments for Care Improvement: help discharged patients stay out of hospital

Major ACA initiatives: how health care is delivered

5. National Strategy for Quality Improvement in Health Care
   – Ensure pt/family engaged as partners in care
   – Encourage providers to communicate & coordinate care better
   – Promote best prevention & treatment practices
   – Work with communities to enable healthy living
   – Develop & spread cost-effective care delivery

1.2/16/2016
**Major ACA initiatives: Payment reforms**

Goal: Move from FFS to value-based payments

- ACOs: formed by providers, responsible for quality & total cost of care
  - Shared savings: benchmark quality measures, keep total costs below target
- Bundled Payments for Care Improvement
  - Reduce variations in quality of care
  - Lump sum payment to cover all aspects of care
  - 6600 providers entered to cover 50 conditions

**ACM impact on pharmacy**

- Practice expansion
  - MTM expansion
    - Sec. 3503: med mgmt svs in tx of chronic disease
      - MTM grant programs, AHRQ funding, targets beneficiaries
      - Comprehensive med review, auto enrollment for high-risk pts, funding for new MTM methods within CMMI
  - Integrated care models
    - ACOs: med reviews, med rec, DURs, med adherence
    - PCMHs: community care teams; integration of hospital, clinic, community pharmacy; employer services
    - i.e. CT Medicaid Transformation Project

**President-elect Trump stance on key health policy issues**

1. Insurance coverage & costs
   - According to CBO, ACA repeal would increase deficit by $137-$353 billion over 10 yrs
   - Pres-elect Trump supports complete repeal, including individual mandate; in lieu of requiring insurers to provide coverage, creates high-risk pools for pts not maintaining continuous coverage
   - In place of refundable premium tax credits, provide tax deduction for purchase of indiv. health plan
   - Allow insurers to sell plans across state lines
   - Promote use of HSAs – allow tax-free transfer to heirs
   - Require price transparency from all providers

**CMMI:**

May be ACA’s lasting impact

- CMMI models (given $10 billion thru 2019) to test how providers organized & paid affects:
  - 4.7 million people received care (Medicare/Medicaid)
  - >60,000 clinicians
  - thousands of hospitals
- 2015 Commonwealth Fund State Health System Scorecard: reflects 1st full year expansion
  - 42 indicators on access, cost, quality, outcomes
  - ↓ hosp readmits 23 states; ↓ deaths in recent hosp pts w/MI, HE, or pneumonia in 45 states
  - Top ranked states: MN, VT, HI, MA, CT, NH, RI
  - 8 fold difference in performance between top & bottom states


**ACA impact on pharmacy**

- Insurance reform: access to meds/services
  - “Essential health benefits” includes amb care svs, mental health svs, Rx drugs, prevention (vaccines), wellness care (screenings)
  - Medicaid: tobacco cessation coverage
- Medicare Part D: by 2020 fed subsidies pay 75% generic Rx in donut hole, pt pays 25%
  - More drugs covered in Part D: i.e. BZs, barbituates
  - Part D plans w/extensive MTM receive bonus
- Biologics: pathway for generics approval by FDA
- 340(b) program: expanded eligibility
- Health professional & workforce initiatives
- Reduction of wasteful dispensing of outpt drugs in LTCFs
- Rx drug sample transparency
- PBM transparency

**President-elect Trump stance on key health policy issues**

2. Medicaid – currently covers 70 million
   - Supports Medicaid block grants, repeal expansion
   - Offer states choice between Medicaid per capita allotment or block grant (House Rep. plan)

3. Medicare – currently covers 57 million
   - “Modernize Medicare”: premium support (privatize), raise age eligibility
   - Previously supported safe importation of Rx drugs, but not currently on his website

https://www.grantguru.gov/policy/healthcare.html
President-elect Trump stance on key health policy issues

4. Prescription Drugs
   - Mandated coverage
     – Telling people they have to have insurance is not popular with public, but insurers realize it’s necessary if universal coverage desired
   - But healthcare exchanges and mandatory requirements only make up about a quarter of the ACA’s 955 pages
   - The ACA has many items buried in the other pages people don’t know, or have wide appeal

5. Opioid Epidemic – current proposals focus on changing prescribing practices, improve access to tx for opioid use disorder, enforce drug laws to combat access, sale, use of illicit drugs
   - Supports stopping flow of illegal drugs by building wall on US/Mexican border, close shipping loopholes for mailings
   - Enhance access to addiction svcs, end Medicaid policies that obstruct inpatient tx, increase 1st responder access to naloxone, lift cap on # pts providers can treat w/ recovery meds, expand incentives for local govt to use drug courts & mandated tx

https://www.donaldjtrump.com/positions/healthcare

Question #2

The impact of the ACA on pharmacy includes all of the following EXCEPT:

a. MTM expansion
b. Medicare Part B provider recognition
c. Pharmacist involvement in integrated care teams
d. Closing of the Medicare Part D donut hole

Factors that will impact what in ACA could stay or go

- Political impact – public anger
- Political impact – public appeal
- Cost
- Access
- Lack of filibuster-proof majority in Congress

Good bet to go

- Mandated coverage
  – ACA requires access to all 18 FDA-approved birth control options
  – Birth control costs zero dollars for more than two-thirds of privately insured US women
  – Women on Medicaid also covered under ACA, except for 19 states that didn’t expand Medicaid, left thousands of women without this option.
  – Since 2006, unintended pregnancy rate has dropped 6%, but remains high among poor minority women who are more likely to require public assistance

An ACA repeal would remove:

- Birth control
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- Women on Medicaid also covered under ACA, except for 19 states that didn’t expand Medicaid, left thousands of women without this option.
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http://www.donaldjtrump.com/media/trump-details-domestic-foreign-policies-answers-credit-watches-fil.html
An ACA repeal would remove:

- The Prevention and Public Health Fund (PPHF)
  - Largest federal investment in disease prevention
  - Improve public health and prevent chronic illnesses, funds $14.5 billion over 10 years
  - For cancer, diabetes, heart disease, stroke, etc. — diseases that are responsible for seven out of every 10 deaths in America, mostly preventable
  - Money goes directly to states, i.e. CT DPH

http://www.hhs.gov/open/prevention/

An ACA repeal would remove:

- The Rule of 26:
  - Allow people to stay on their parents’ health insurance plans until age 26
  - helped drop the rate of uninsured Americans aged 19 to 25 from 22.3% in 2010 to 18.4% in 2014
  - 5.7 million people gaining coverage in five years
- Pre-existing Condition Discrimination
  - insurers could no longer deny coverage to people with pre-existing conditions
  - 129 million Americans under the age of 65 at risk of being rejected for insurance
- Lifetime caps ban: ACA bans annual & lifetime limits - >50% of bankruptcies due to health costs prior to ACA


How can Congress affect the exchanges?

- Remove funding for tax subsidies that 84% of people on the exchanges receive
  - About 22 million affected – lose or priced out of insurance coverage
  - Because <60 Republicans in Senate (not filibuster proof), only funding can be affected (budget reconciliation)
- Repeal individual and employer mandates
- Repeal Medicaid expansion
- Block grants to states would reduce total funding
- Repeal taxes on medical devices & high-cost health plans (“Cadillac plans”)


Alternative to ACA elimination of pre-existing conditions

- “Continuous Coverage Exclusion”
  - Proposed by HHS Secretary nominee Rep. Price
  - Enrollee w/at least 18 months continuous coverage cannot have pre-existing condition exclusion...UNLESS there is a gap in coverage of >63 days – in any year of life, for any reason
  - Introduces level of risk for anyone w/gap of insurance


Aspects of ACA Congress likely cannot affect (currently)

- Insurers denying coverage if preexisting conditions
- Women can’t be charged more than men
- Older people charged 3x more than younger people
- Stay on parents’ insurance until age 26

Public opinion

- 54% voters think ACA working poorly, big divide:
  - 94% Trump voters: law working poorly
  - 79% Clinton voters: law working well
  - BUT: some pieces score very high appeal by all
    - Preexisting conditions, age 26 provisions, lifetime & annual caps ban
**Impact of repeal on healthcare industry**

- Hospitals, insurers, doctors, Medicaid expansion states have adjusted to ACA
  - Impact on hospital readmissions, payment reform measures (FFS to value-based)
  - Would donut hole in Medicare Part D be closed?
- Medical Loss Ratio: ACA requires health insurers to spend >85% on medical care, <15% on admin costs (in lg group mkt, 82%/18% in sm mkt)
  - Insurers have adjusted, rebates paid to consumers, admin costs reduced from avg >30% to <15%


**Payment reforms of ACA**

- CMS Innovation Center formed from the ACA
  - Purpose: “testing innovative payment & service delivery models” to reduce cost & improve quality
  - “The reality is, Medicare needs to be reformed, so you need some mechanism to test and scale new models in fee-for-service Medicare. And so I think CMMI will in the end survive.” (Blair Childs, senior vice president of public affairs at healthcare improvement company Premier)
- Push for value-based payment will likely continue: “This is a movement that’s happening independent of the ACA, or parallel to it,” (David Jones, Boston University School of Public Health)

http://www.modernhealthcare.com/article/20161111/MAGAZINE/161109907

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**Impact in Connecticut**

- 857,000 enrolled through ACA in CT
  - 98,000 in private plans; 759,000 in Medicaid
- Unknown if CT will continue to operate its own exchange if ACA repealed
  - Before ACA, CT started developing own plan, and was 1st state to expand Medicaid
- CMMI awarded CT $45 million to CT SIM
  - To test state-led multi-payer service models
  - Advanced medical homes: PCP care coordination
  - Community & Clinical Integration Program:
    - Includes medication management services
  - What happens to the SIM?

http://www.modernhealthcare.com/article/20161111/MAGAZINE/161109907

**Question #3**

All of the following ACA repeal activities can occur with a Senate majority (i.e. through budget reconciliation bill), EXCEPT:

a. Repeal funding for premium subsidies on healthcare exchanges
b. Repeal Medicaid expansion
c. Repeal “guaranteed issue” & “community rating” provisions
d. Repeal individual & employer mandates

**Now it’s the Republicans turn**

- ACA has covered 22 million, created lowest uninsured rate in history
- But many Americans believe they’ve been disadvantaged by the ACA; dissatisfaction remains high, premiums increased, insurers decreased in the marketplaces this year.
- Republicans now own the problems of health care, voted for ACA repeal 60 times – now it’s like the dog chasing the car... and catching it
- Future elections will judge their success

**Summary**

**What could replacement look like?**

- General lack of knowledge by public of ACA details – every consumer survey since inception
- Unlikely much, if anything, will change in 2017
  - Insurers locked in by contract thru 2017
  - Only budget reconciliation votes can affect specific aspects
- ACA has hundreds of provisions affecting Medicare, repeal would bring Medicare to a halt until new rules written
- Medicaid block grants could reduce state funding, historically not kept pace with costs.
  - Enticing for Congress: will allow for reduced Medicaid funding in future, forcing states to make tough decisions (and take blame) for cuts in beneficiaries or services
Summary
What could replacement look like?

- Uses & limits of budget reconciliation, could repeal:
  - premium tax credits, small business tax credit, individual mandate, employer mandate; expansion of Medicaid coverage for adults up to 138% of FPL, presumptive eligibility, maintenance of effort, and benchmark plans for Medicaid; and the ACA’s taxes—the medical device tax, insurer fee, “Cadillac” high cost plan tax, tax increases on the wealthy.
  - This legislation could also defund Planned Parenthood

- Reconciliation cannot repeal:
  - ban on preexisting condition exclusions and health status underwriting, caps on annual and lifetime dollar limits, actuarial value requirements, age underwriting restrictions

• Proposal: universal coverage with ACA repeal:
  - Tax credit is means-tested, costs are capped (instead of using high-risk pools)
  - Longer insurance contracts, late enrollment payments (protects jumping in & out of coverage)
  - “Continuous coverage exclusion” – lose coverage if gap of >63 days
  - Cap tax deductibility of high-cost employer plans (sounds similar to “Cadillac tax”)

• ACA “repeal” probably would not impact Medicare reforms, workforce provisions, Medicaid refinements, biosimilar pathways, etc.
  - Opposition from health care community would be fierce!