

Outcomes over the last five years

Access

- ~20 million more insured Americans
 - ~13 million commercially insured
 - ~7 million enrolled in Medicaid
- Net gain in employer sponsored insurance; little dropping

Cost

- 5 consecutive years of historically low cost growth
- 2016 premiums 20% lower than CBO predicted

Quality

- 150,000 fewer readmissions
- 40% increase in number of Medicare Advantage beneficiaries in 4-5 star plans (16%→55%)
- Massively more data liberated on cost, quality, and value

Four policy priorities

1

Improve Exchange marketplaces

2

Mitigate hospital market power

3

Design APMs smartly

4

Save more money faster

Exchange policy priorities

- 1** Extend reinsurance and fund risk corridors
- 2** Go to 4:1 age bands and increase subsidies for older people
- 3** Create larger Exchanges: Require payors to bid on regions and not counties / Form multi-state exchanges to create minimum scale risk pools

Increase mandate penalty and subsidies

Hospital market power

	Angioplasty with Stent	Knee Replacement	Pacemaker Insertion	Lumbar Spine Fusion
Concentrated Markets	\$30,610	\$24,920	\$23,354	\$48,868
Competitive Markets	\$19,801	\$18,505	\$16,548	\$39,318
% difference after controls for other factors	53%	32%	33%	30%

Hospital market power policies

- 1** Require commercial payor=Medicare rates above X% local market share
- 2** Enact site-neutral payments
- 3** Link 340B pricing to patient income and not facilities
- 4** Use zip codes rather than HRRs for anti-trust
- 5** Impose large penalties for failure to achieve promised quality benefits

PCPs have earned most of the savings

49%



PCPs

11%



Specialists

9%



Hospitals

APM policy priorities

- 1 Require movement to two-sided risk
- 2 Cap losses at 100% of Medicare revenue
- 3 Move to regional benchmarks after 3 years
- 4 Make upcoding criminal and use coding intensity adjustment to fully offset

Reward patients for engaging

**Labor
productivity**

**More
bundles and
risk models**

**Behavioral
health**

**Med Mal
reform**

**Admin
simplification**

**Hospital
alternatives**

The Next Set of Curve Benders

Closing thoughts

1

The ACA is working better than expected

2

Exchanges can work as well as Covered California nationally with a few policy tweaks

3

Focusing on long term curve-bending is highest priority

4

Healthcare will keep getting better faster thanks to the ACA, HITECH and MACRA



Thank you!

