

The Affordable Care Act and Its Lessons for Health Reform

Under the Affordable Care Act:

- **4.7 million Americans saw their plans canceled** in the **first year**.
- **Premiums doubled** from the year before the law's main regulations were implemented (2013) and the final year of President Obama's administration (2017).
- **President Obama promised that he would lower premiums** for families by **\$2,500**.
- Instead, **average premiums on the federal exchange rose \$2,600** in just his final year administering the program, from **2016** to **2017**.

Upon taking office, President Trump took aggressive action to help Americans:

- **Signed an executive order on lessening the ACA's burden** on Inauguration Day.
- **Proposed a market stabilization rule** within a month of inauguration.
 - Offering states flexibility, stopping gaming of the system, expanding choices.
- **Took action to end lawless payments** and supported legislation to fix the situation.
- **Stepped into the void to issue an emergency risk adjustment regulation** when the previous administration's rule was struck down.
- **Approved state reinsurance waivers** to help states pay for the sickest patients and keep premiums low.

Now, President Trump's efforts are bearing fruit:

- **Insurers have proposed to cut premiums** for benchmark federal exchange plans by an average of **2 percent nationally**. (The benchmark is the second-lowest-cost silver plan.)
 - In Tennessee, where Secretary Alex Azar announced these proposed rates, premiums are expected to drop by 26 percent.
- **The number of insurers on the federal exchange will grow for the first time** since 2015.

The market is stabilizing as President Trump is giving Americans more affordable choices:

- President Trump has:
 - **Expanded short-term limited-duration plans**, which are often 50 to 80 percent cheaper than plans regulated by the ACA.
 - **Expanded association health plans**, which help small businesses and self-employed Americans gain access to benefits enjoyed by larger employers.
 - **Repealed the individual mandate tax** on working Americans.
 - More than three-quarters of households who **paid this tax** in 2016 made less than \$50,000 a year.
- Defenders of the Affordable Care Act claimed more choices would undermine the law:
 - Nancy Pelosi **said** eliminating the mandate tax would be "the destruction of the Affordable Care Act" and a "life-or-death" issue.
 - One group of **senators** wrote that expanding short-term insurance would mean "working families who need comprehensive coverage will see their premiums skyrocket."

The failure of the ACA has lessons for healthcare proposals like “Medicare for All.”

“Medicare for All” would create a single government system that wouldn’t resemble Medicare at all:

- **You can’t keep your plan:**
 - Under one proposal, the **178 million Americans** on employer-provided insurance would see their plans banned and replaced with a single government option.
 - Under others, employer-provided insurance would likely follow the path it has in other countries, where it is restricted to an elite few (e.g., **10 percent** of the U.K. has private insurance).
- **You may not be able to keep your doctor:**
 - Medicare hospital rates are **40 percent lower** than private insurance.
 - Lower payments are the core of how government healthcare systems are typically financed.
- **“Medicare for all” would be Medicare for none:**
 - Expansion would undermine the program seniors rely on.
 - With the Medicare hospital insurance fund set to be exhausted in **eight years**, we cannot triple the size of the program with no theory for protecting serious access.
- **These proposals would come at a staggering cost:**
 - By one estimate, “Medicare for All” would cost **\$32.6 trillion** over ten years.
 - This would represent a nearly 50 percent increase in the size of government in 2022.
 - The federal government would go from spending 28 percent of its budget today in healthcare to 58 percent of its budget in 2022.
- **Seniors prefer choice, not a single government-run system:**
 - Every year, more seniors choose private Medicare Advantage plans.
 - More than **one-third** of seniors are on Medicare Advantage plans today.

There is a better way, which will deliver high quality care at a lower cost:

- One of Secretary Azar’s top four priorities at HHS is to transform the American healthcare system, including Medicare, into one that pays for health and outcomes rather than sickness and procedures.
- The Secretary’s Senior Advisor for Value-Based Transformation and Innovation, Adam Boehler, has identified four areas of action for this agenda:
 - **Patients** as empowered consumers
 - **Providers** as accountable navigators
 - **Paying** for outcomes
 - **Preventing** disease before it occurs or progresses
- Already under President Trump, HHS has:
 - **Saved seniors on Medicare \$320 million in out-of-pocket costs** in 2018 by reducing certain drug payments.
 - **Required hospitals to post their prices** online.
 - **Allowed access** for Medicare Advantage beneficiaries to a wider range of health benefits.
 - **Made changes to the Medicare Prescription Drug program** to allow for greater use of low cost generics and lower cost “biosimilars.”
 - **Proposed to level the playing field** between different sites of care, to save seniors \$150 million a year on out of pocket costs.