Healthcare Landscape 2018

Economics Driving Healthcare Reform

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Government Debt
(Trillions)

Government Debt as % of GDP
Federal Budget Surpluses/Deficits
(Billions)

Federal Government Spending FY 17
$3.65 trillion

Percent of Total

- HHS: 26%
- Social Security: 23%
- Treasury: 14%
- Defense: 13%
- VA: 4%
- Agriculture: 3%
- Transportation: 2%
- Education: 2%
- All Other: 13%

$3.21 trillion Tax Revenue
- 49% Individual IT
- 31% Payroll Taxes
- 11% Corporate IT
- 9% Other
Federal Budget as % of GDP

CBPP projections based on CBO data
**Trust Funds**

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<tr>
<td>Spending exceeds income excluding interest</td>
<td>2010</td>
<td>2022</td>
<td>2010</td>
<td>2021</td>
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<tr>
<td>Spending exceeds income including interest</td>
<td>2022</td>
<td>2019</td>
<td>2022</td>
<td>2023</td>
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<td>Year Trust Fund is depleted</td>
<td>2035</td>
<td>2028*</td>
<td>2034</td>
<td>2029</td>
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*To save the disability portion of the social security trust fund, the 2015 Boener/McConnel budget deal increases the proportion of taxes to the disability portion from 1.8% to 2.37% for three years (subsequently extended six years to 2022)*

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Health Spending per Person

Funding Public Programs

Cohort

- Greatest
- Silent
- Baby Boomers
- Gen X
- Millennials
- Centennials

Percent of Population
Projections by Cohort

Year

Millions

Millennials
Gen X
Boomers
Silent

Percentage of Population & Health Expenditures by 65+

- 1960: Population 12.4, Expenditures 23.6
- 1995: Population 13.2, Expenditures 33.0
- 2030: Population 20.0, Expenditures 52.5
Distribution of U.S. Health Expenditures by percentile

Reform Alternatives

❖ Private Sector
  – Consolidation of both providers and payers
  – Transition to direct contracting

❖ Quasi-Public Sector
  – Federal laws addressing access, cost, and quality

❖ Public Sector
  – National Health Insurance/Service
Direct Contracting

- Direct Contracting--The practice of large employers contracting directly with integrated delivery systems.
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The Affordable Care Act of 2010

❖ Access
  – 16.4 million insured through the Marketplaces, Medicaid expansion, and young adults staying on parents policies.
  – Uninsured rates drops from 18 percent in 2013 to 11.9 percent in 2015.

❖ Quality
  – Readmit rates
  – Hospital-acquired infections

❖ Cost
  – Net cost for 10 years is about $1.2 trillion.
  – $113 billion in reduced payments to hospitals
Medicare Access and CHIPS Reauthorization Act of 2015

On April 16, 2015, President Obama signed the Medicare Access and CHIPS Reauthorization Act.

- Repeals SGR
- Physicians under Part B receive a .5 percent increase each year for 5 years.
- After 5 years, annual physician increases (or decreases) in payment will be based on 1) quality, 2) efficiency, 3) meaningful use criteria, and 4) clinical practice improvement, in a budget-neutral environment.
- Starting in 2019, physician increases will also be affected by their participation in an Advanced Payment Model (APM)
Tax Cuts and Jobs Act of 2017

❖ Does repeal the individual shared responsibility penalty
  – Both as a dollar amount and a percent of income
  – Effective 2019

❖ Does not repeal Section 5000A or the requirement for individuals to have health insurance:

An applicable individual shall for each month beginning after 2013 ensure that the individual and any dependent of the individual who is an applicable individual, is covered under minimum essential coverage for such month.

CBO estimates that repeal of the individual mandate would reduce federal expenditures by $338 billion over 10 years, but repeal of the penalty would reduce federal expenditures by $318 billion over the same 10 years.