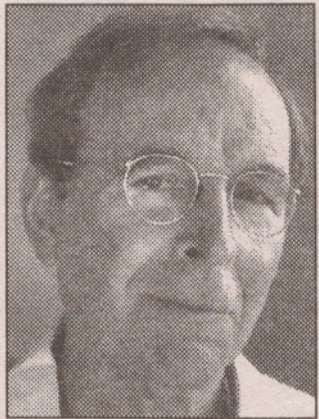


Health care reform without tears, part 2: Will Obamacare save America from itself?



Samuel Metz is a Portland anesthesiologist active in health care reform. He is also a member of two organizations advocating publicly funded universal health care: Mad As Hell Doctors and Physicians for a National Health Plan. He is the local chapter representative to Health Care for All Oregon, an umbrella organization of over 50 groups working for better health care in Oregon. He can be reached at 3Q9A@samuelmetz.com.

BY SAMUEL METZ
CONTRIBUTING COLUMNIST

Just when despair engulfed our dysfunctional health care system, Congress passed the Affordable Care Act (also known, inappropriately as we will see, as "ObamaCare"). Is the Affordable Care Act a knight in shining armor, a red herring or the end of civilization as we know it?

Let's look closer.

The Affordable Care Act (ACA) was a response to powerful health-care forces pulling in many directions — from families bankrupted by medical bills, businesses crippled by employer-sponsored insurance, hospitals and physicians paid less for Medicaid and Medicare patients than the cost to provide the care, insurance companies protecting their industry, and voters demanding that something — anything — be done to solve an apparently unsolvable crisis.

Ultimately, Congress created a 400,000-word compromise of baffling complexity. Before we review whether this effort was worth the trouble, let's look at the major (but not the only) provisions.

By increasing both the number of Americans with private insurance policies and those participating in government health care programs, Congress hopes Americans will get the health care they need. The act's scope covers both businesses and individuals.

The ACA encourages businesses to purchase private health insurance for their employees by fining businesses if they do not. In many cases (but not all), businesses will find it cheaper to buy the insurance rather than pay the fine. Because insurance prices go up as the number of employees goes down, small businesses may qualify for government subsidies to enable them to purchase insurance for their employees.

What about those of us who can't get insurance through employers?

Individuals without employer-sponsored insurance must buy their own insurance or face a similar fine. This format is called a "mandate." Individuals unable to afford any policy may qualify for government subsidies or be excused from both insurance and fine. To ease the challenge of finding insurance, Congress compelled states to create "health insurance exchanges." These are websites where insurance companies offer policies in similar formats to make comparisons easier. Additionally, participating companies must provide minimal levels of benefits in policies sold in the exchange. The ACA does not compel insurance companies to participate in exchanges, and individuals may purchase policies outside the exchange.

What if you depend upon Medicaid or Medicare for health care?

The ACA expands some benefits for Medicaid and Medicare patients. States providing a higher level of benefits for Medicaid patients receive larger federal subsidies. Medicare benefits, especially primary and preventative care, are greatly expanded. The increased spending on Medicaid and Medicare combined with subsidies for businesses and individuals will increase government spending on health care.

To pay for this increase, the federal government will reduce other spending and



A physician is seen through the window at the University of Illinois at Chicago hospital.

REUTERS/JIM YOUNG

seek new revenue. For example, many providers will see lower payments for Medicare patients. Most Medicare patients will pay more out of pocket. Wealthy individuals will pay higher income taxes. Private insurance companies, drug companies and businesses that make medical equipment will pay new taxes.

And the ACA encourages health-care providers to form Accountable Care Organizations (ACOs). ACOs are variants of managed care, in which provider organizations receive a fixed annual fee for Medicare patients rather than be paid fee-for-service. In this fashion, ACOs make providers financially responsible for medical outcomes of their Medicare patients: If a Medicare patient does well and requires less money, providers keep the difference. If patients do badly, providers absorb the cost.

What happens to total government spending when all these increases and decreases are added up?

Most studies suggest overall government spending will go down.

So the ACA sounds like a heck of a deal: More insurance policies, reduced government spending and passing financial risks onto providers. What's not to like?

Some readers may remember from Part One of this series the three fundamental goals of reform: (1) health care access when we need it, (2) lower costs and (3) better health.

Does the ACA achieve these goals?

The ACA will not provide universal access. Even when working perfectly, 40 million Americans will be underinsured. Ask any of the 750,000 Americans with health insurance who were still bankrupted by an illness (especially the 34,000 Oregonians who suffered this fate last year). Worse than that, 20 million additional Americans will have no access at all because they have no money. Result: 60 million Americans (20 percent of us) remain at risk for losing homes, limbs or lives if we get the wrong disease at the wrong time.

Will the ACA reduce costs?

No. The savings to taxpayers in reduced federal spending will be billed to them when they become patients, with higher insurance policy prices and higher out of pocket spending. Even though it reduces government spending, the ACA neither lessens overall health-care costs nor does it stop the relentless increase in health care spending.

Will the ACA improve outcomes?

For the answer, we must take a closer look at Massachusetts.

In 2006, then-Gov. Mitt Romney signed a law of his own design compelling everyone

in Massachusetts to purchase health insurance or face a fine. Sound familiar? The ACA applies the same principles of the Massachusetts law (call it "RomneyCare") to the entire nation. The similarity was put more succinctly by Jonathan Gruber, the MIT economist who assisted in designing both laws: "They're the same (expletive deleted) bill."

So what happened in Massachusetts after 2006?

Nearly 100 percent of residents (98 percent in 2010) own a health insurance policy. That's good. But public health measures have not improved, medical bankruptcies continue to rise, and Massachusetts is still the most expensive state, in the most expensive country, for health care. This does not bode well for American health care when the ACA applies those same principles on a national basis.

The ACA qualifies as health care legislation, but it fails to qualify as reform.

To its credit, the ACA has one dramatic asset: For the first time in American history, the U.S. Congress decided health care access for all citizens is a fit subject for congressional concern. Too bad Congress was unable to create a program to provide that access.

Ultimately, however, the ACA damages American U.S. health care by its very premise: It enshrines private health insurance as the sole portal to health care for most Americans. Thus, it perpetuates and strengthens the very aspect of our health care system that makes us uniquely vulnerable: our dependence upon the private health insurance industry.

Hence the disappointment in the Affordable Care Act. One would have hoped all the agony endured by Congress to generate this massive bill would have produced a result worthy of that effort. But we enjoy no progress. American health care remains a juggernaut that devastates our families, cripples our business, smothers our economy and steals our health.

After this discouraging assessment, we deserve some good news. And there are indeed reasons to be hopeful which we'll get to later in this series. But first we'll visit the American health insurance industry. If the ACA can't save America from itself, can a liberated and empowered insurance industry save our health and make our families whole again?

One would have hoped all the agony endured by Congress to generate this massive bill would have produced a result worthy of that effort. But we enjoy no progress. American health care remains a juggernaut that devastates our families, cripples our business, smothers our economy and steals our health.