



Transition Guide

Health Policy Issues: An Economic Perspective, Sixth Edition

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The Affordable Care Act (ACA), the most significant public policy enacted in many years, affects all aspects of healthcare financing and delivery. *Health Policy Issues: An Economic Perspective, Sixth Edition*, has been thoroughly revised to explain the magnitude of this legislation and how it affects everyone, including physicians, hospitals, employers, employees, insurers, the uninsured, and state and federal governments. Thirty-six short, topical chapters give students a comprehensive overview of the delivery of medical services through

a unique economic perspective.

Reflecting the widespread implications of the ACA, specific components of the ACA are discussed in the context of many of the book's chapters. Consequently, the ACA is linked to topics such as:

- The rise of medical expenditures
- The high price of prescription drugs
- The impending shortage of physicians
- The future role of hospitals
- The evolution of managed care

Chapter Breakdown Regarding the ACA

Chapter 1: The Rise in Medical Expenditures

This chapter discusses whether the ACA contributed to the slowdown in rising health expenditures that have occurred. The last section of this chapter proposes four criteria for evaluating the ACA to be considered when reading additional chapters that discuss the ACA.

Chapter 6: How Much Health Insurance Should Everyone Have?

This chapter discusses the higher individual taxes and the imposition of a "Cadillac" tax (on expensive health plans) included in the ACA to help finance the subsidies provided to states for expanding eligibility to their Medicaid programs and for those qualifying for subsidies on the health insurance exchanges.

Chapter 7: Why Are Those Who Most Need Health Insurance Least Likely to Buy It?

This chapter describes many of the changes the ACA made to the health insurance market, such as establishing state and federal health insurance exchanges, providing subsidies to eligible persons buying their insurance on the exchanges, eliminating the pre-existing exclusion, instituting an individual mandate to buy insurance, specifying the four types of health plans to be purchased on the exchanges, requiring insurers have minimum medical loss ratios, requiring community and gender rating, Essential Benefits to be included in health plans, and

allowing children up to age 26 to be included on their parent's policy. The likely consequences of these new health insurance rules on the uninsured, the newly insured, and others are analyzed, as well as the response by health insurers, such as rising premiums and why insurers are using narrow provider networks.

Chapter 8: Medicare

This chapter includes discussions of the ACA's changes to Medicare, including Accountable Care organizations, the Independent Payment Advisory Board (IPAB), the reductions in Medicare hospital payments (assumed productivity increases), and their implications for hospitals. The ACA's closing of the "donut" hole in the Medicare prescription drug benefit and the increase in Medicare payroll and income taxes to finance the ACA are also discussed.

Chapter 9: Medicaid

The ACA made important changes to Medicaid to increase eligibility for an additional 16 million low income people. These changes are discussed. A new study based on data from Oregon presents results contrary to the ACA's expectations that emergency room visits would decline as more of the uninsured are enrolled in Medicaid. Additional sections discuss the factors affecting a State's decision to take advantage of the ACA's additional funding for expanding their Medicaid eligibility. A Medicaid reform proposal to convert Medicaid by using block grants to the states is also included.

Chapter 11: The Impending Shortage of Physicians

Discussed in this chapter is how the ACA's expanded coverage (increased Medicaid eligibility and subsidies to eligible persons buying insurance on health exchanges) will cause an increased demand for primary care services, making the shortage of physicians more severe.

Chapter 12: The Changing Practice of Medicine

Included in this Chapter are the likely effects of the ACA on physician payment, the size of medical practices, and the role of the ACA's Accountable Care Organizations on the growth in hospital employment of physicians.

Chapter 16: The Future Role of Hospitals

The multiple effects of the ACA on hospitals are discussed, together with their likely implications. Topics include different approaches to reduce hospital payments, such as the Independent Payment Advisory Board, which would reduce hospital payments if Medicare hospital expenditures exceed a target rate of increase, hospital payment reductions based upon an assumed hospital productivity increase, whether or not the productivity increases occur, payment reductions to account for preventable hospital readmissions, and Medicare Disproportionate Hospital Share (DSH) payments used to compensate hospitals that care for a greater number of Medicaid patients will be greatly reduced. Also discussed are new hospital payment systems, such as Accountable Care Organizations and Episode Based Payment. The expansion of hospital admissions as a result of the ACA from Medicaid eligibility expansions and health insurance exchange subsidies is also included.

Chapter 18: Can Price Controls limit Medical Expenditure Increases?

Included in this chapter is a discussion of the Independent Payment Advisory Board (IPAB) established by the ACA. The IPAB has the authority to use price controls (reduce provider payments) to decrease Medicare expenditures when they exceed the rate of growth in per capita GDP plus one percent. The ACA's reductions in payments to Medicare Advantage plans and the likely consequences of such actions are also discussed.

Chapter 19: The Evolution of Managed Care

This chapter contains a section on the effect the ACA has had on managed care. Included are discussions of health exchanges, limited provider networks, and Accountable Care Organizations.

Chapter 20: Has Competition Been Tried—and Has It Failed—to Improve the US Healthcare System?

A section in this chapter discusses the Medicare Part D Prescription Drug Benefit and how the design of the program to rely on competition has reduced the cost of the program and stabilized its premiums.

Chapter 25: The High Price of Prescription Drugs

This chapter discusses the change the ACA made to the Medicare Prescription Drug benefit (Part D) by reducing the “donut hole”.

Chapter 31: Medical Research, Medical Education, Alcohol Consumption, and Pollution: Who Should Pay?

A footnote in the chapter describes the ACA’s penalty for failing to buy health insurance under the individual mandate and its likely consequences.

Chapter 33: Employer Mandated National Health Insurance

This chapter discusses the ACA’s Employer Mandate, how it is designed, financed, and the likely consequences on employers and employees at different income levels. Also discussed are the ACA’s health insurance exchanges, the subsidies available, age rated premiums, and reasons for insurers using narrow provider networks on the exchanges.

Chapter 34: National Health Insurance: Which Approach and Why

Part of this chapter discusses the different types of taxes used to finance the ACA and their effects on efficiency and equity. An exhibit summarizes each of the different types of taxes, including income taxes, a sin (smoking) tax, sales tax (medical devices and insurers), a payroll tax (an employer mandate), and a user tax (individual mandate). Also discussed in this Chapter are the ACA’s individual mandate, the mandated essential benefits to be included in health plans, and the Cadillac tax on expensive health plans.

Chapter 35: Financing Long Term Care

Discussed in this chapter is the ACA’s CLASS act, which was a voluntary long term care program. The Administration determined that the program was unworkable and decided not to implement it. Congress subsequently repealed the CLASS Act. The problem with the CLASS Act was that it violated certain insurance principles, which are discussed.

Chapter 36: The Politics of Health Care Reform

This chapter discusses the political and economic interests behind the enactment of the ACA. The various interest groups, and what each wanted, are discussed, including the pharmaceutical firms, AARP, the American Hospital Association, the American Medical Association, the unions, and health insurers. Also discussed was how the Senate was able to achieve the necessary 60 votes to reject a Republican filibuster and pass the ACA with only Democrat support. Further, how the surprise election of Senator Brown (R, Mass.) changed the legislative process and affected the outcome of the legislation. The implementation problems of the ACA are also discussed.

Instructor Resources

Test bank, PowerPoint slides, teaching tips, discussion questions with answer guides, and chapter overviews.