

This is a sample of the instructor materials for Daniel B. McLaughlin, *The Guide to Healthcare Reform: Readings and Commentary*.

The complete instructor materials include the following:

- Course lesson plans (73 pages)
- PowerPoint slides for each chapter
- Teaching notes

This sample includes the course lesson plans, PowerPoint slides, and teaching notes for Chapter 2.

If you adopt this text, you will be given access to the complete materials. To obtain access, e-mail your request to hapbooks@ache.org and include the following information in your message:

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- Course level (graduate, undergraduate, or continuing education) and expected enrollment
- The use of the text (primary, supplemental, or recommended reading)
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Unit 2: The Affordable Care Act

Unit Learning Objectives

- UO 2: Distinguish among the three theories that underlie the ACA

Readings

Read: *The Guide to Healthcare Reform: Readings and Commentary*, Chapter 2 and Reading 2A

The Library of Congress Summary of the Affordable Care Act

(<https://www.govtrack.us/congress/bills/111/hr3590#summary/libraryofcongress>)

(**Note:** Read this summary prior to Session 2.)

Unit Activities

Note: This lesson plan presents the material for Unit 2 in three class sessions.

Content Outline: The Affordable Care Act

Unit Objectives:

- Distinguish among the three theories that underlie the ACA

15 – 20
min

Topics:

- **[not on slides]** ACA background: the Patient Protection and Affordable Care Act, also called Obamacare, Affordable Care Act, ACA; legislation dates from 2010
- Three theories of the ACA:
 - 1: *Systems*. How does each element in the system interact with and affect the other elements to achieve the desired outcomes (patient health)?
 - 2: *Funds flow and incentives*. How can revenue and payment systems be designed to create change in behaviors to achieve desired outcomes (increased quality and patient satisfaction with lowered cost)?
 - 3: *Markets*. How can markets be made to operate effectively to achieve the desired outcomes (provider market share and profit)?
- **[not on slides]** ACA is “the result of many years of health policy research” (p. 5)
 - Max Baucus’s “Call to Action: Health Reform 2009” – this document “outlined the key elements needed for

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- reforming the US health system” (p. 6)
- These are: “increased access to affordable healthcare,” “improved value by reforming the healthcare delivery system,” and “financing changes for a more efficient system” (p. 6)
 - Overview source of theories in the ACA (Exhibit 2.1, “Source of Theories Contained in the ACA,” [p. 6])
 - Systems: Academics
 - Funds flow and incentives: Liberals
 - Markets: Conservatives
 - **Note:** Today’s session will cover systems; funds flow and incentives and markets theories will be discussed later in the unit.
 - Systems: “the patient–provider relationship” (p. 6)
 - Discuss Exhibit 2.2, “Core Elements of the US Healthcare System,” (p. 7 and on slides)
 - Explain how Exhibit 2.3, “Second-Level Model of the US Healthcare System,” (p. 8 and on slides) expands on the information in Exhibit 2.2
 - “the authors of the ACA sought to improve the US healthcare system by improving almost all of the elements in the system” (p. 8)

In-Class Discussion

- How does the ACA address the main points brought up by Baucus in his “Call to Action”? 15 – 20 min
- Have you studied any of these theories (systems, funds flow and incentives, markets) in other classes? What do you already know about them and how they work?
- Preview the activity research question: What other national policies outside of healthcare are based on: a. Systems theory? b. Funds flow? c. Markets? (p. 15)

In-Class Activity

Activity: Applications: Research

20 – 30 min

Separate students into small groups, and instruct them to complete Chapter 2 Applications: Discussion and Research Question 1:

- The groups should investigate the following question: What other national policies outside of healthcare are based on: a. Systems theory? b. Funds flow? c. Markets? (p. 15) □
- To answer, they should follow the approach recommended in Question 1: Consider these federal systems and do

library or Internet research: the military, federal highways, securities regulations, the US Food and Drug Administration, the US Department of Education (e.g., No Child Left Behind), the Commerce Department, the Environmental Protection Agency. (p. 15)

Follow-up Activity: Applications: Discussion

- Depending on class size, you may wish to combine the groups from the activity or bring the entire class back together for the follow-up discussion.
- Encourage students to share what they discovered while conducting their application research.
- They may discuss which resources were helpful/unhelpful as well as the kind of evidence they uncovered.

Note: This activity requires students to use the institution’s library either in person or online. For online courses, have students complete this activity and its follow-up using the available technology of your choice (e.g., through a discussion board or in a video or text chat).

Content Outline: Session 2 The Affordable Care Act

Unit Objectives:	15 – 20 min
<ul style="list-style-type: none"> ▪ Distinguish among the three theories that underlie the ACA 	
Topics:	
<ul style="list-style-type: none"> ▪ Funds flow <ul style="list-style-type: none"> ○ Discuss the idea that “it’s not about the money—it’s about the money” ▪ Financial balance in the ACA <ul style="list-style-type: none"> ○ There is a “conflict between organizations’ desire to provide quality services and their desire to maximize revenue and profit” (p. 9) ○ Discuss Exhibit 2.4, “Balancing Payment Incentives in the ACA,” (p. 9 and on slides) ○ Use Exhibit 2.5, “Balancing the Newly Insured with Reductions in the Increase in Medicare Payments,” (p. 9 and on slides) to discuss “the balance between a significant reduction in uncompensated care and a reduction of Medicare base rate payment increases” (p. 9) ▪ Discuss Exhibit 2.6, “Incentives in the ACA to Encourage 	Instructor PowerPoint slides: Chapter 2: Slides 6 – 8

Lowest Cost Site of Care,” (p. 10 and on slides)

- **[not on slides]** Compare incentives and regulations; review “main sources of funding for the ACA” (p. 10)
- Review “the question of affordability” (p. 11)

In-Class Discussion

- In this chapter, McLaughlin notes, “Perhaps the greatest question of reform is whether the new incentives in the ACA are strong enough to tip this scale [of balanced payment incentives]” (p. 9). Do you agree? How might this question be answered? Why would it be the “greatest question of reform”? 15 – 20 min
- Preview the activity research question: “Where do states fit into the implementation of the ACA? (p. 15) □

In-Class Activity

Activity: Applications: Research

15 – 20 min

Separate students into small groups, and instruct them to complete Chapter 2 Applications: Discussion and Research Question 3:

- The groups should investigate the following question: Where do states fit into the implementation of the ACA? (p. 15) □
- To answer, they should follow the approach recommended in Question 3: Access the National Conference of State Legislatures and search on ACA: bit.ly/Reform2_4. (p. 4)

Follow-up Activity: Applications: Discussion

- Depending on class size, you may wish to combine the groups from the Activity or bring the entire class back together for the follow-up discussion.
- Encourage students to share what they discovered while conducting their application research.
- They may discuss which resources were helpful/unhelpful as well as the kind of evidence they uncovered.

Note: This activity requires students to use the institution’s library either in person or online. For online courses, have students complete this activity and its follow-up using the available technology of your choice (e.g., through a discussion board or in a

video or text chat).

Content Outline: Session 3 The Affordable Care Act

Unit Objectives:

- Distinguish among the three theories that underlie the ACA

15 – 20
min

Topics:

- Markets view of the ACA: “conceptualized as a series of buyers and sellers of products” (p. 11)
 - Discuss Exhibit 2.7, “Market Perspective on Employment-Based Healthcare System,” (p. 11)
- Perfect market competition includes:
 - Many buyers/sellers
 - Standardized product
 - Mobile resources
 - Buyers with access to complete and comprehensive information
 - **Note:** Each of these is discussed in more detail below, using information from Exhibit 2.8, “Perfect Market Competition and the ACA,” (p. 13)
- Many buyers/sellers:
 - Large number of health plans available in most states’ exchanges
 - 30 million-plus individuals and small firms will buy their insurance in this market
- Standardized product:
 - Exchanges have four different standardized benefit levels and a standardized benefit set
- Mobile resources:
 - Health plans will be able to compete across state lines
 - Some healthcare organizations will become national players for both the direct provision of care (e.g., Mayo Clinic, Cleveland Clinic) and health insurance (e.g., UnitedHealthcare, WellPoint)
- Informed buyers with access:
 - Healthcare.gov provides links to comprehensive data on both costs and quality
 - These resources will expand greatly in the future
- **[not on slides]** Consider discussing “Legal Challenges to the ACA” (p. 13) in preparation for Reading 2A

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In-Class Discussion

- Which of the three theories covered in this unit do you see as most influential in the ACA, and why? 15 – 20 min
- In the future, do you think that the ACA will be modified to rely more on systems, funds flow/incentives, or markets? Explain.
- Take any student questions on the additional reading assignment (Reading 2A) before beginning the in-class activity.

In-Class Activity

Activity: Additional Reading Analysis: Reading 2A 20 – 30 min

Separate students into small groups of three or four. Within their groups, students should review the specific reading as needed (they should have completed the reading prior to the class session) before moving on to the following:

- Identify the author's argument
- Bring up any points or topics that seem unclear, confusing, or problematic
- Develop (and answer) their own discussion questions about the piece
- Consider how they might critique/respond to the reading in their own writing or how they could use what they have learned from it in various contexts

Note: For online courses, have students complete this activity and its follow-up using the available technology of your choice (e.g., through a discussion board or in a video or text chat).

Outside of Class Work (Homework)

Individual Work: Chapter 2 Applications: Discussion and Research


Write one to two pages in response to Chapter 2 Applications: Discussion and Research Question 2: Which theory is the most powerful in moving a healthcare organization's strategy? Why? (Interview healthcare executives and ask them which theory is more important to their strategy development.) (p. 15) (**Note:** If an interview subject is not available, you may supplement your written response with research.)

- UO 2: Distinguish among the three theories that underlie the ACA

Discussion Board Questions:

- Select a section of the ACA to study in more depth. Read the section and write your own summary of it. Then conduct research to answer the following questions in relation to the section: a) What influenced or contributed to this section of the ACA? b) What potential impacts could this section have, and why? c) Which of the three theories covered in class this week is most evident in this section, and why? Post your summary of the ACA section along with a description of your research results.
 - UO 2: Distinguish among the three theories that underlie the ACA

- Create your own example or illustration of the ACA's influential theories and demonstrate how you could use it to remember the theories' principles and contributions to the ACA.
 - UO 2: Distinguish among the three theories that underlie the ACA



Chapter 2

The Affordable Care Act

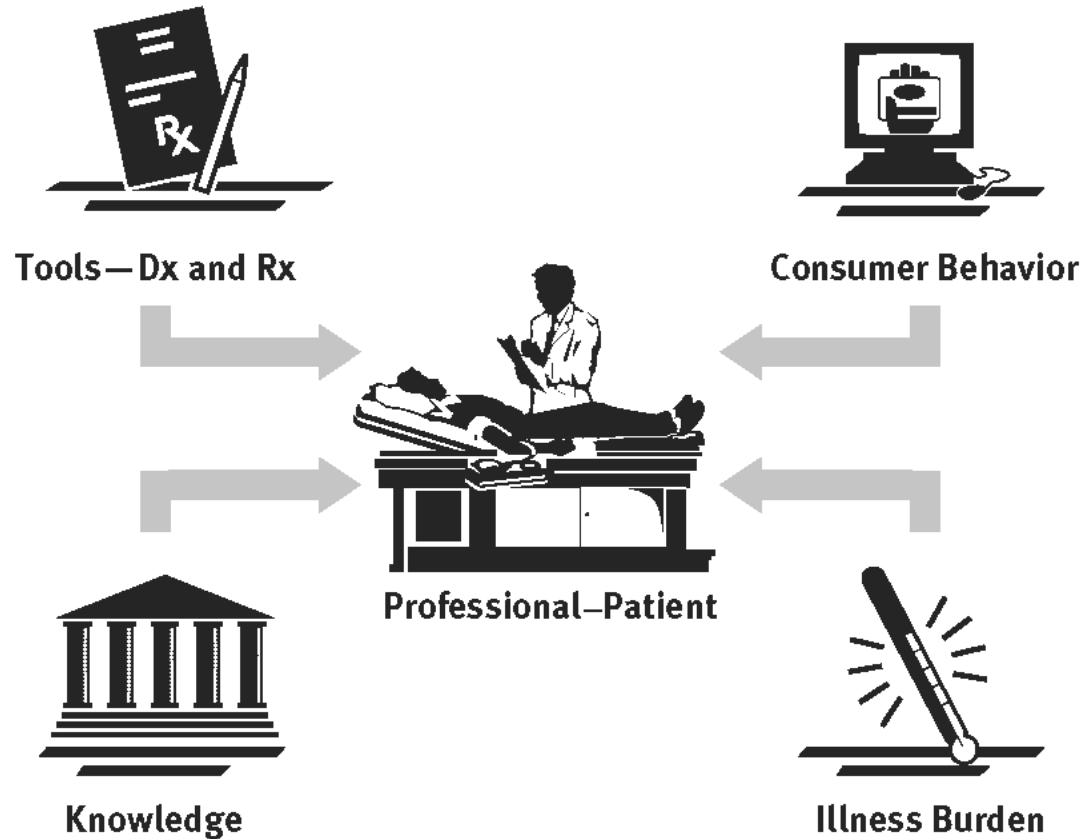
Three Theories of the ACA

1. *Systems*. How does each element in the system interact with and affect the other elements to achieve the desired outcomes (patient health)?
2. *Funds flow and incentives*. How can revenue and payment systems be designed to create change in behaviors to achieve desired outcomes (increased quality and patient satisfaction with lowered cost)?
3. *Markets*. How can markets be made to operate effectively to allow the “invisible hand” of capitalism to achieve the desired outcomes (provider market share and profit)?

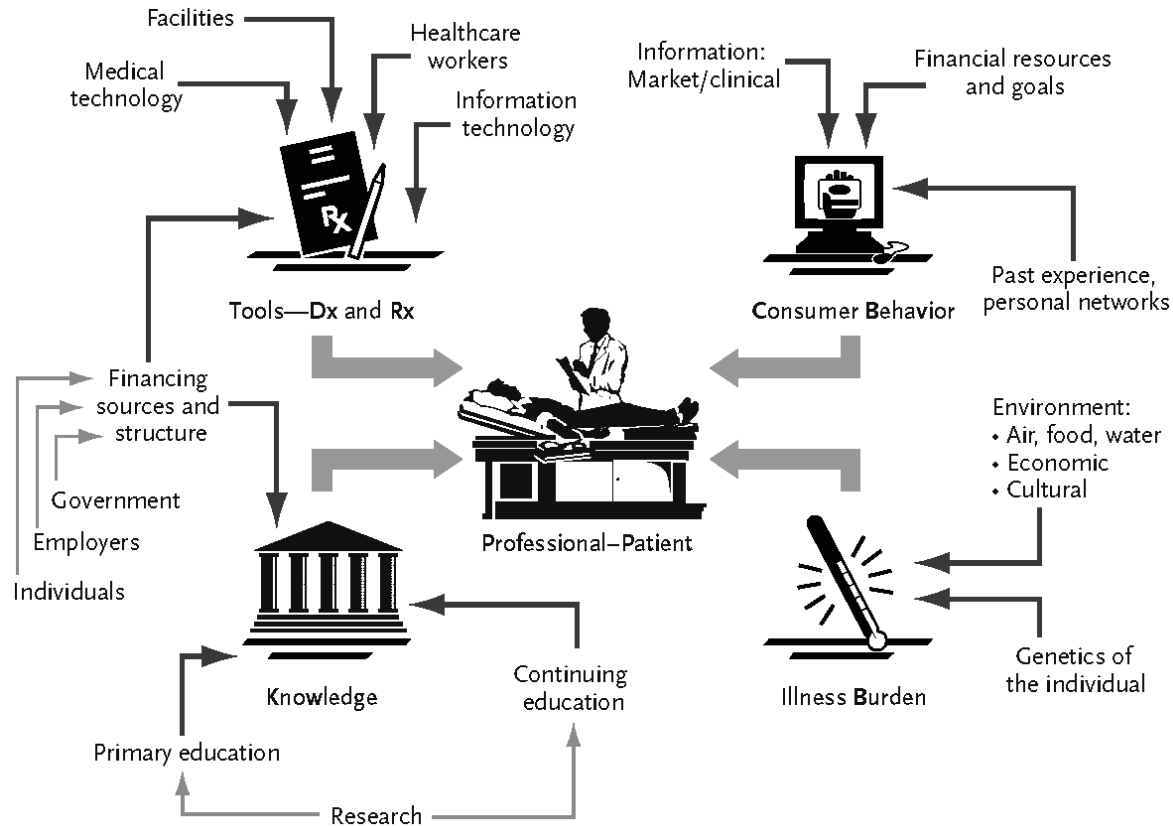
Sources of Theories in the ACA

Source	Theory
Academics, nonpartisan think tanks, and career federal officials	Systems
Liberals	Funds flow and incentives
Conservatives	Markets

Core Elements of the US Healthcare System



Second-Level Model of the US Healthcare System



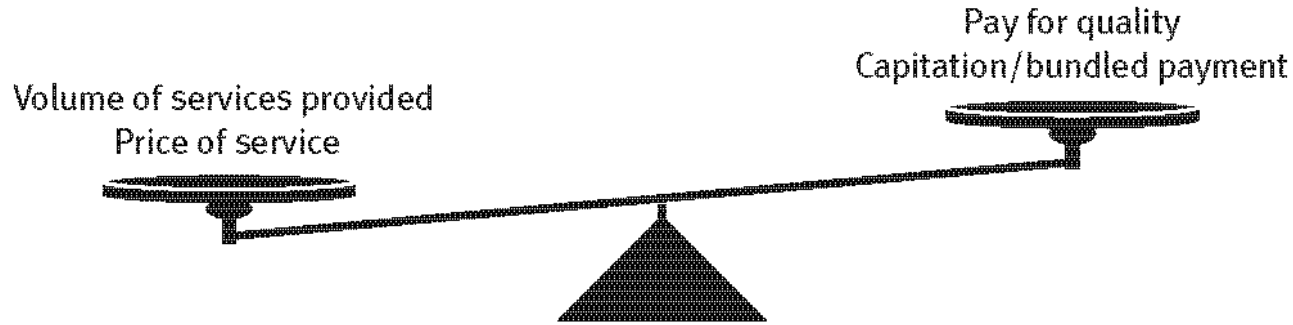
Funds Flow

“It’s not about the money – its about the money”

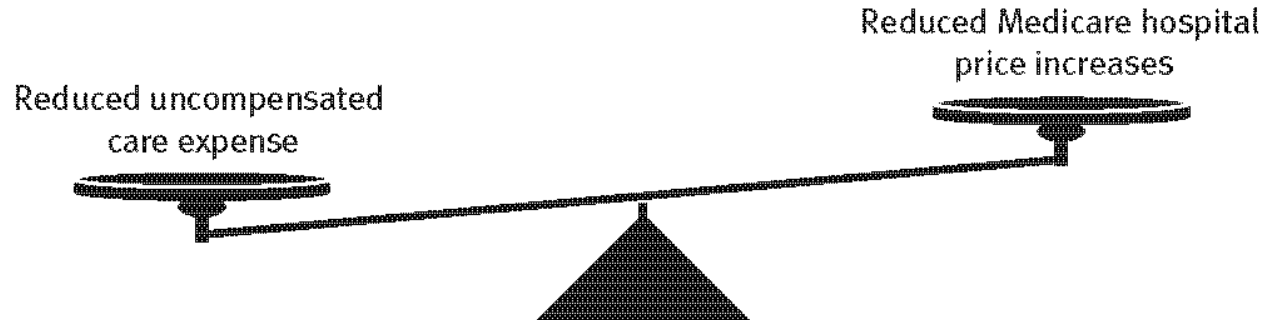


Financial Balance in the ACA

Balancing Payment Incentives in the ACA

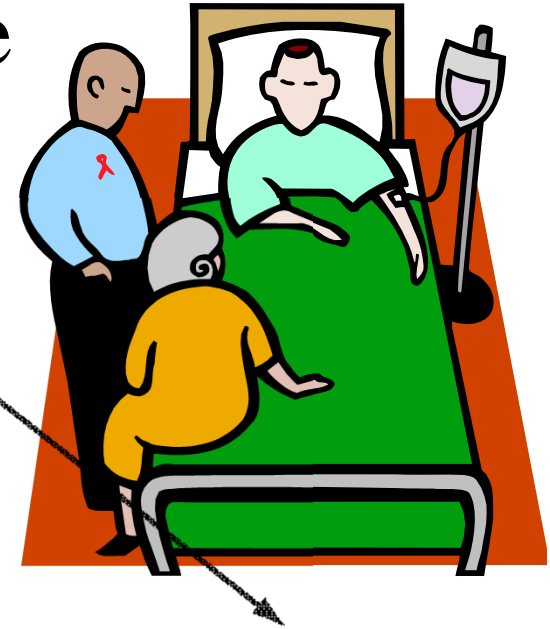


Balancing the Newly Insured with Reductions in the Increase in Medicare Payments



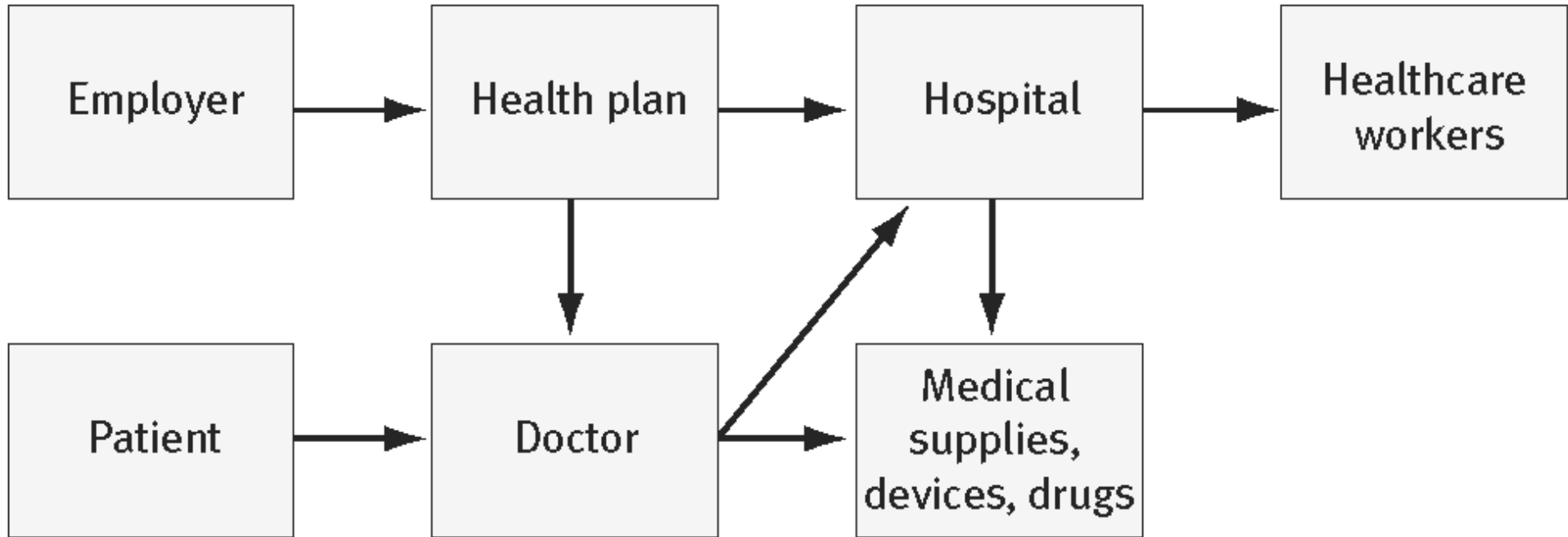
Incentives in the ACA to Encourage Lowest Cost Site of Care

- ICU care in a hospital
- Routine inpatient care
- Intensive ambulatory care (e.g., surgery centers)
- Routine outpatient clinical care
- Long-term care
- Home care
- Self-care
- Prevention and wellness
- Supportive communities



Markets View of the ACA

Market Perspective on Employment-Based Healthcare System



Perfect Market Competition

- many buyers and sellers,
- a standardized product,
- mobile resources, and
- buyers with access to complete and comprehensive information.



Markets in the ACA

- Many buyers and sellers
 - A large number of health plans are available in the exchanges in most states. Thirty million or more individuals and small firms will buy their insurance in this market.
- A standardized product
 - The exchanges have four different standardized benefit levels and a standardized benefit set.

Markets in the ACA - 2

- Mobile resources
 - Health plans will be able to compete across state lines. Some healthcare organizations will become national players for both the direct provision of care (e.g., Mayo Clinic, Cleveland Clinic) and health insurance (e.g., United Health Care, Wellpoint).
- Buyers with complete and comprehensive information
 - Healthcare.gov provides links to comprehensive data on both costs and quality. These resources will expand greatly in the future.

The Guide to Healthcare Reform

Chapter 2 – Teaching Notes

Applications: Discussion and Research

1. National policies outside of healthcare

Systems

- Commerce Department—Baldrige award
- Telecommunication grid and standards
- SEC regulations

Funds flow

- Defense spending
- Education—No Child Left Behind

Markets

- Oil and gas leases
- Airway frequency leases from FCC
- GPO bidding on office spaces

2. Most powerful theory

From the editor's experience as the CEO of a Level 1 trauma center, safety net and teaching hospital:

- A. Funds flow was most important due to disproportionate share and medical education funding.
- B. Systems was second in importance as it was necessary to secure market share through the expansion of primary care and relationships with other social service and governmental agencies
- C. Markets relative to pricing was the least important.

It is likely that this has changed somewhat in more current years but it is still likely that governmental funding is still a high priority for safety net providers

3. The implementation of the ACA by the states will vary from month to month, so the most current information will be at the National Conference of State Legislatures website, www.ncsl.org.