



University of New Hampshire
School of Law
The Warren B. Rudman Center
for Justice, Leadership and Public Service



University of New Hampshire
School of Law
Health Law and Policy Programs

Health Care Costs

Key Federal and State Strategies

April 5, 2019



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The Federal Budget and Health Care

presented by

Robert Bixby, Executive Director



THE CONCORD COALITION

www.concordcoalition.org



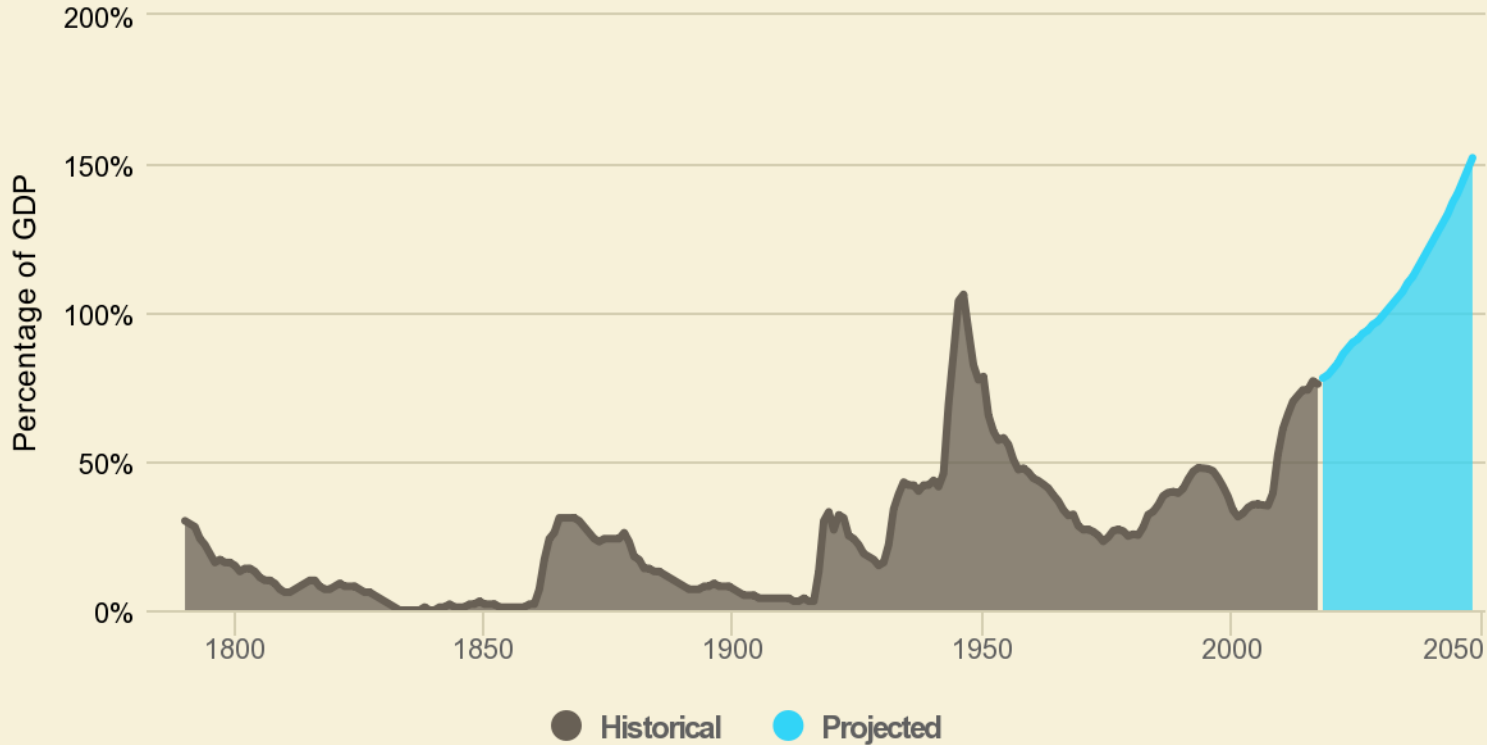
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U.S. Debt is On An Unsustainable Path

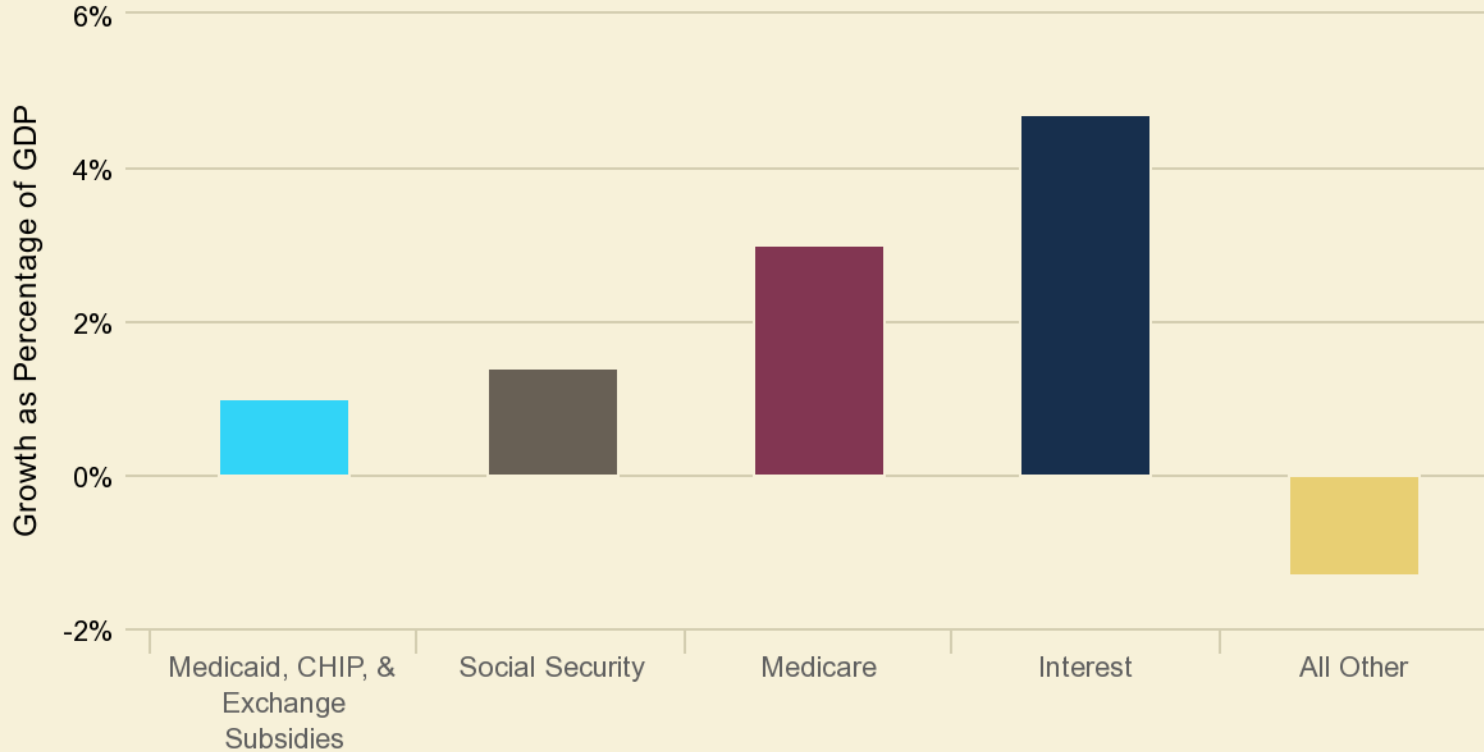
1790-2048



Source: CBO Long-Term Budget Outlook, June 2018

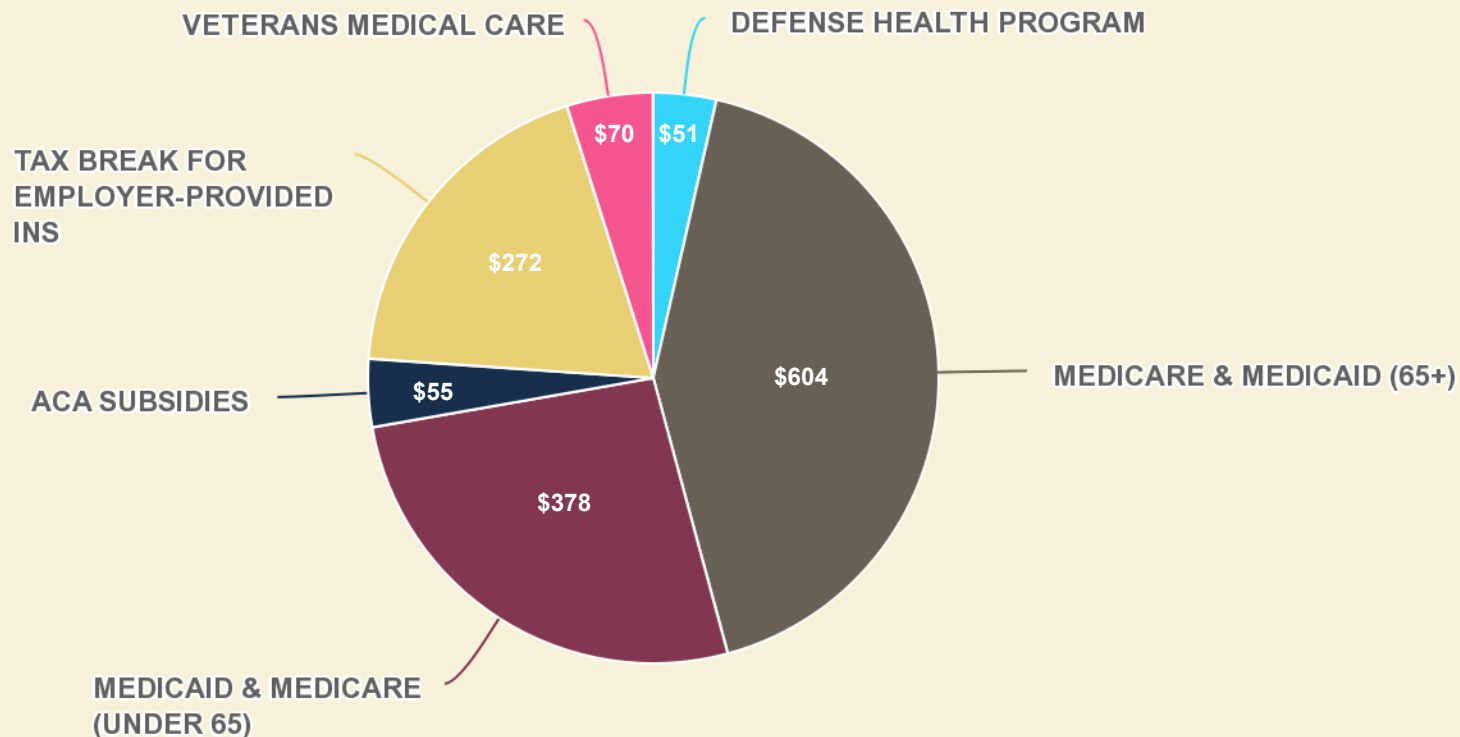
The Sources of Growth in Federal Spending

CHANGE IN OUTLAYS AS A PERCENTAGE OF GDP, 2018-2048



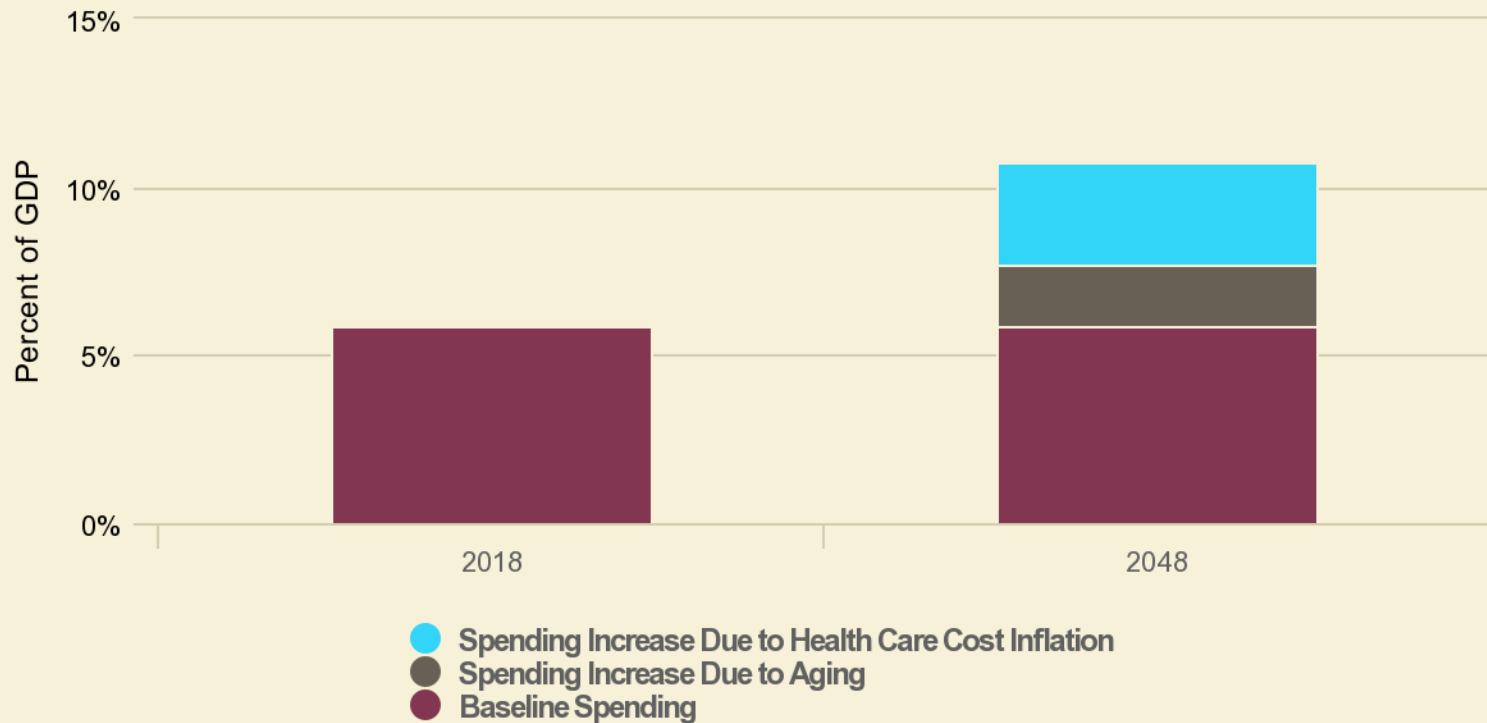
Source: CBO Long-Term Budget Outlook, June 2018

Composition of Federal Spending on Health Care



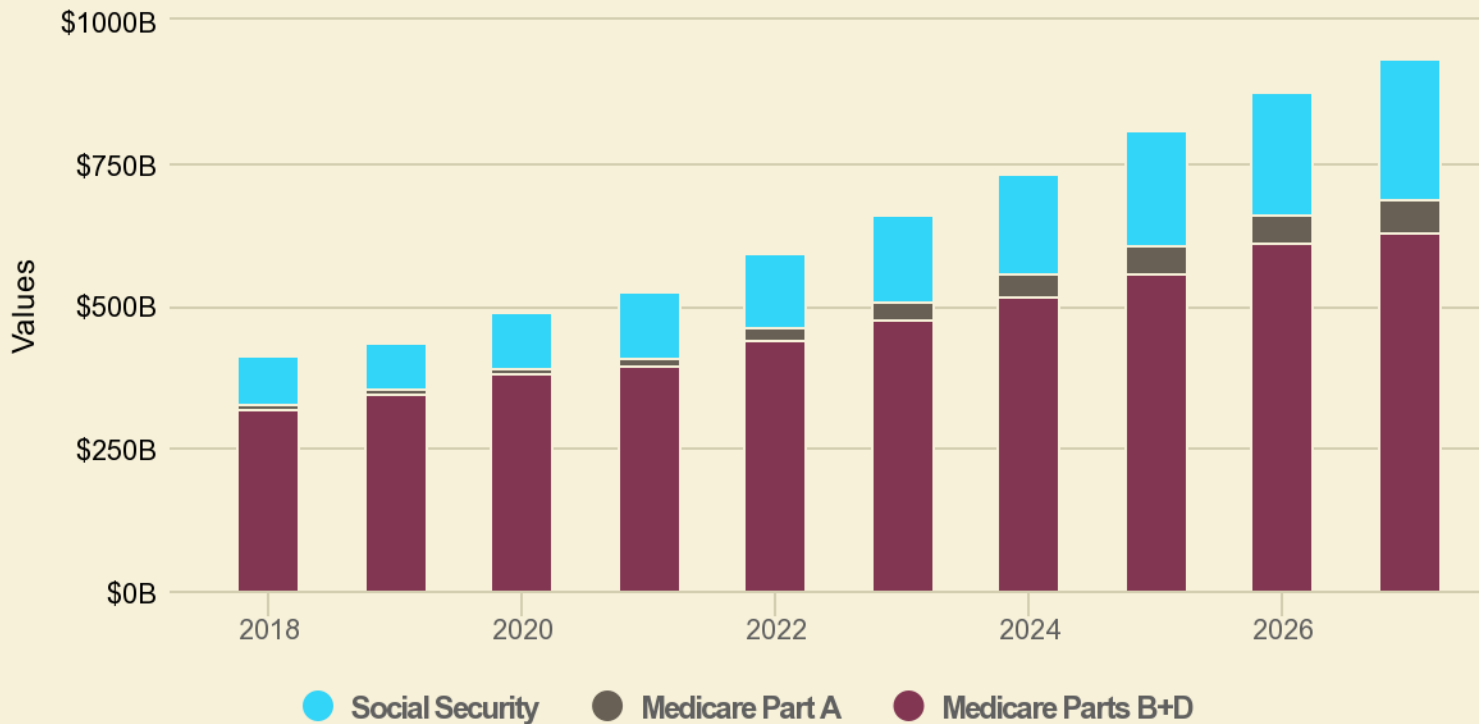
Source: CBO 2018, OMB Feb 2018, and Concord Analysis

Aging and Cost Inflation Drive Growth in Major Health Care Programs



Source: CBO Long-Term Budget Outlook, June 2018

Annual Cash Transfers from General Revenue to Key Entitlement Programs



Source: Social Security and Medicare Trustees Reports, June 2018



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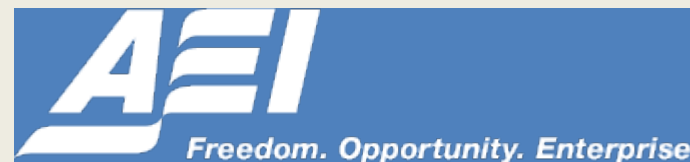
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Federal health spending:

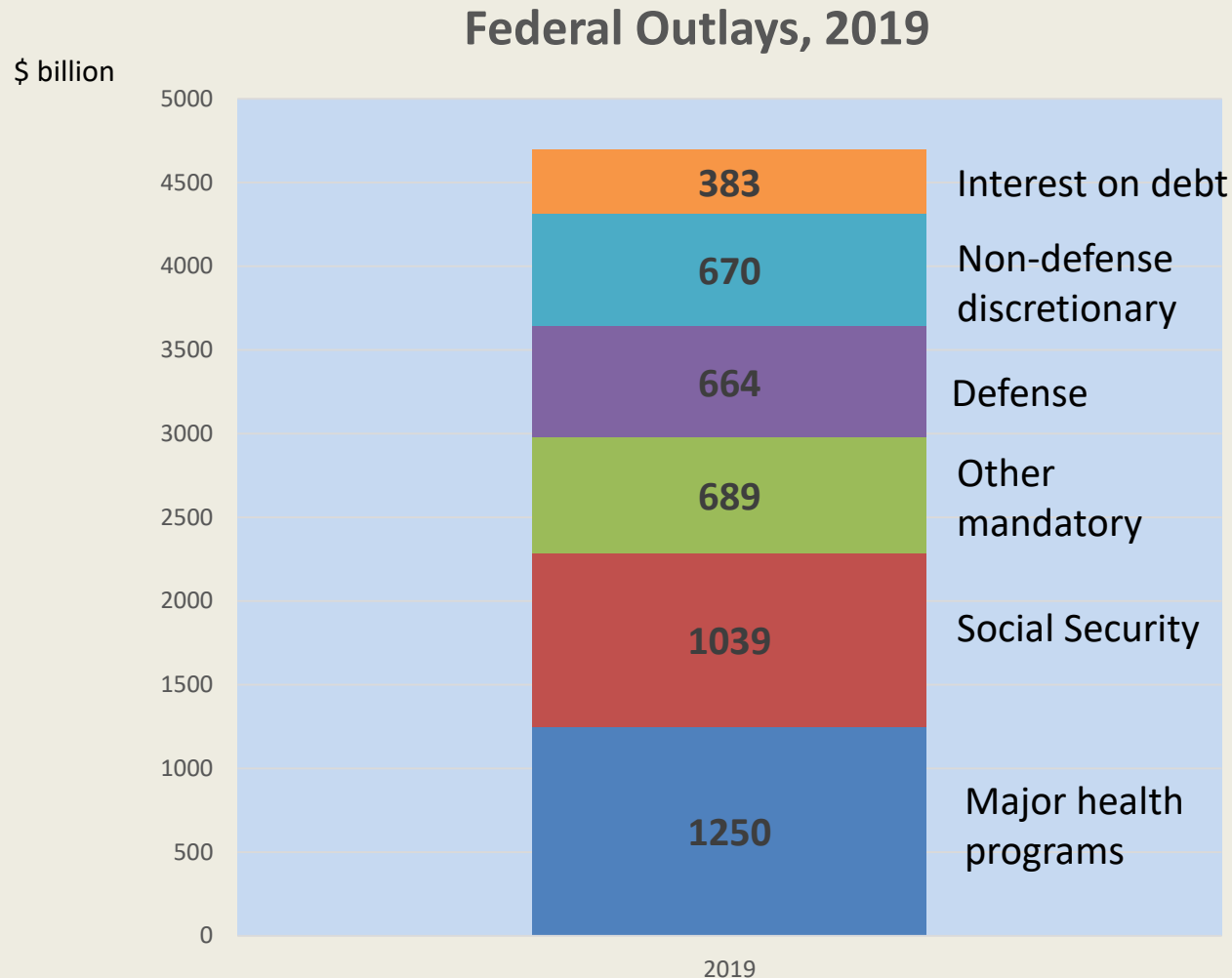
Policy and politics

Health Care Costs: Key Federal and State Strategies
University of New Hampshire School of Law
April 5, 2019

Joseph R. Antos, Ph.D.
**Wilson H. Taylor Scholar in Health Care
and Retirement Policy**
American Enterprise Institute



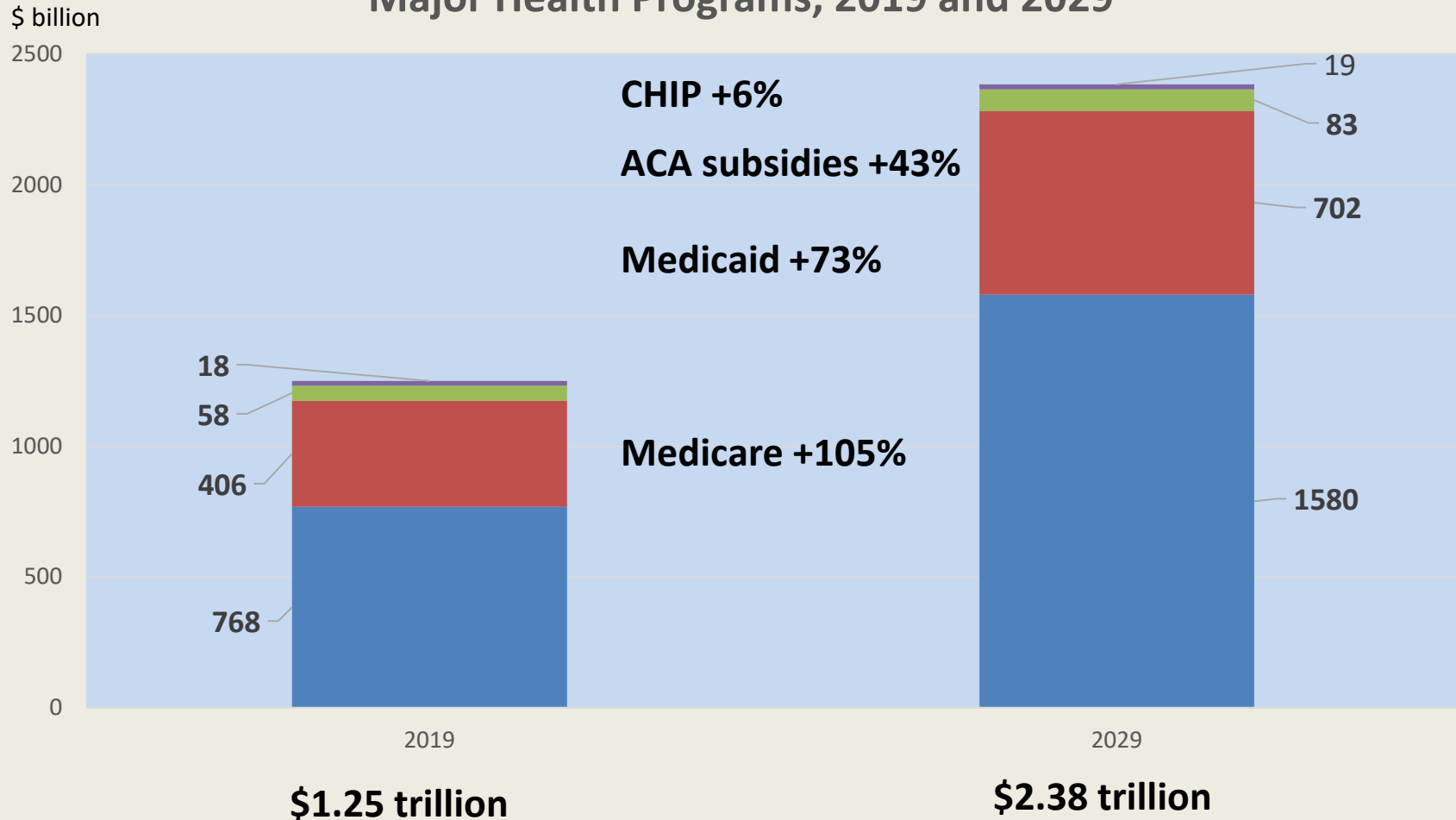
Health dominates federal budget



Health programs are 29% of federal outlays (\$1.25 T out of \$4.7 T)

Medicare is big and growing

Major Health Programs, 2019 and 2029



Major budget proposals

2019 President's Budget

Selected Proposals	Savings (10 years)
ACA repeal/replace (Graham-Cassidy, block grant)	-\$658 B
Medicaid: work req, co-pays, asset test	-143 B
Medicaid: fraud/waste (DSH, personal care payments)	-39 B
Medicare: Part D catastrophic cap, exclude discounts in gap	-66 B
Medicare: fraud/waste (GME, bad debt, site of service)	-456 B

- Most proposals in President's budget require legislation
- Medicare proposed savings less than a 10% reduction from baseline
- Widely publicized proposals are NOT legislative, would be implemented through regulation or demonstration projects
- Other prominent proposals still in development, not in budget: IPI, drug rebate policy

Bipartisan* proposals to slow spending

- Improve incentives for cost-effective private insurance
 - Limit tax exclusion of employer-sponsored insurance
 - Ensure effective anti-trust enforcement
 - Encourage development of all-payer claims databases
- State reforms
 - Repeal any willing provider, certificate of need laws
 - Surprise billing reform
- Medicare reforms
 - Expand site-neutral payments
 - Balance incentives in Medicare Physician Fee Schedule
 - Reform Medigap cost sharing and Medicare benefit design
 - More...

*AEI-Brookings response to Senate HELP Committee, 3/1/19

Bipartisan* proposals to slow spending

- Medicare reforms, continued
 - Reform protected classes in Medicare Part D
 - Revise Medicare Part D reinsurance
 - Remove incentive to prescribe higher cost drugs in Medicare Part B
 - Reform low-income subsidy under Part D to encourage greater use of generic drugs
 - Expand use of bundled payments
 - Improve the choice environment for Medicare enrollees
- Promote competition in the pharmaceutical market
 - Restrict REMS abuse (delays generic competition)
 - Restrict use of the orphan drug designation
 - Reform 340B program

*AEI-Brookings response to Senate HELP Committee, 3/1/19

Drug pricing proposals

- Proposals in active development
 - Rebates directly to consumer
 - International price index
 - Binding arbitration
 - Drug importation
- Proposals that should be taken seriously
 - Restructure Part D
 - Rebalance patent and market exclusivity rules

What can we expect?

- Many Ds agree with many Trump Rx pricing proposals
- Many Rs do not agree
- Bipartisan legislation gives Ds the first step in regulating drug prices
- Bipartisan legislation means Trump takes credit
- Regulatory changes and demonstration projects will drive policy, not legislation



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1

HEALTH CARE COSTS TODAY: KEY FEDERAL AND STATE STRATEGIES

**UNH HEALTH LAW AND POLICY PROGRAMS AND THE
CONCORD COALITION**

APRIL 5, 2019

***PRESENTED BY TRISH RILEY
EXECUTIVE DIRECTOR
NATIONAL ACADEMY FOR STATE HEALTH POLICY
TRILEY@NASHP.ORG***

The State Imperative Balanced Budgets & Consumer Protection

2

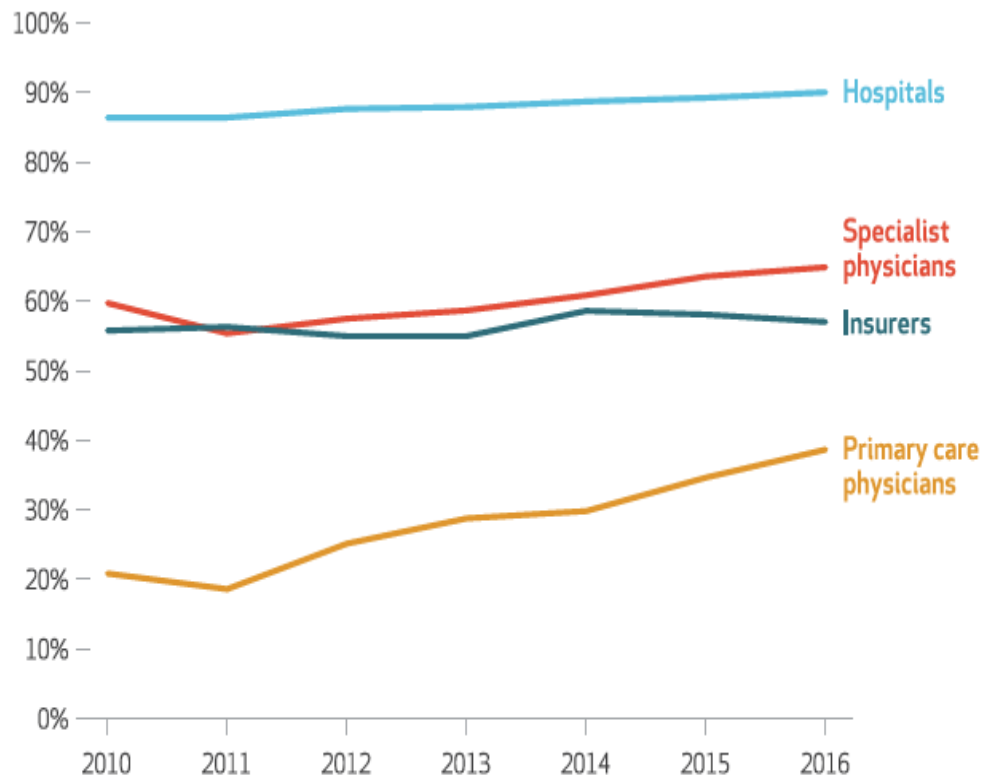
How to lower costs?

- **Subsidize**
- **Cut**
 - Benefits
 - Enrollees
 - Reimbursement
- **Address Underlying Cost Drivers**

Health care consolidation trends

EXHIBIT 2

Percentages of Metropolitan Statistical Areas (MSAs) whose Herfindahl-Hirschman Index (HHI) was above 2,500 for hospitals, physician organizations, and health insurers, 2010-16



% of markets that are highly concentrated:

65% of specialty physician markets

57% of insurer markets

39% of primary care markets

Source: Fulton, BD. Health Care Market Concentration Trends in the United States: Evidence and Policy Responses. Health Affairs. 2017;36(9):1530-1538.

State Action / Tools

4

- CON
- Payment and Delivery Reform: ACO's, CCO's etc.
- Surprise Billing – 22 state laws
- APCD's

How Are States Approaching Rx Costs?

5

2019 Session: 158 Bills Filed in 36 states

- PBMs – 72 bills (20 states' laws)
- Transparency – 27 bills (7 states' laws)
- Importation – 22 bills (CO, CT, FL, IL, IN, MN, MO, NM, OK, OR, UT, WV, WY) (VT Law)
- Price Gouging – 4 bills (IN, NJ, VA) (MD Law)
- Rate Setting – 11 bills (CT, IL, MA, MD, MN, MO, NJ, OR)
- Study – 2 bills (IN, NH)
- Coupons – 6 bills (ID, KY, NH, NJ, RI, WV)
- Volume Purchasing – 3 bills (CT, NV, OR)
- Other – 11 bills

*as of 2/20/2019

States as Purchasers

6

- Maryland All Payer Rate-Setting
- Reference Pricing- MT, NC, CT
- Multi Agency- Multi State
- Growth Caps / Total Cost of Care
 - Vermont Green Mountain Care Board
 - MA Health Policy Commission
 - OR, DE, RI
- Public Option - WA



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Meeting America's Health Challenges: Where Are We Now?

Prof. John E. McDonough

Harvard T.H. Chan School of Public Health

April 5 2019

Prelude: Where Are Right Now—April 2019?

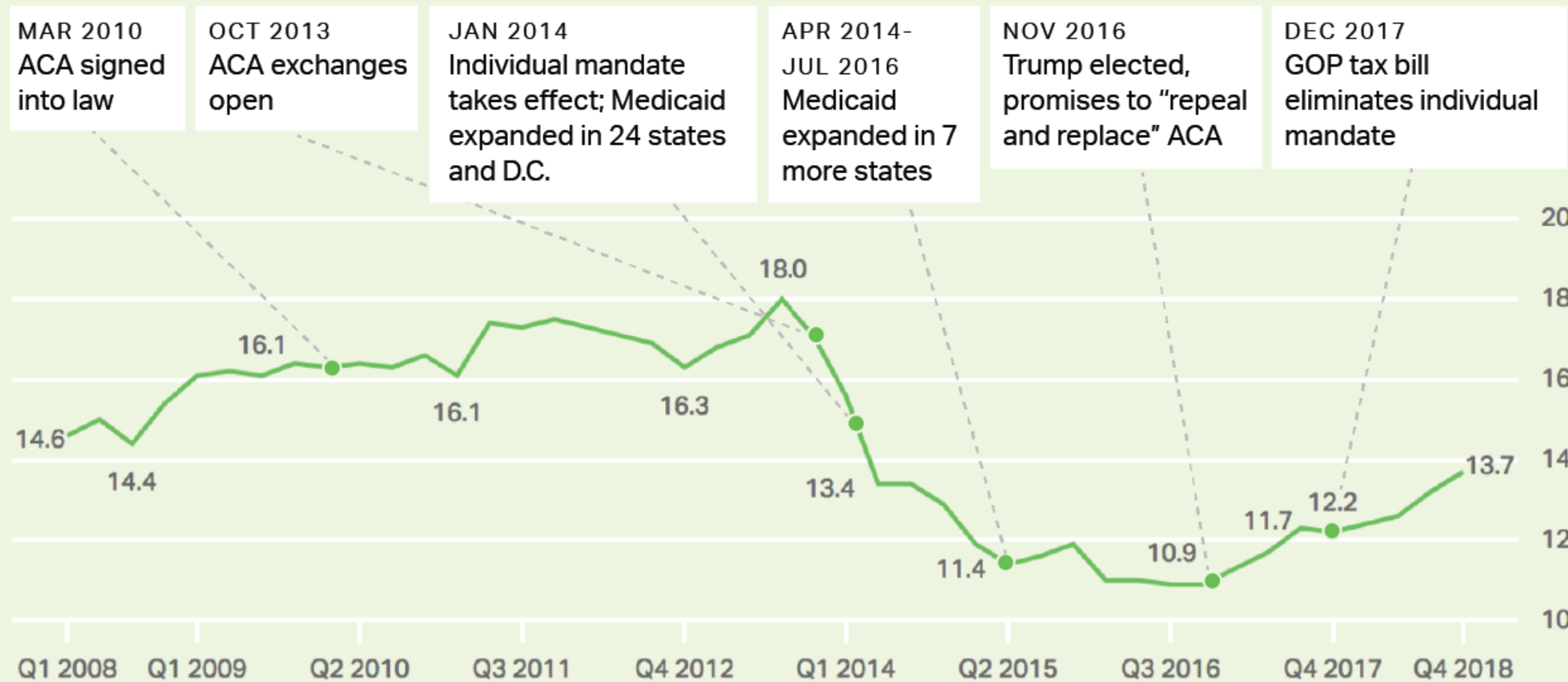
- 2017 legislative “Repeal and Replace” plans are dead—and not forgotten
- Democrats are devising a new agenda—short and longer term:
 - Sustaining/strengthening ACA, mostly private insurance Marketplaces/Exchanges
 - Searching for common ground with Republicans on drug prices and more
 - Starting 2020 conversation, especially on “Medicare for All/America/More”
- Trump Administration undermining core ACA protections
 - Actions on Association Health Plans and Short Term Plans are seeking to re-introduce medical underwriting and pre-existing condition exclusions in many states
 - Medicaid work requirements in states are causing coverage losses (18K in Arkansas)
- Republican AG’s federal lawsuit from Texas to repeal ACA may reach U.S Supreme Court – during 2020 presidential campaigns
- Medicaid Expansion Reignited: VA, ME, NB, UT, ID – KS, NC – and work reqs.
- Number of uninsured adults has risen by 7 million since 2017 (Gallup)
- On value-based care, growing debate over readmissions, ACOs, EHRs

Alternative Pathways for the Nation

- Back to the Future –
 - Reintroduce medical underwriting/pre-ex; low-cost junk insurance,
 - Work requirements reduce Medicaid enrollment; state-initiated block grants
- Building and improving the ACA
 - Premium affordability: 138-400% fpl and >400% fpl
 - Restoring cost sharing reductions
 - Broader use of reinsurance
- Start all over again
 - Single payer/Medicare for All

Percentage of U.S. Adults Without Health Insurance, 2008-2018

■ % Uninsured

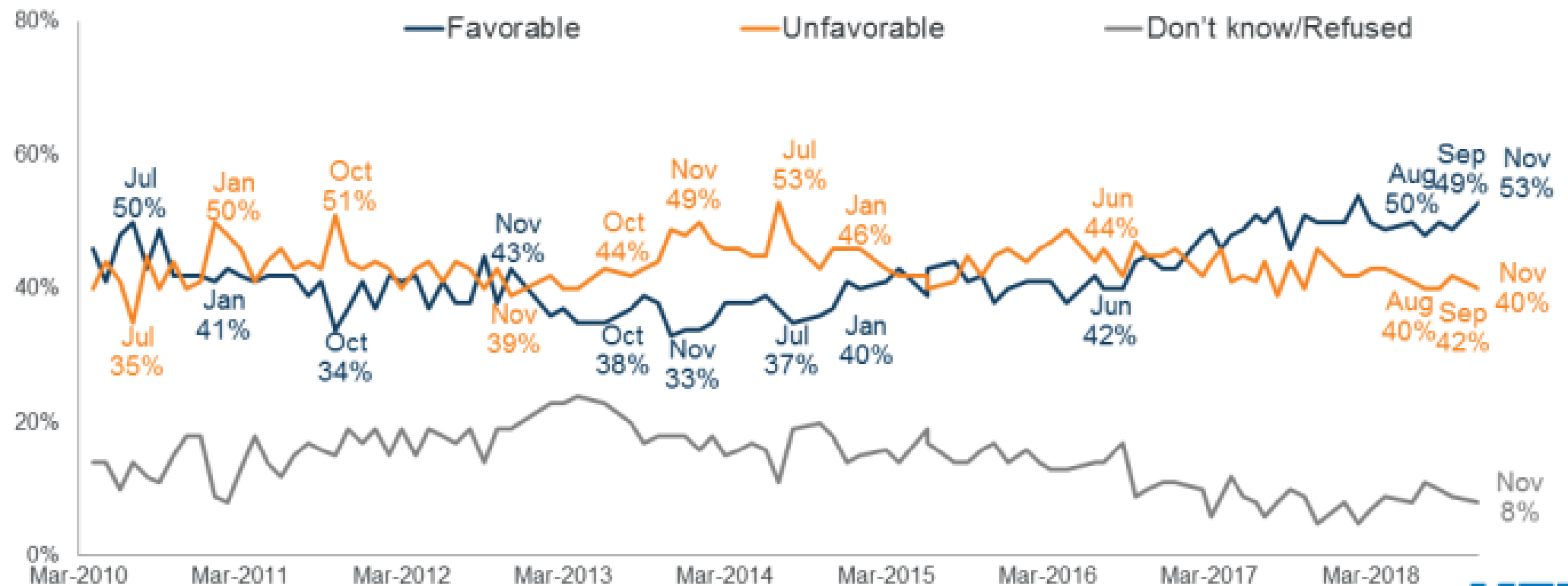


GALLUP NATIONAL HEALTH AND WELL-BEING INDEX

Figure 5

Post-Election Tracking Poll Finds Slight Uptick in ACA Favorability, Largely Driven By Democrats

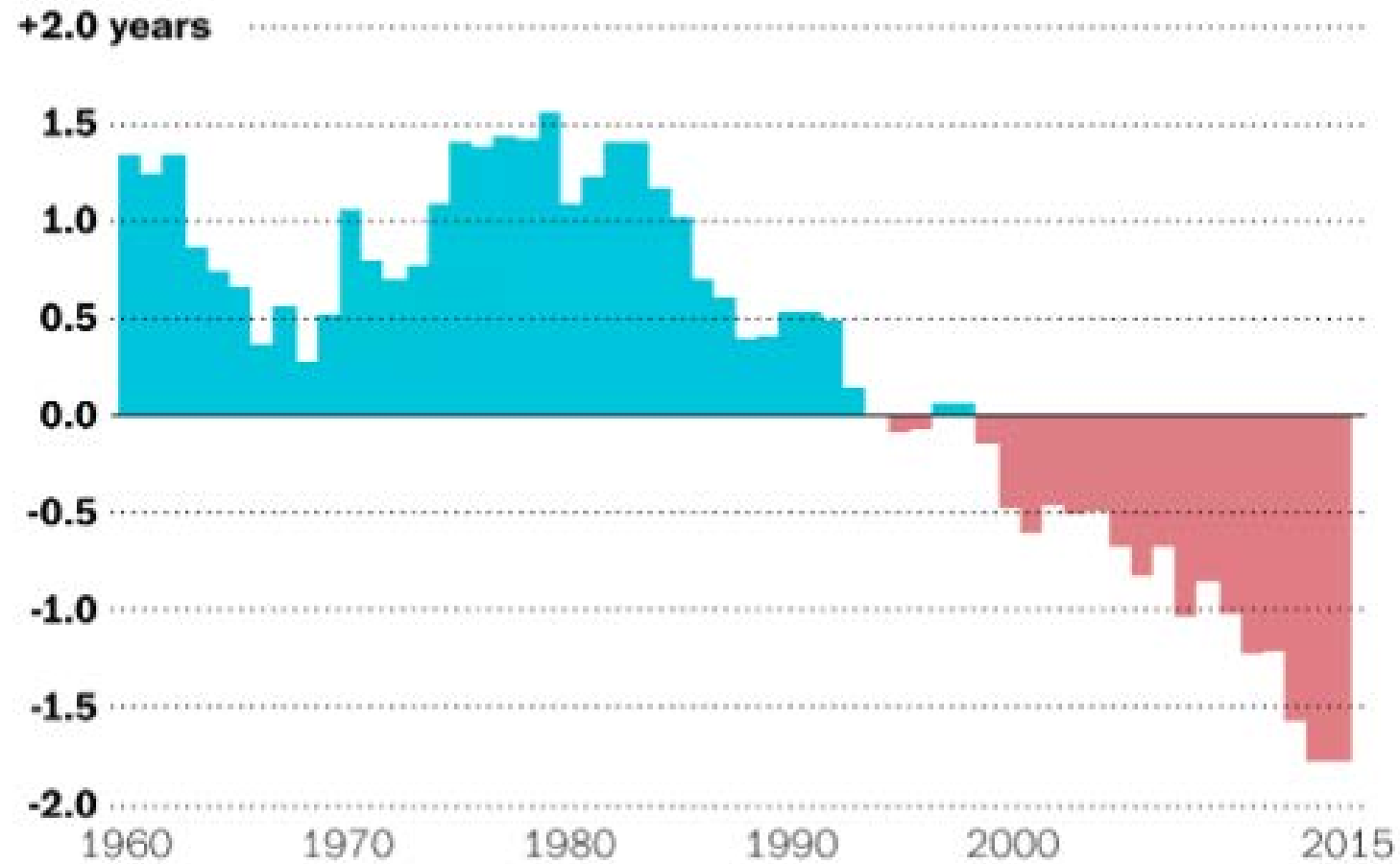
As you may know a health reform bill was signed into law in 2010, known commonly as the Affordable Care Act or Obamacare. Given what you know about the health reform law, do you have a generally favorable or generally unfavorable opinion of it?



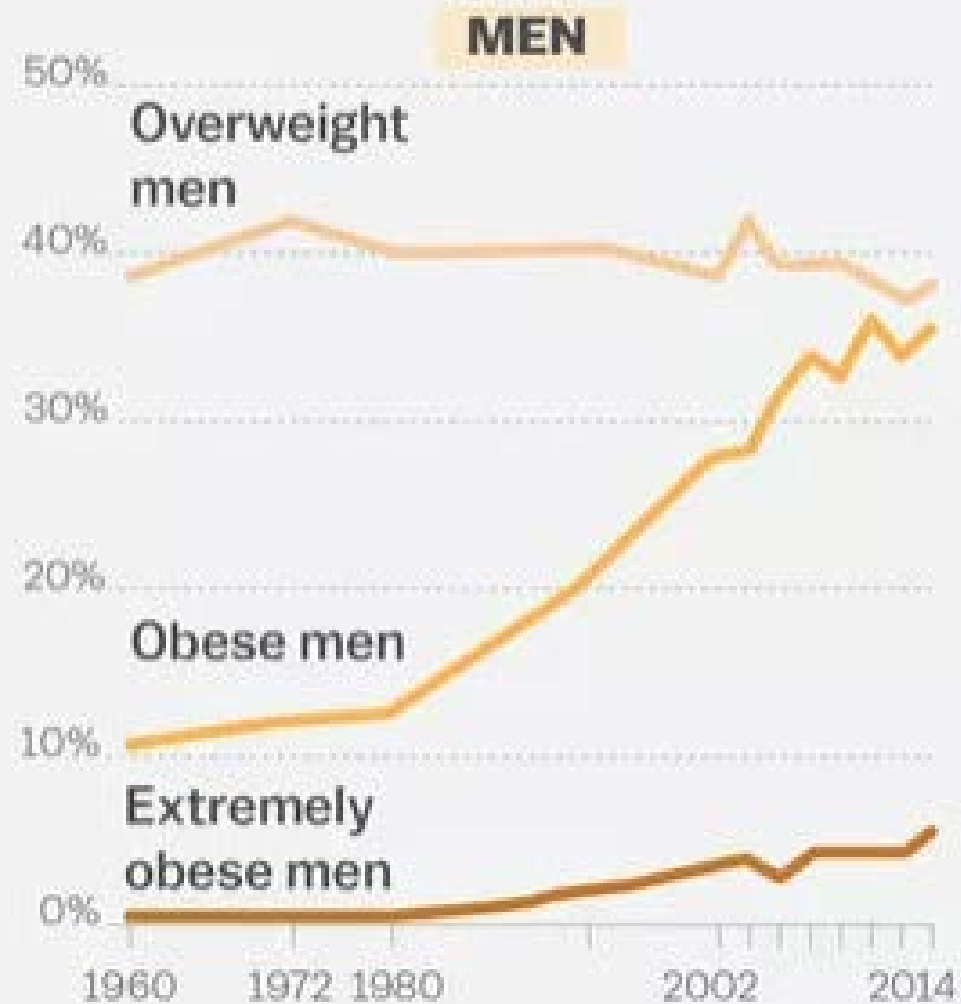
SOURCE: KFF Health Tracking Polls

American exceptionalism

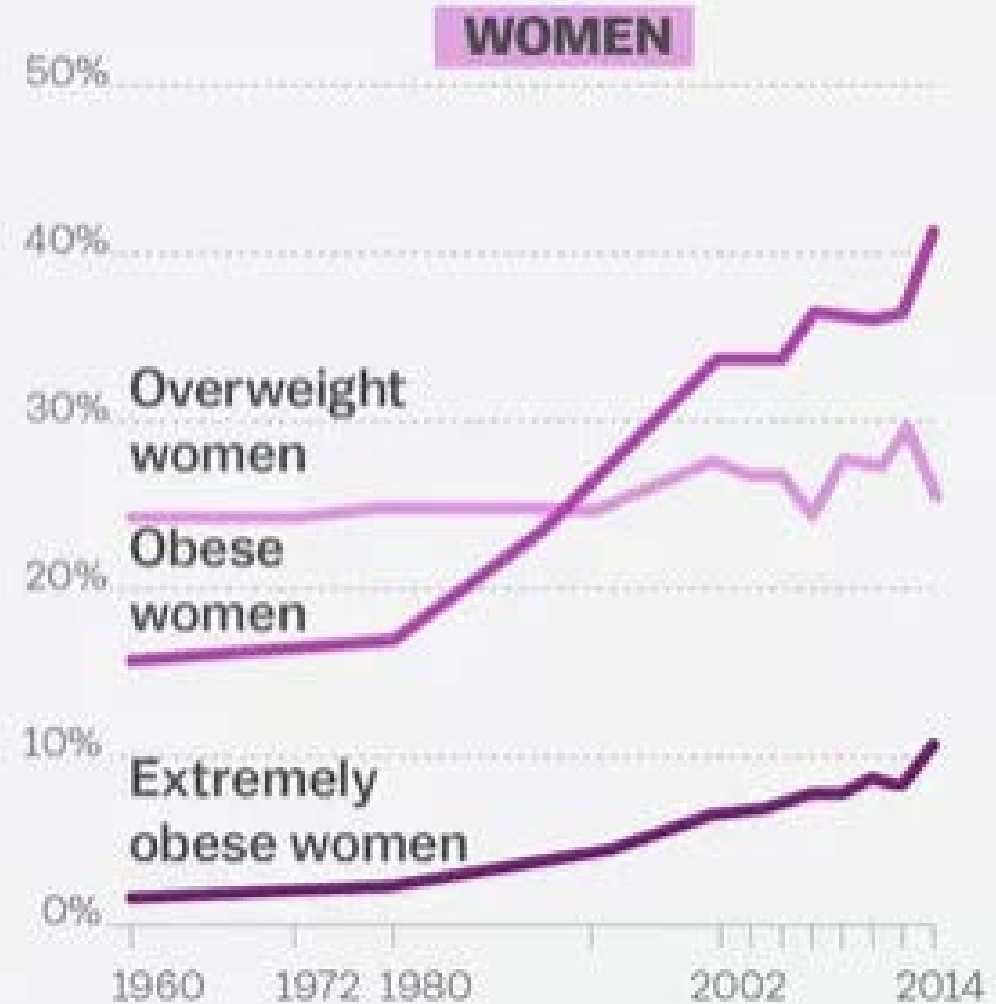
Difference between average American life expectancy, and OECD average life expectancy, 1960–2015



The stunning rise of obesity in America



SOURCE: CDC

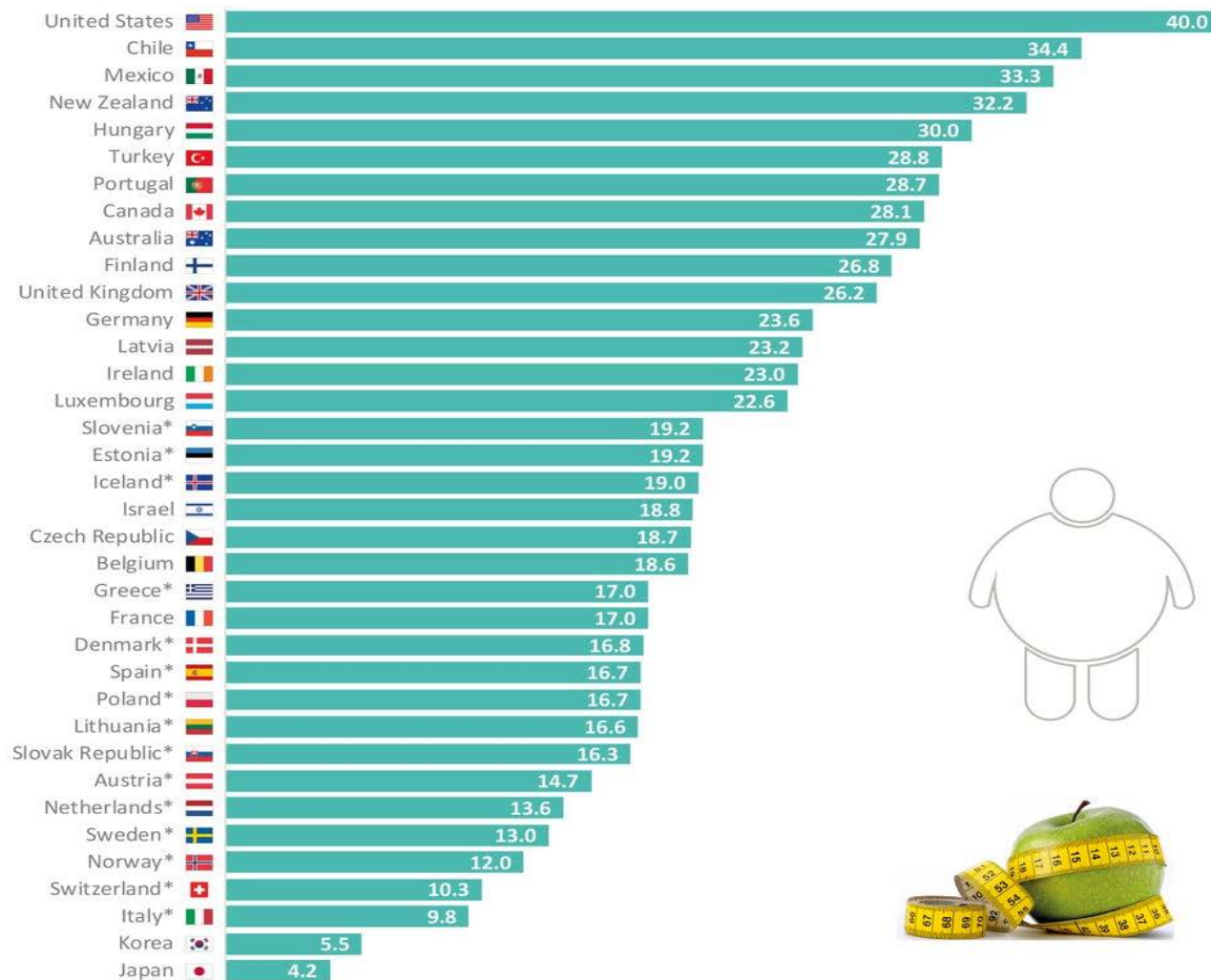


Vox



Obesity rates

As % of total adult population (aged 15 years and over), 2016 or latest year



Note: * means that self-reported height and weight data are used in these countries, while measured data in other countries.

Source: OECD (2018), OECD Health Statistics 2018

www.oecd.org/health/obesity-update.htm

America's Health Rankings, 2018: New Hampshire

Category	Ranking
Overall, 50 states	6 th best
Infant Mortality	1 st best
Immunizations	4 th best
Adult Obesity (28%)	13 th best
Excessive Drinking	10 th worst
Drug Deaths	2 nd worst

<https://www.americashealthrankings.org/explore/annual/measure/Overall/state/NH>

Figure 2

Social Determinants of Health

Economic Stability	Neighborhood and Physical Environment	Education	Food	Community and Social Context	Health Care System
Employment	Housing	Literacy	Hunger	Social integration	Health coverage
Income	Transportation	Language	Access to healthy options	Support systems	Provider availability
Expenses	Safety	Early childhood education		Community engagement	Provider linguistic and cultural competency
Debt	Parks	Vocational training		Discrimination	Quality of care
Medical bills	Playgrounds	Higher education			
Support	Walkability				

Health Outcomes

Mortality, Morbidity, Life Expectancy, Health Care Expenditures, Health Status, Functional Limitations



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