



# Healthcare in America

# Goals of Health Insurance Policy

In general, we do not want people to die. We especially don't want them to die from not having insurance.

We don't want people to be excluded from health insurance because they had the bad luck to get a disease.

We want people to get preventive and routine care, because this is much cheaper than emergency care.

We want ladies to get birth control, because the pill is way cheaper than the baby, and also we hate abortion.

# Vocab

- ★ **Premium:** the amount you pay by month or year to get insurance
- ★ **Deductible:** A set amount you pay toward healthcare before insurance kicks in
- ★ **Copay:** Typically charged after a deductible has already been met. In some cases, though, copays are applied Immediately.
- ★ **Provider network:** the doctors, hospitals, and pharmacies that your insurance company allows you to use
- ★ **Coverage:** the services that your health insurance company will pay for
- ★ **Access:** your ability to get a medical service when you need it
- ★ **Pre-existing Condition:** A condition that existed prior to insurance (chronic diseases)

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# Three ways to get Health Insurance

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- ❑ **Through an employee-sponsored health plan**
    - ❑ Employers typically pay the bulk of the premium, but may deduct some of it from the employee's paycheck
    - ❑ Employees are responsible for co-pays and deductibles
  - ❑ **Through a government entitlement program**
    - ❑ Medicaid: Low-income or disabled people who are too young to use Medicare
    - ❑ Medicare: Retired people -- typically polled as more popular
  - ❑ **Through the private market**
    - ❑ Individuals buy insurance on Healthcare.gov ("the exchange").
    - ❑ They are responsible for the full cost, but may receive government subsidies to help

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# The Affordable Care Act (Obamacare or ACA)

- People can stay on their parent's insurance until the age of 26
- More people are eligible for Medicare
- Insurance companies cannot deny you access to care for a preexisting condition
- Individual mandate; required everyone to buy healthcare
- Companies must spend at least 80 percent of premiums on providing actual medical services. If they spent it on advertising or executive salaries, they have to pay the excess back to policyholders.
- Wellness and pregnancy exams are now free. That includes copayments; SCOTUS case on the contraceptive mandate



# **Part I: What was life like before the ACA?**



What percentage of Americans were uninsured before 2010?



**16%**

48 million





How many Americans  
were uninsured in  
2016?



**8.8%**

28.2 million

[Source](#)

**How people have lost  
coverage since Trump took  
office?**



**700,000**

[Source](#)

**Why can't we just  
choose not to have  
insurance?**





How much money  
did emergency  
rooms lose in 2013  
due to uninsured  
patients?



**\$50  
billion**

[Source](#)

# ER Use by Uninsured Patients



The ER is legally required to treat everyone, regardless of whether they can pay

People with no insurance wait until their condition is an emergency before seeking treatment. This meant they got only the most expensive care.

Others used the ER for non-emergency conditions like the flu, which led to overcrowding and excessively high medical bills.





**How many people  
have pre-existing  
conditions in the US?**



**52**

**million**

Source

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# Pre-existing Conditions & the Individual Mandate

- ❑ Customers with pre-existing conditions are the most costly to insure, so before the ACA, many policies denied them coverage
- ❑ If the ACA simply outlawed discrimination against these people, the marketplace would have incentivized the worst possible behavior: waiting for a serious condition to develop before buying insurance.
- ❑ This behavior would have caused insurance premiums to skyrocket because only the sickest people would be insured.
- ❑ The only solution was to pass an **individual mandate** requiring everyone to have insurance.



**How much was the  
penalty for not  
buying health  
insurance?**

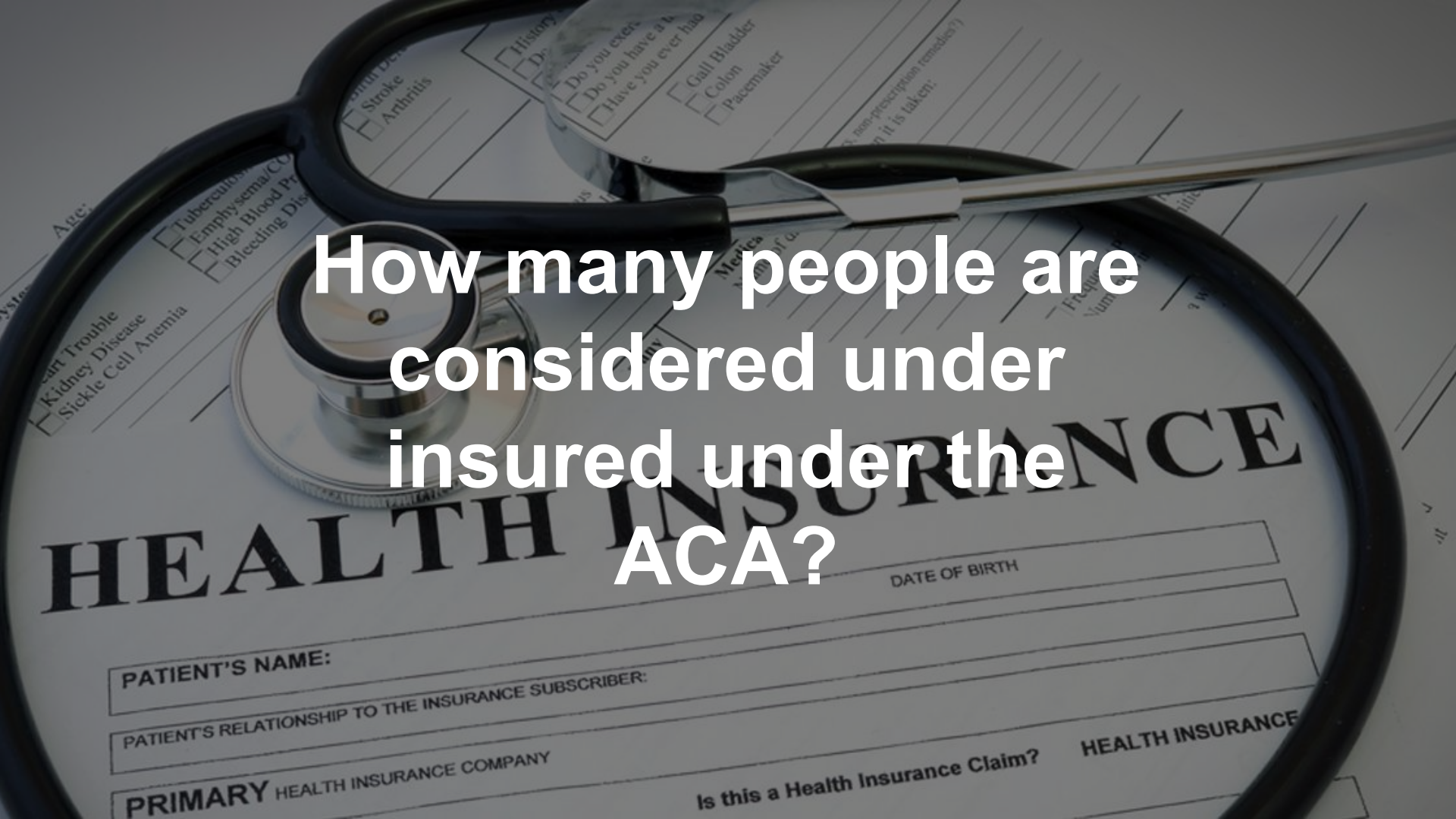


**\$695**

I didn't get this from a  
source you should cite

# Under-Insurance

- ❖ When a person has health insurance, but health care costs still consume more than 10% of their annual income
- ❖ To remedy this problem, the ACA requires all insurance policies to cover 10 essential benefits, including reproductive health care, emergency care, and mental health care

A black stethoscope is positioned over a medical form. The form contains various checkboxes for medical history, including 'Stroke', 'Arthritis', 'Tuberculosis/CO2', 'Emphysema/CPD', 'High Blood Pressure', 'Bleeding Disorders', 'Heart Trouble', 'Kidney Disease', 'Sickle Cell Anemia', 'Diabetes', 'Hypertension', 'Asthma', 'Allergies', 'Gall Bladder', 'Colon', and 'Pacemaker'. The text 'How many people are considered under insured under the ACA?' is overlaid in white, bold font. Below the text, the form has fields for 'PATIENT'S NAME:', 'PATIENT'S RELATIONSHIP TO THE INSURANCE SUBSCRIBER:', 'PRIMARY HEALTH INSURANCE COMPANY', and 'Is this a Health Insurance Claim? HEALTH INSURANCE'. The words 'HEALTH INSURANCE' are printed in large, bold, black letters across the middle of the form.

How many people are  
considered under  
insured under the  
ACA?

**HEALTH INSURANCE**

PATIENT'S NAME:

PATIENT'S RELATIONSHIP TO THE INSURANCE SUBSCRIBER:

PRIMARY HEALTH INSURANCE COMPANY

Is this a Health Insurance Claim?

HEALTH INSURANCE



30  
million

[Source](#)




What is the average deductible for an individual health insurance plan?



**\$1500**

[Source](#)



**What is the average deductible for family insurance plans?**

**\$2500**

[Source](#)

**What percentage of their income would a healthy family of 4 expect to spend on healthcare costs per year?**



11%

[Source](#)



**Part II: Why did the  
ACA fail?**

# State Exchanges

- ❑ An exchange is a government-regulated health insurance marketplace.
- ❑ Insurance companies choose whether to participate. In exchange, they get access to customers and price stabilization subsidies, but they also experience more state regulation.
- ❑ Customers shop for insurance by comparing plans side by side in plain English.
- ❑ The goal is to incentivize competition.



# What really happened

- To participate in state exchanges, insurance companies had to agree to a complex set of regulations
- In large states, the cost of complying with those regulations was offset by the large customer base.
- In small states, insurance companies couldn't make enough money to compete, so they pulled out, leaving many states with only one insurance company.
- The lack of competition resulted in unaffordable price increases.



# **The Future of U.S. Healthcare**

**MEDICARE FOR ALL**

**PUBLIC OPTION**

# What is Medicare-for-All?

Single-payer plan in which the government would cover all healthcare costs

Goes past “Medicare” and also covers dental, vision, etc.

Largely eliminates the private insurance industry (copays, deductibles, etc.)

Proponents - Bernie Sanders, Elizabeth Warren, AOC, other progressive Dems



**\$34 trillion**

Estimated cost of  
Medicare-for-All over 10  
years (Urban Institute)

Didn't Bernie and Warren say that it would ultimately save money?



*Well yes, but actually no*

How can we possibly get there?



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## In order for Medicare-for-All to be feasible:

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- The government would have to raise \$30 trillion+ over the next ten years
  - This is about the same as they currently spend on ALL entitlements
  - For comparison, Warren's proposed "wealth tax" would generate \$2.75 trillion
    - Repealing Trump's tax cuts would raise an additional \$2 trillion
  - ❑ Politically, it would have to pass a House and Senate that, even if Democratic-controlled, is filled with center-left politicians like Amy Klobuchar and Chuck Schumer
    - ❑ Non-starter for Republicans

**“The Glide Path”**

# What is the Public Option?

A plan in which private insurance would still exist, but would face competition from a government-run plan

First proposed and pushed in 2009 but did not pass by one single vote (Joe Lieberman)

Favored by Joe Biden, Pete Buttigieg, and Elizabeth Warren (the latter two have suggested that it could “glide” into Medicare-for-All)

Far cheaper than Medicare-for-All

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# What are the details of a public option?

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- Pete Buttigieg's "Medicare for All Who Want It" would cost \$1.5 trillion over the next decade, Biden's would cost around \$2.25 trillion
  - Biden would add a public option will also increasing marketplace subsidies for the ACA
    - Helps low-income families pay for healthcare
  - Many public option plans would lower the age of Medicare eligibility (Biden's proposes it to be lowered to 60)
    - Inconclusive on whether this leads to overall savings; hospitals/doctors paid less under Medicare rates
  - Both public option and Medicare-for-All are seen as existential threats by the health insurance industry
  - If the publicly-run marketplaces are more effective, it naturally transitions into single-payer (in theory)



# Tackling Drug Prices

# Why are drugs in the U.S. so expensive?



The traditional take is that U.S. pharma companies need to charge high costs to continue innovating; however, many recent price increases are from drugs already on the market

However, big pharma in the U.S. often socializes risk (develops drugs using taxpayer funding) while privatizing profits

In other countries, the government negotiates drug prices before they get onto the market. However, the United States doesn't.

# How to Lower Prescription Drug Prices

- A public option would have the government play a role in negotiating new drug prices
- Open up the market for U.S. consumers to import foreign drugs
- Reform patents so more generics can get onto the market (long-term)



# **The Bottom Line**



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**America is the  
only developed  
nation without  
universal  
healthcare**

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How do proposed plans stack up to those worldwide?

- Virtually all developed nations have both government-run healthcare and some private-sector presence
  - The NHS is truly socialized in the U.K., although private insurance exists to provide perks such as faster waiting times and truly rare treatments
  - Germany has a two tier system, with both public and private healthcare (some opt out of the public option for a more expensive but more secure private network)
  - There are far more nations with a blend of two than true single-payer (closest would be Canada and South Korea)

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# Research time!

[https://docs.google.com/document/d/1Cl3L-DaSDyOY\\_FQ4CRsY8G9iCEeT6t\\_GZCo5DtDG8SI/edit?usp=sharing](https://docs.google.com/document/d/1Cl3L-DaSDyOY_FQ4CRsY8G9iCEeT6t_GZCo5DtDG8SI/edit?usp=sharing)