



## Obamacare's four goals: Are they realistic and valid?

Remigio Lacsamana | July 8<sup>th</sup> 2012

Now that the U.S. Supreme Court has declared the Affordable Care Act (ACA) as constitutional, the next big challenge is to determine whether the four goals President Barack Obama announced in launching this health reform bill in 2009 remain achievable or not under current political and fiscal circumstances. These are to provide universal access, cut the costs of medical care, ensure high quality of care, and reduce the yearly deficit. Forecasting has always been a risky business, particularly in health care, where politicians have periodically been proven to be wrong or way off their estimates. The best example is Medicare, where the costs for the first 25 years exceeded by 10 times the initial projection from Congress.

But beyond the costs, the Affordable Care Act carries with it more lavish promises that can radically transform a health system already adjudged as too expensive and dysfunctional for years.

It is in this context that we need to examine ACA's four goals and assess if each of them can be achieved within the next 10 years, or perhaps sooner.

- Providing universal access: The best estimate among health experts is that ACA will provide new coverage to at least 32 million Americans. At least half of them are expected to be under Medicaid due to liberalized guidelines that would enable individuals with incomes up to 133 percent of the federal poverty level to enroll for the program. Many more will be able to buy coverage in state health exchanges through tax credits and subsidies.

That leaves close to 20 million still uninsured, made up mainly of illegal immigrants, those who don't enroll in Medicaid despite being eligible, those opting not to buy coverage but would prefer to pay penalties or taxes, and those whose coverage would exceed 8 percent of their incomes and are excused from paying penalties.

Medicaid expansion, however, faces a potential big hurdle -- with a number of states threatening to opt out because of concerns about future costs that might bust their budgets. That leaves in limbo millions of expected new enrollees, at least until these states make a final decision on this program expansion.

- Cutting costs: This is one area where controversies abound. The nonpartisan Congressional Budget Office initially estimated the cost over a 10-year period to be at \$940 billion, but later revised it to \$1.7 trillion. Others give a much higher number, including the Cato Institute with its estimate of \$3 trillion.

Regardless of the real costs, it would be a formidable task for the government to find areas where it can rein in expenses. There is a provision in the bill to cut \$500 billion from Medicare, but even if that happens, the money will be spent to cover the costs of new programs for new enrollees.

That led to the charge of double-counting against the Democrats, a strategy that gives the illusion of ACA costing less than projected. Over the next 10 years starting in 2014, experimental models to increase efficiency and cut costs will be in place. These include Accountable Care Organizations (ACOs) to integrate better care of patients, comparable effectiveness research to determine treatments which are best for patients, bundling of payments to hospitals and doctors, and pay for performance standards. But these are long-term projects subject to a number of uncertainties, and it's arguable, at least at present, to judge whether they can cut costs or not.

- Ensuring quality of care: Providing universal access does not necessarily mean patients will get better quality of medical care. The biggest impediment is the shortage of doctors, particularly in primary care (such as family physicians, internists, and pediatricians). The American Association of Medical Colleges has forecast a shortage of 160,000 physicians by 2024, even with the opening of new medical schools and the expansion of enrollments in the previously established 126 medical schools. Infusion of medical manpower with foreign medical graduates, physicians' assistants and advanced nurse practitioners will not be enough to avert a shortage.

Massachusetts ought to offer us a lesson. Despite universal access in place for many years, patients experience long waiting periods, sometimes up to three months. In addition, many doctors are not accepting new patients. Emergency department visits, as a consequence, are up, which cost much more than office visits to doctors. Delayed care can result in rationing of care, something that can easily happen as we have seen in Canada and the United Kingdom.

Worst hit will be Medicaid and Medicare patients, where low reimbursements have reduced the ranks of doctors participating in these programs. Looming in the background is the Independent Physicians' Advisory Board (IPAD), which can make further cuts if expenses exceed those that are projected. So, with not enough doctors to meet increased medical needs, the dream of better medical care may remain elusive.

- Reducing the deficit: Of President Obama's four goals, this is undoubtedly the most difficult to meet. With 32 million more insured Americans, along with a lot of subsidies, tax credits, and other poorly funded entitlements like Social Security, the Congressional Budget Office made this bold prediction that appears to clash with realities. The reduction in the yearly deficit is presumably premised on massive cuts in Medicare, assuming Congress approves them, coupled with new revenues from 18 new taxes that will be imposed on employers, employees making \$250,000 or more, insurance companies, Big Pharma, medical device manufacturers, and tanning salons, among others.

But will these presumed cuts in health care spending, along with the new revenues, be enough to make a dent in the deficit? Judging from previous experience, particularly with Medicare, most health experts feel this is at best a pipe dream, just like the goal of reducing the overall costs of health care.

In essence, the Affordable Care Act is a bold but complex, expensive and controversial piece of legislation that barely survived after 2 1/2 years of rancorous battles in Congress and a Supreme Court verdict that has created even more acrimony. Without doubt, it is the largest social program to be enacted since the 1960s and has been touted as the president's signature achievement.

Whether ACA meets its lofty goals or not will define to a large extent the future legacy of President Obama, the same way the New Deal defined Franklin D. Roosevelt's term or the Great Society, Lyndon B. Johnson's. The stakes cannot be any higher.