HEALTH AND HUMAN SERVICES – POLICY BRIEF
AMERICA'S CABINET
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VALUES

- "Of all the forms of inequality, injustice in health care is the most shocking and inhumane." — Dr. Martin Luther King, Jr.
- Opportunity: good health unlocks individuals' and communities' potential
- Fairness: healthcare should be a right, not a privilege for a few

CURRENT SITUATION

- Under the ACA, 20 million more Americans were covered by health insurance, resulting in the lowest uninsured rate in history (a 45% drop since 2010), the lowest health price growth in 50 years, and a $115 billion contribution to deficit reduction.[1]
- No law is perfect, and we must work to continue improving the law rather than repealing it.
- Being uninsured is a threat to one's health and finances. We know that uninsured people delay visits to doctors because of the costs – the average savings of an uninsured American are 12% of a hospital stay.[2] By the time they go to the hospital, their illnesses are more advanced and their health care costs to themselves and the system are astronomical.
- Today, many working Americans do not have traditional employee/employer relationships, which prevents American workers from accessing health insurance through their jobs. For example, there are 20-26M independent workers in the US with limited or no access to standard employee benefits. This number is expected to grow to 25-40M by 2020.[3]
- High health care costs, particular for prescription drugs, continues to concern Americans of all ages, with all types of health insurance.

UNDER TRUMP

- Trump has sought to end the ACA since his first day in office, making it more difficult for millions of Americans to access healthcare. He's taken actions that made it harder for consumers to sign up for coverage, raised premiums, and encouraged substandard health plans – harming people with pre-existing conditions.

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[1] Council of Economic Advisers, "2017 Economic Report of the President" (December 2016); Congressional Budget Office (March 2010).
[2] Glied and Frank, "Health-care cuts in GOP tax bill will cost people and states more in the long term," The Hill (November 2017).
[3] McKinsey Global Institute, "Independent Work: Choice, Necessity, and the Gig Economy" (October 2016)

- The new tax law repealed the individual mandate. As a result, the Congressional Budget Office projects that the number of uninsured will rise from 28 million in 2017 to 44 million in 2025.
- The tax law dramatically increases the deficit, an excuse for Speaker Ryan to say that entitlement reform – meaning Medicaid and Medicare cuts – are on the 2018 agenda.
- The Trump administration has also rolled back the contraceptive coverage mandate, a federal requirement that employers include birth control coverage in health insurance plans, a move which was blocked temporarily in a federal court, but will likely be pursued regardless.
- In a meeting with drug company executives, President Trump said that "price fixing" would stifle innovation. Administration officials suggest that they can "innovate" their way out of high-cost drugs, even as new drugs are breaking records (e.g., Spark's $850,000 blindness treatment).
- In rolling back Obama administration Medicare policies, the Trump administration has stalled public-private efforts to move toward payment systems that reward quality over quantity.

SHORT-TERM PRIORITIES

- **Defend progress made under the ACA**
    - Goal: to protect people from high premiums and no choices in the individual health insurance market.
    - Extend premium tax credits up the income scale and for young adults.
    - Increase education efforts on why health coverage matters.
    - Prevent harmful policies like penalties for late enrollment.
    - Prevent Medicaid funding and eligibility restrictions → attempt to limit state waivers.
    - Prevent excessive cuts to Medicare to lower the ballooning deficit and debt.
- **Increase drug pricing transparency and affordability**
    - Goal: to prevent drug costs from continuing rapid growth.
        - Prescription drugs account for more than $500B (17%) of national health spending. It's among the fastest growing cost drivers.[4]
        - The supply of newer medicine is controlled by the drug manufacturer that holds the patent rights, which creates a monopoly on the drug for the 20-year life of the patent. During this time, the manufacturer is free to raise the price as much as the market will bear. For example, the price of Evzio, a drug use to treat opioid overdose, jumped to over $4,000 (from just $690 in 2014) last year.[5]
        - It's not just new drugs for obscure conditions driving up spending. The cost of insulin tripled between 2002-2013, despite to notable changes in

[4] National Academies, "Making Medicines Affordable: A National Imperative" (November 2017)
[5] AARP, "Why Drugs Cost So Much" (May 2017)

the drug's creation. We also witnessed public outcry when the price for the EpiPen skyrocketed to $609 for a package of two injectors.[6]

- Promote competition: encourage more generic and biosimilar drugs.
- Use negotiation and purchasing power: Allow Medicare to negotiate for drug prices. Using the clout of the program's 57 million beneficiaries to bargain for lower prices, Medicare could save as much as $16 billion annually.[7]
    - Medicare currently does not know the cost of the drugs it pays for because of a bill passed under President Bush that put up a firewall. Meanwhile, the VHA is allowed to negotiate prices. As a result, it pays 80% less for brand name drugs than Medicare Part D pays.[8]
    - CalPERS is also a good example – has in house expertise for innovative purchasing. States have mostly lost their purchasing power, since they still have to go through an intermediary and do not have a large enough staff to take on this body of work.
    - In November 2016, California voters turned down a proposal requiring state agencies to negotiate with drug makers for discounts as steep as those given to the VHA. The pharmaceutical industry spent more than $100 million to fight it.
- Prevent overuse: Disincentivize direct-to-consumer advertising. We are the only country (except for New Zealand) that allows this.
- Promote transparency in pricing and financial flows. The public has little information about how drug companies set drug prices or decide on increases. Improved understanding of how drugs are priced will help the public decide whether high costs are justified.
    - In June 2016, Vermont was the first state to pass cost-transparency legislation that penalizes drug companies for price gouging. Similar initiatives are moving forward in Ohio, Oregon, Maryland and New York.
    - In more than a dozen states, including New York, Connecticut, Illinois, Kansas and Massachusetts, bills are pending that would require pharmaceutical companies to disclose their true expenses and justify price hikes.

- **Integrate physical and behavioral health**
    - Goal: to slow the spread of unmet substance use and mental health disorders.
        - Only 10.6% of people get needed treatment for substance use disorders; 175 Americans die each day from opioid overdoses;[9] suicides are at a 30-year high; untreated mental health takes a large toll on our economy and society.
        - Organ donations have gone up – 25% of organs donated are from people dying from opioid related illness.

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[6] AARP, "Why Drugs Cost So Much" (May 2017)
[7] AARP, "Why Drugs Cost So Much" (May 2017)
[8] AARP, "Why Drugs Cost So Much" (May 2017)
[9] The President's Commission on Combating Drug Addiction and the Opioid Crisis (November 2017)

    - Promote integration: Ensure primary care is synced with behavioral health screening and treatment.
    - Expand capacity: Expand sites and the workforce able to offer prevention as well as treatment.
    - Ensure parity of coverage: prevent unnecessary and inequitable coverage or payment limits for mental health or substance use disorder treatments.
    - Address supply-side problems: address harmful practices of drug companies, prescribers, and distributors. Many drug companies have abusive marketing tactics, doctors are overprescribing, and too much money to be made off of distributors.
    - Look for legal pathways to sue drug companies.
- **Defend and expand women's reproductive health services**
    - Goal: protect women's choices and access to services.
    - Challenge executive actions against the ACA, including contraceptive coverage.
    - Promote state action to prevent women from losing access to services.

BOLD IDEAS FOR THE LONG TERM

- **Expand public health plan options**
    - Goal: to guarantee all Americans affordable health coverage.
        - Already, 42% of children and 94% of seniors have government coverage.[10]
        - There is a dissatisfaction with private insurers and a desire for more simplicity, security, and affordability.
        - More than 70% of Americans somewhat or strongly favor allowing 55- to 64-year-olds to buy into Medicare if they have no other coverage.[11]
    - Expand Medicare: Paul Starr proposed an idea called "Midlife Medicare", which starts at age 50. This would be financed partly by taxes to provide basic coverage, which could then be enhanced by paying income-related premiums as seniors currently do. Jacob Hacker proposed to allow all individuals and employers to access Medicare coverage as a choice. Senator Sander's Medicare-for-All proposal replaces private insurance with Medicare for all Americans.
    - Expand Medicaid: Another idea is to allow Americans of any age to buy into Medicaid, which has high levels of satisfaction that rival private insurance and employer-based coverage and has a very comprehensive benefit package with fewer administrative and billing hassles. It's a system that is already wired into state and local governments that already provides a diverse set of care options.[12]
    - Create hybrid public-private options: Medicare Advantage and Medicaid managed care plans are private plans delivering services within a government

[10] United States Census Bureau, "Health Insurance Coverage in the United States: 2016" (September 2017)
[11] https://democracyjournal.org/magazine/46/single-payer-is-not-a-principle/
[12] https://democracyjournal.org/magazine/46/single-payer-is-not-a-principle/

framework. Private plans could also be given access to Medicare provider payment rates as a way to lower costs.

- **Make child care more affordable**
    - Goal: to promote lifelong health starting with children. Social determinants of health (e.g., social and economic factors, physical environment) account for 50% outcomes; 30% attributable to health behaviors and 20% to clinical care.[13] What will have the biggest impact on longevity and quality of life? There is lots of evidence that suggests we should go farther than the medical system.
    - Link social services: connect health care with affordable housing, transportation, work training and child care programs.
- **Reform provider payment (pay for quality/health outcomes)**
    - Goal: to renew focus on paying for value vs. volume.
    - Return to ideas that promote alternative payment models in Medicare and the private sector.
    - Promote learning and experimentation: Medicare has the authority to adopt successful demonstrations.
- **Embrace technology**
    - Goal: harness technology to improve health and prevent and cure disease.
    - Leverage health care data, including electronic health records and information on cost and quality of care, to improve patient care.
- **Take extreme profit out of healthcare**
    - Goal: to limit public policy incentives that make health care among the most lucrative sectors.
    - Leverage the government's power to negotiate medical prices.
    - Create medical loss ratios (profit sharing with consumers) across the health industry, not just for insurance companies.
    - Establish a nonprofit or public drug company that produces or purchases the drugs that are needed by society at an affordable cost.
- **Complete, universal coverage**
    - "A wealthy and humane democracy must provide decent health coverage to everyone—coverage that actually works to prevent and treat serious illness, injury, and disability…we must take care of each other." Virtually all other wealthy democracies provide universal coverage and spend less on health care than does the United States.[14]
    - This does not necessarily mean that we should have a single-payer system – this is just one approach to organize health-care financing. We will need to experiment to develop the right system that works for the United States.

[13] County Health Rankings & Roadmaps. http://www.countyhealthrankings.org/explore-health-rankings/what-and-why-we-rank

[14] https://democracyjournal.org/magazine/46/single-payer-is-not-a-principle/