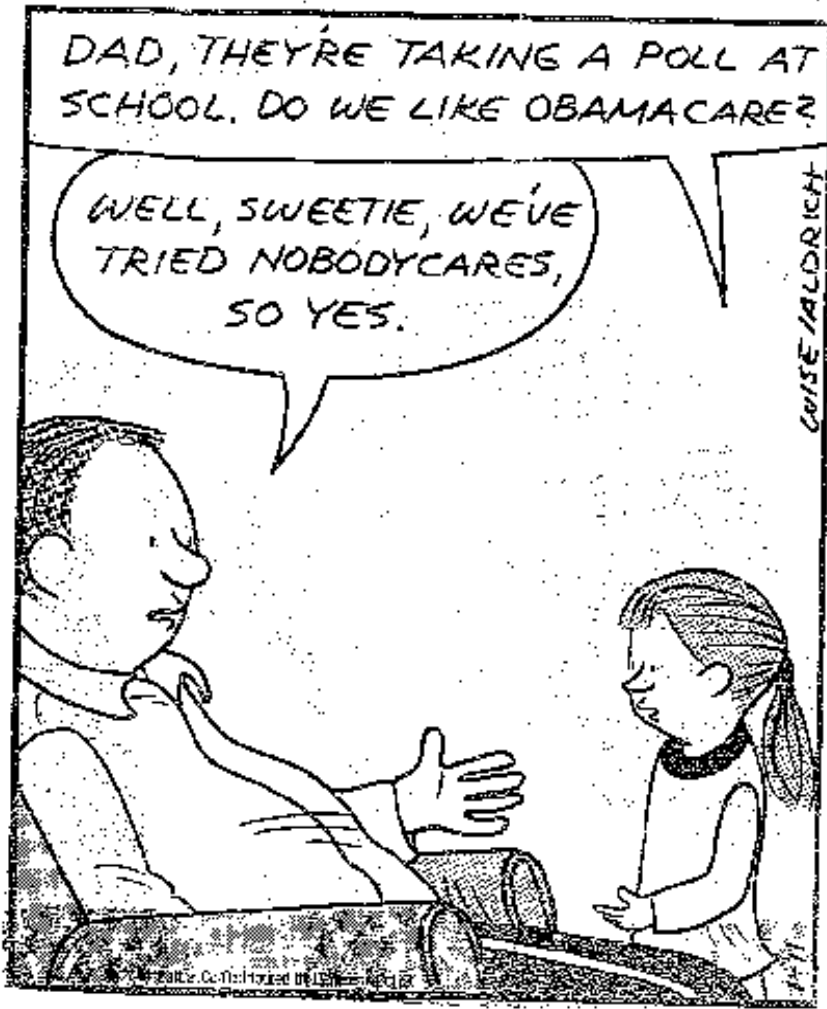


# Health Reform & Our Community

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## March 23, 2011 celebrated the one year anniversary of passage of the Affordable Care Act (ACA)

- 1.) Providing new consumer protections to prevent the worst insurance industry abuses.
- 2.) Ensure affordability and security to those with and without coverage
- 3.) Helping to control health care costs, improve quality, and encourage prevention and wellness

# Why Reform?



- By 2040, health care costs will eat up 34% of our GDP <sup>(1)(2)</sup> (it is 18% today)
- In comparison, the entire federal budget today is just under 20% of GDP <sup>(1)(2)</sup>

The federal government's financing of health care totaled about \$1.2 trillion in 2009 <sup>(3)</sup>

- 45-60 million uninsured in America

# Why Reform?



- Insurance premiums have risen about 3 times the CPI over the last 20 years – that is unsustainable
- There is a need to mitigate unpopular insurance industry practices
  - Pre-existing conditions, dropping coverage, etc.
- All Americans deserve access to quality, affordable health insurance

# Our Community



- Almost 30% of our children and non-elderly adults are uninsured
- That is approximately 240,000 in Kern County
- Employment-based insurance has fallen dramatically from mid 60% to 44%



# Impact on the Hispanic Community

Hispanics have the highest uninsured rate of any racial or ethnic group within the United States <sup>(6)</sup>

- 41.7% Hispanics aged 18 and over, compared to 16% nationally and 11.6% of white Americans
- 21% of older Hispanics have diabetes compared to 14.% of white Americans
- Half of Hispanics do not have a regular doctor and lack a usual source of care



# Immediate Benefits of Reform

- Under the new law, insurance companies can no longer <sup>(5)</sup> :
  - Deny coverage to children with pre-existing conditions
  - Impose lifetime limits or caps on coverage
  - Cancel a policy without proving fraud
  - Deny claims without giving you a chance to appeal the decision



# Immediate Benefits of Reform

- Insurance plans must provide the following <sup>(5)</sup> :
  - Free preventative health services (screenings, vaccinations, counseling, etc.)
  - Young adults can stay on parent's plan until age 26 (even when married and not living at home), 196,000 in California since September
  - Choice of primary care doctor and pediatrician
  - Use the nearest emergency room without penalty (no prior approval when out of network)



# Immediate Benefits of Reform

- The Medicare donut hole closes over the coming years (\$250 this year )
- Eliminates co-pays for preventive services for all Medicare beneficiaries
- Expansion of preferential drug pricing lowers cost to government
- Forces health plans to spend 80-85% on medical care (today's average is 74%) – limits overhead & compensation



# What Does Reform Mean for Business?

- By 2014, states will have “exchanges” where small businesses (under 100 employees) can pool together to buy insurance <sup>(4)</sup>
- In 2014, businesses with more than 50 employees will be required to offer coverage or pay penalty (\$2,000 per employees) <sup>(4)</sup>
- Already, parts of country report a 10% increase in small market coverage (392,000 in California)



# What Does Reform Mean for Business?

- Individuals earning more than \$200,000 (\$250K for couples), will pay 3.8% surcharge on investment income to help pay for reform <sup>(4)</sup>
- Individual mandate is a give-back to the industry

Universe of insurance purchases expands to compensate for restricting negative practices

# Myths



- We have the “best” system now, so why bother?
  - U.S. ....\$6,100/yr
  - Australia, Canada, Japan,  
France, Germany,  
Sweden, and the U.K. ....\$2,800-3,500/yr
- The U.S. ranks 33<sup>rd</sup> in infant mortality and 36<sup>th</sup> in life expectancy

# Myths



- Government takeover – already almost  $\frac{1}{2}$  of total cost.
  - Employers continue to pick insurance
  - No change in ownership of hospitals
  - Physicians will not become govt employees
- Tort Reform – 2.4%
- You will not have to change your coverage
- It's too expensive!
  - Your share of income spent doubles in 7 yrs



“What gets most American into trouble is not that they know so little, but that they know so many things that ain’t so.”

-Mark Twain

# Let's Forget the Trees for a Moment, and Look at the Forest



- We are delivering increasingly better care in a more cohesive environment
- More emphasis on quality
- Working to reduce errors
- Improving work on coordinated teams
- Implementing EHR universally
- Creating medical homes and accountable care organizations
- 62% of Americans approve of health reform

# Sources

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