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## **HIT Think** Why reform legislation won't solve healthcare's ills

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Published June 23 2017, 5:04pm EDT

The Senate's recently released bill to repeal and replace the Affordable Care Act demonstrates a fundamental lack of understanding of healthcare delivery and how we fund payment for services.

Although the ACA needs improvement to modify economic incentives to drive more strongly toward a reduction in costs and improvement in quality, the bill proposed by the Senate, as well as the one by the House, fails to do anything close to this.

To best understand the failures of the bill, it is important to understand its shifting of incentives that were modified by ACA.

Economists work to understand markets by studying the economic incentives that exist for each participant. More than 34 years ago, the U.S government guaranteed that every American requiring urgent care would be able to obtain treatment irrespective of their ability to pay. This 1973 act established a very weak but real form of universal coverage that enabled citizens without insurance to obtain care at any facility receiving federal funding.



This safety net provided care to many citizens and established an environment where those who could not afford or chose to not purchase insurance knew that they would never be denied care. This unreimbursed care led to higher premiums for those purchasing insurance, including individuals and their employers. Some estimates suggest that those insured by group health plans pay premiums that now cover 130 percent of actual costs—the excess payments subsidize shortfalls or nonpayment by the uninsured, Medicare and Medicaid.

To reverse this, ACA has required all citizens to purchase insurance or pay a penalty—and the requirement is a focal point of GOP pushback. The Senate bill removes the requirement to purchase insurance, thereby exposing those who purchase insurance to higher rates to subsidize the care for those who do not. Unless, we decide as a society to refuse treatment to those who are unable to pay for it, and thus allow patients to die if they cannot afford care, removing the insurance mandate again shifts the financial burden for care unfairly to those who choose to responsibly purchase insurance.

The Senate bill also removes community rating of premiums, essentially eliminating the pre-existing condition protection provided in ACA. To replace the protections in the ACA, this bill

proposes the establishment of high-risk pools for patients with pre-existing conditions.

A review of this approach taken by various states over the last 20 years proves the financial instability of such an approach. By not spreading the insurance cost over a large enough population causes the premiums for such coverage to be out of reach for most citizens. In addition, the subsidies required by the government to make these risk pools affordable exceed anything suggested in the Senate bill.

As insurance companies do not allow people to purchase life insurance when they are lying on their death bed, they similarly would not sell health insurance to people with pre-existing conditions unless required to do so. While ACA eliminated the financial barrier to purchase insurance by people with pre-existing conditions, it also protected insurance companies by expanding the pool of insured to include many more people who were less likely to consume resources. The Senate bill does little to protect patients with pre-existing conditions and provides weak incentives to insurance companies to insure these patients.

The Senate bill's intent to decrease contributions by the insured and the government fails to recognize that patients will obtain care whether they can pay for it or not. It is a false hope to think that reducing the number of people covered by care through retreat from the state expansion of Medicaid, the requirement of insurance and the coverage of pre-existing conditions will decrease our expenditure on healthcare.

All these changes reduce the number of insured while increasing the money these insured, and the government, need to contribute to cover costs for the uninsured. Until our society is willing to deny patient care to any and all patients who cannot afford to pay for care—and letting some die in the process—the only choice is to design a system that provides healthcare to everyone. This system must cover care for those irrespective of age or pre-existing conditions, while requiring everyone to contribute at a level that is individually affordable.

As a physician, I cannot accept a situation where we allow patients to suffer with a disease or die from it simply because they cannot afford treatment. The ACA may not be perfect and surely requires changes to make it function better, but the repeal and replace provisions within the Senate bill make care delivery and its funding worse, rather than better.

With one-sixth of our economy devoted to healthcare delivery, there must be a way for us to deliver high quality, safe and affordable healthcare to every American. The Senate bill is not the right way.

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