



Moving Forward with Health Care Reform

By Karen Davis



The Affordable Care Act has been put to legal and political tests and is now indisputably the law of the land. It's time to come together to ensure the law is speedily implemented, and take the steps necessary to guarantee equitable access to high-quality care, while controlling costs.

Implementation of the Affordable Care Act will proceed, bringing clarity about the direction and shape of future change to everyone involved in the health system: the people who provide care, those who pay for care, and those who receive it. The new state insurance exchanges and expansion of Medicaid will give state leaders the opportunity to ensure nearly all Americans are covered by 2022. Important consumer protections such as the guarantee of insurance for people with preexisting conditions will bring peace of mind and financial protection to patients with the most serious health problems and their families. Payment and delivery system innovations, such as patient-centered medical homes and accountable care organizations, will be tested and fine-tuned through a rapid learning process.

Once coverage expansions take effect in 2014, Americans will begin to experience a reversal in the decades-long trends of rising numbers of uninsured and underinsured, relief from burdensome medical bills and medical debt, and the security of knowing that a job loss does not mean a loss of health insurance.

Later this month, states must decide if they are going to run their own exchanges, have a federally run exchange, or a joint state–federal exchange. States seeking to run their own exchanges must submit exchange frameworks by November 16.

The new exchanges will greatly improve the affordability of health insurance. Under the reform law, individuals earning less than \$45,000 and families earning less than \$92,000 who must purchase coverage on their own will receive premium tax credits with a 2 percent to 9.5 percent cap on what they spend on premiums as a share of their income. For example, a family of four with income just under \$47,000 who faces a premium of \$12,130 will receive a tax credit of \$9,179 to offset its costs.

Medicaid and Medicare will continue to provide coverage to the most vulnerable in our society—the poor, the elderly, and the disabled. Medicaid coverage will be expanded to cover poor and near-poor individuals, a change that research shows will improve access and health outcomes, and financially protect low-income individuals. Likewise, elderly and disabled Medicare beneficiaries will continue to have a guaranteed a set of benefits.

Over the next four years, the president and a divided Congress will need to work together on a bipartisan approach to containing [Medicare spending](#) and ensuring the program's long-term adequacy. The Affordable Care Act is estimated to save Medicare \$716 billion by lowering overpayments to insurers and through various provider fee changes. Affordable Care Act provisions that aim to lower Medicare costs include initiatives to reduce avoidable hospital readmissions, as well as reward hospitals and private

Medicare Advantage plans for high performance. Additional approaches are being tested by the Center for Medicare and Medicaid Innovation created under the Affordable Care Act. By building on the payment and delivery reforms in the Affordable Care Act, policymakers can continue to develop a payment system in which providers are rewarded for more efficient and better care by sharing in savings generated for Medicare.

As part of this effort, Congress and the president will also need to modify the “sustainable growth rate,” or SGR, mechanism used to determine physician payments. The SGR is scheduled to reduce doctors’ fees by 27 percent in January 2013, in response to the growth in Medicare

physician expenditures. The SGR must be replaced with a fundamentally different payment system that will reward doctors for providing coordinated, high-quality care, rather than paying doctors on a per-service basis. To be successful, the new payment system will need to be flexible and incorporate a variety of innovative payment approaches that are tailored to different types of health care organizations.

While implementing the Affordable Care Act and developing solutions to our remaining challenges won’t be easy, we have a solid, electorally backed foundation on which to build a successful health system. It’s time for everyone to join forces in getting on with the job.

A handwritten signature in black ink that reads "Karen Davis". The signature is written in a cursive style with a large, sweeping initial 'K'.