Choosing the Future

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Reality Check!

The Patient Protection and Affordable Care Act was signed into law on March 23rd, 2010. It's time to take a clear-eyed look at winners and losers.

The biggest winners are the giant and rapidly-consolidating insurance companies (Anthem (Blue Cross/Blue Shield), United HealthCare, Aetna, etc.) which obtained millions of new customers, the mega software companies (Epic, McKesson, Cerner, etc.) which have realized billions as a direct result of the ACA's mandate to develop and implement Electronic Health Records, and the largest hospital systems which are also caught up in a frenzy of mergers and acquisitions. In the short term, hospitals with a large proportion of non-paying patients are experiencing a conversion of these patients into Medicaid patients. Despite the enthusiasm among some for Medicaid expansion, in the real world the math doesn't work over the long term. Growing requirements for program funding will be unsustainable for many state governments. Moreover, the apparent cash benefit is partially offset by an increase in service demand from Medicaid patients, particularly in costly hospital emergency department settings. Inasmuch as Medicaid payments for "covered" services do not cover the actual cost of care, each additional Medicaid patient represents a net loss.

The immediate losers are patients, including middle-class Americans who were promised that they could keep the policies and health providers they already had. Instead they've been hit with higher premiums and higher out-of-pocket costs and, very often, a need to identify new physicians and hospitals. Those with top-of-the-line employer-provided coverage will soon find those policies shrinking, thanks to a provision of the law that encourages companies to offer less-generous benefits. Despite the denials of program proponents, Medicaid expansion poses an existential threat to the solvency of state governments with the greatest number of Medicaid beneficiaries (Illinois, Florida, California, etc.) and there is no evidence that the ACA will produce any real savings to other programs, including Medicare.

The Patient Protection and Affordable Care Act shifted the growing price of medical care to patients themselves through high deductibles, copayments, and limited provider networks which sometimes offer so little choice that patients end up seeking out-of-network care and paying on their own. The public is learning the hard way that access to health insurance, however expensive, is not the same thing as access to medical and hospital care.

The private practice of medicine in the United States, the financial viability of primary care community hospitals, and the economies of rural America have already sustained material damage. As "value based reimbursement" takes hold, it will become increasingly clear to hospitals and physicians that their income is dependent upon the extent to which they avoid providing care to those who are most at risk. This modified HMO model will not work with a population of patients requiring care.

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