Outcomes over the last five years

**Access**
- ~20 million more insured Americans
  - ~13 million commercially insured
  - ~7 million enrolled in Medicaid
- Net gain in employer sponsored insurance; little dropping

**Cost**
- 5 consecutive years of historically low cost growth
- 2016 premiums 20% lower than CBO predicted

**Quality**
- 150,000 fewer readmissions
- 40% increase in number of Medicare Advantage beneficiaries in 4-5 star plans (16%→55%)
- Massively more data liberated on cost, quality, and value
Four policy priorities

1. Improve Exchange marketplaces
2. Mitigate hospital market power
3. Design APMs smartly
4. Save more money faster
Exchange policy priorities

1. Extend reinsurance and fund risk corridors

2. Go to 4:1 age bands and increase subsidies for older people

3. Create larger Exchanges: Require payors to bid on regions and not counties / Form multi-state exchanges to create minimum scale risk pools

Increase mandate penalty and subsidies
### Hospital market power

<table>
<thead>
<tr>
<th></th>
<th>Angioplasty with Stent</th>
<th>Knee Replacement</th>
<th>Pacemaker Insertion</th>
<th>Lumbar Spine Fusion</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Concentrated Markets</strong></td>
<td>$30,610</td>
<td>$24,920</td>
<td>$23,354</td>
<td>$48,868</td>
</tr>
<tr>
<td><strong>Competitive Markets</strong></td>
<td>$19,801</td>
<td>$18,505</td>
<td>$16,548</td>
<td>$39,318</td>
</tr>
<tr>
<td><strong>% difference after controls for other factors</strong></td>
<td>53%</td>
<td>32%</td>
<td>33%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Hospital market power policies

1. Require commercial payor=Medicare rates above X% local market share

2. Enact site-neutral payments

3. Link 340B pricing to patient income and not facilities

4. Use zip codes rather than HRRs for anti-trust

5. Impose large penalties for failure to achieve promised quality benefits
PCPs have earned most of the savings

- 49% PCPs
- 11% Specialists
- 9% Hospitals
APM policy priorities

1. Require movement to two-sided risk
2. Cap losses at 100% of Medicare revenue
3. Move to regional benchmarks after 3 years
4. Make upcoding criminal and use coding intensity adjustment to fully offset

Reward patients for engaging
The Next Set of Curve Benders

- Labor productivity
- More bundles and risk models
- Behavioral health
- Med Mal reform
- Admin simplification
- Hospital alternatives
Closing thoughts

1. The ACA is working better than expected
2. Exchanges can work as well as Covered California nationally with a few policy tweaks
3. Focusing on long term curve-bending is highest priority
4. Healthcare will keep getting better faster thanks to the ACA, HITECH and MACRA
Thank you!