The Affordable Care Act in a Global Context

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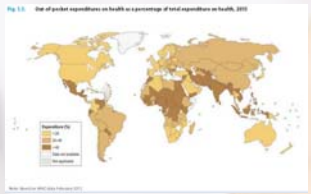
Out-of-Pocket Model



•This system is characterized by the patient paying out-of-pocket for healthcare services without any governmental or insurance plan

•Rich have access to healthcare and have the means to pay for services

•Poor often remain sick, never see a doctor or endure financial hardships

•According to the 2013 WHO report, approximately 150 million people around the world face financial catastrophe due to out-of-pocket health care costs.

•A recent WHO survey of 92 countries showed that in countries with well-established social protection system the yearly incidence of catastrophe health expenditures was close to zero. On the other hand, the countries without these systems showed the incidence of catastrophe health expenditure of 11%.

•A 2006 study analyzing the out-of-pocket expenses from 11 Asian countries found that over 78 million people (2.7% of the total population in these 11 low-income to middle-income countries) fell below the extreme poverty threshold of $1 per day (per person) when payments for health care were subtracted from their resources.

•As of 2012, close to 50 million nonelderly Americans are uninsured. The most significant barrier preventing individuals from becoming insured is the high cost for insurance and the gaps in coverage that make insurance unaffordable

•Uninsured individuals usually have insufficient income or assets to pay medical bills, they often have accumulating debts and lowered credit ratings. Half of all bankruptcies in the United States are due to Medical costs.

Bismarck Model

- Healthcare systems based on the Bismarck Model provide **universal healthcare** for all citizens,. This healthcare model uses an insurance system with insurers known as **"sickness funds"** that are paid for by employer and employee payroll deduction. The "sickness funds" are heavily regulated by the government, which helps to keep costs of procedures low and consistent amongst insurers. In addition to "sickness funds" there are private health insurers that provide additional coverage. Everybody can have a "sickness fund" but if somebody earns over a certain income bracket they are free to choose a private insurer if they desire. "Sickness funds" **cover basic health care** including in-patient and out-patient care with doctors, hospital care, medical aid, mental health care and basic dental care. Private health plans have additional coverage for further medical, dental or private doctor treatment.
- German chancellor **Otto von Bismarck** proposed the Bismarck Model for healthcare in the 19th century as a tactic for German unification after the Franco-Prussian War. While this model originated in Germany, its' use has spread to many other countries including France, Belgium, the Netherlands, Switzerland, Japan, and some countries in Latin America. The implementation of the model varies in each country, but they share the same basic principles.

PROS:	CONS:
+Nobody can be excluded +Low medical fees, prices regulated by state +Short wait & quality care +Most Bismarck countries rank high the World Health Organization (WHO) overall rankings	-Doctors are paid less than doctors in the US -Rising healthcare expenditure (healthcare costs are rising faster than the GDP)

- For employed citizens in the USA, the healthcare system prior to ACA is relatively similar to Bismarck countries as one can be self insured or have insurance through employment or benefits.
- A major difference between ACA and Bismarck healthcare is that all Bismarck insurance companies are **nonprofit** (regardless of being private or public), while insurers in the USA are generally for profit.

Beveridge Model

•Beveridge-style healthcare systems treat healthcare as a socialized public service. Like any public service, it must be funded by taxation and provided to all citizens with minimal obstacles to access. The "end" is universal availability of the basics. The "means" is a government monopoly on healthcare with standardization of prices, procedures, and pay. This is meant to ensure a satisfactory universal standard for care, and a cost-effective use of public funds. Waiting periods and paperwork are minimal under most socialized healthcare systems, and many of them enjoy the lowest per-capita GDP-adjusted healthcare expenditures in the world.

•The first and best-known Beveridge system was originated by its namesake in the UK. A 1942 report spearheaded by economist and reformer William Beveridge made detailed recommendations for the eradication of "squalor, want, ignorance, idleness, and disease." Many were embraced by the postwar Labor government, which implemented the National Health Service (NHS) in 1948. Throughout its history the NHS has sought to uphold its three founding goals for care: "Free at the point of use," "Meets the needs of everyone," and "Based on clinical need."

•In the US, the TRICARE network of hospitals and clinics for veterans and veteran families is a de facto socialized healthcare system. "Point of care" service is offered for an array of healthcare needs, including a handful not recognized by the NHS.

National Health Insurance Model

•The single-payer National Health Insurance Model includes aspects of both the Beveridge and Bismarck models. Here, healthcare is delivered through the private sector, which is paid by a government-run health insurance agency, which is in turn funded by the taxpayer. The non-profit status of the government health insurance agency ensures that no citizen can be denied healthcare due to pre-existing conditions, and so all citizens of a country with this model have health insurance. Such a model is employed in countries like Canada, Taiwan, and South Korea.

•This model allows for the public insurance agency to have a near-monopoly on health insurance, giving it sizeable leverage when negotiating prices with private healthcare companies, helping drive costs down. Furthermore, this agency is non-profit, and therefore does not incur many costs often associated with private health insurance agencies (e.g. marketing, executive bonuses, etc.), and this drives down costs even further.

•However, this model is not without its drawbacks: taxes are significantly higher for nearly all citizens compared to countries like the United States, the profit margins for the private healthcare companies are much lower, and the wait times can be much longer.

Canada:

•The Canadian healthcare system as we know it was established by the Canada Health Act of 1984, which detailed federal standards for healthcare without participating in day-to-day care. In this way, the doctors maintained autonomy over their patients. According to 2011 World bank statistics, Canada spent 11.2% of its GDP on healthcare compared to the US' 17.9%, while also providing insurance for all of its citizens. However, for a variety of reasons including a doctor shortage, Canada has significantly higher wait times: Canada ranked last out of 11 developed countries in a study done by the Canadian Health Council for time spent waiting to see a specialist. It is important to note, though, that long wait times do not translate to worse healthcare, as Canadians enjoy higher life expectancies and lower infant mortality rates.

Patient Protection and Affordable Care Act of 2010

Guaranteeing Access:
•Subsidized coverage
•Medicaid expansion
•Children can stay on parents insurance until 26
•Discounts for prescription drugs for seniors
•Removes annual and lifetime limits
•Eliminates preexisting condition exclusions
•Outlaws recissions

Improving Clinical Practice:
•Free preventative care
•Funding to adopt electronic health records
•Incentives to reduce hospital-acquired infections
•Access to hospital quality and safety data

Removing Barriers:
•Expands primary care residency slots
•Funding for medical and allied health training
•Increases pay for primary care by 10%
•Removes administrative and billing complexity

Mandates Coverage:
•Employer Mandate
•Individual Mandate
•Market place
  - Tax credits to subsidize purchase

ACA will not solve all the access problems:
•Does not mandate dental care
•Does not guarantee adaptation by providers
•Medicaid expansion will not be in all the states

The Affordable Care Act in a Global Context:

•The Out-of-Pocket Model
  - Undocumented Immigrants
  - New Immigrants are barred from Medicaid
•The Bismarck Model
  - Uses insurance companies
•The Beveridge Model
  - Uses taxation
•The Single-Payer National Health Insurance Model
  - Minimum standards for a policy

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