

Health Care Rx

By reducing excessive government bureaucracy, Obamacare could live up to its promise of providing universal health care at reasonable rates.

BY ROBERT J. FARRIS |  NICK HAGEN

The Affordable Care Act (ACA) was signed into law six years ago. Since then, both employers and individuals have struggled to understand the landmark legislation of the Obama administration. With its convoluted regulations and complicated rules, coupled with delays in implementation and lack of clarification, compliance with the Affordable Care Act remains a challenge for everyone.

The good news is the shortcomings of Obamacare aren't insurmountable. Rather, the framework of the ACA can be used to bring about needed change in the health care industry. The foundation is there to finally create a system that delivers high-quality care to all Americans at a reasonable and sustainable cost.

Affordability is a key goal of the act. Unfortunately, health coverage on and off the exchange marketplaces is still too expensive for many individuals and families. According to a recent Kaiser Family Foundation survey, satisfaction among marketplace enrollees has declined with regard to premiums and deductibles.

In order to change the trajectory of premium growth, the ACA needs to focus on increasing transparency in the health care industry. Consumers must be able to make informed choices. For that to happen, there needs to be transparency in costs and outcomes.

As high-deductible plans become the norm this becomes even more important, since patients will look to shrink their out-of-pocket costs. The ACA should implement transparency standards in order to facilitate a market-based system where providers are held accountable for outcomes. Doing so would encourage providers to improve their quality of care while remaining competitively priced.

Affordability is also tethered to a change in the way health care is delivered. Programs to improve the quality of care should be expanded. Accountable Care Organizations, for example, are groups of hospitals and doctors that voluntarily collaborate to provide coordinated care to Medicare patients.

Private insurers are developing similar programs where providers partner to share best

practices, create efficiencies, monitor treatment outcomes, and reduce unnecessary spending. Providers should be incentivized to make care decisions based on something other than simply driving up the volume of services. Outcome-based plans will ultimately do more to control health care spending, while also improving the quality of care for the patients.

Another key goal of the ACA was to improve access to health care for Americans. It partially accomplished this by eliminating pre-existing condition exclusions, prohibiting certain underwriting risk factors, and instituting mandatory coverage categories. However, more can be done to drastically reduce the number of uninsured people in our country and make sure everyone has quality plans available to them.

In turn, plan standardization needs to be concise and consistent in order to alleviate any confusion regarding the exchange. The plethora of plans available is overwhelming, and makes it difficult to make accurate comparisons. The ACA should require all plans on the exchange to be standardized (for example, have

all gold tier plans charge the same costs for office visits, lab tests, and deductibles). Once plans are standardized, individuals will be able to more easily navigate the options, and insurers will be compelled to keep premiums at a competitive level.

Access to care is also largely based on subsidizing premiums or out-of-pocket costs. The system in place is needlessly complex and often harms the consumer. For example, advanced premium tax credits are based on projected income and reconciled through personal income taxes. Since annual income is hard to predict for many people, they end up either receiving too little in assistance or have to pay money back.

Fixed-dollar tax credits based on age would be more straightforward to administer, could be used for either employer coverage or coverage on the exchange, and would ease the burden of reconciliation. Subsidies help many people on the marketplace, but they need to be easier to access and understand.

Employers also need relief from the burdensome ACA requirements, and such relief would allow more workers to be covered. The current employee tracking and reporting requirements need to be overhauled and simplified to encourage employers to maintain their plans. Also, employers shouldn't be penalized for offering the best coverage.

Rather, employers should have access to tax subsidies when they offer affordable coverage that meets minimum benefit standards. Employer-provided coverage is generally cheaper than comparable individual plans, so an effort needs to be made to assist employers in offering coverage instead of making it more difficult.

The Affordable Care Act is an incredible piece of legislation in size and scope. It is unlikely to ever be completely repealed, but that doesn't mean acceptance of the status quo. The way forward is a reduction in excessive government bureaucracy and an increased emphasis on how to produce the best treatment outcomes for the lowest cost. **db**



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