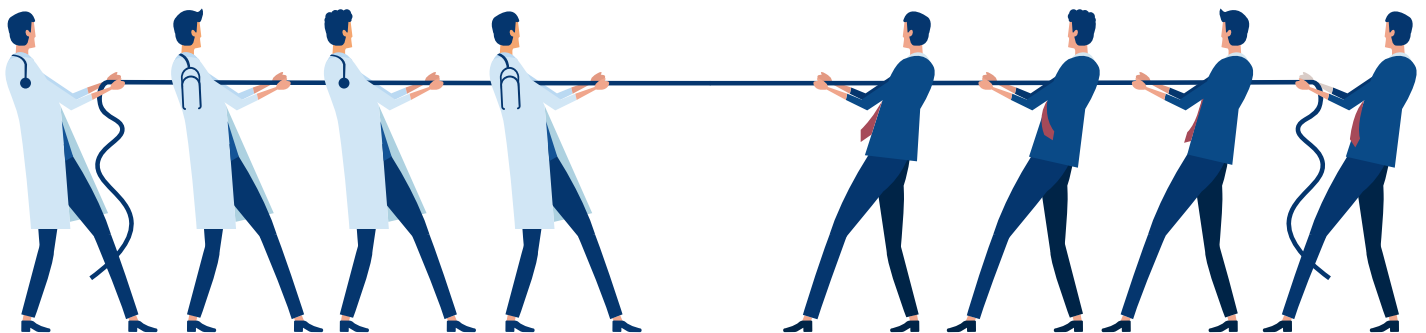


WHAT A REPEAL OF THE AFFORDABLE CARE ACT WOULD MEAN TO HEALTHCARE ADMINISTRATORS



University of
New Haven

Introduction

Among the hot-button issues animating the American political landscape in the 21st century, healthcare occupies some rarefied space. Few topics have been more thoroughly scrutinized, legislated, and litigated than the matter of how the United States should provide for the health of its citizens. Since it became law in 2010, the Patient Protection and Affordable Care Act (ACA) has been subject to vigorous court challenges. And although the United States Supreme Court has upheld the law — twice, in fact — efforts to dismantle it persist.

So why should you, as a future healthcare administrator, care about the repeal of the ACA? In short, because it will drastically alter the way you conduct your work. For example, the Economic Policy Institute, whose research focuses on low- and middle-income Americans, has forecast that repeal would lead to 29.8 million Americans losing their health insurance — more than double the estimated number of uninsured today — and the loss of 1.2 million jobs nationwide.¹ Although projections of the impact of a complete repeal vary, this much is certain: Even a partial repeal of the ACA would have far-reaching impacts on healthcare administrators and the nation's entire healthcare system.

In this paper, we examine three likely outcomes of repeal, one of which has already taken effect.



1. Healthcare quality measures would no longer be a major driver for your healthcare organization.

The Affordable Care Act included numerous provisions — carrots as well as sticks — designed to compel hospitals and other healthcare providers to improve their overall quality of care. The repeal of those quality-control standards, says Summer J. McGee, the founding dean of the University of New Haven's School of Health Sciences, would likely compromise hospitals' efforts to improve their quality of care.

Perhaps the most impactful of the ACA penalties has come in the form of Medicare and Medicaid reimbursements. Hospitals that don't meet quality standards can have their payments withheld, while those that exceed the standards receive the equivalent of a bonus. In 2013, for example, the Centers for Medicare and Medicaid Services began distributing \$850 million to hospitals as a reward for meeting a series of quality measures.

Without the quality-control standards, McGee asserts that healthcare administrators would spend less time and money measuring quality standards and ensuring those standards are met. "Hospitals would not have as much motivation to try to continue to improve quality because a lot of those programs would no longer be in place to try to incentivize them to do so," McGee says. "There would be cost savings for hospitals, but it may result in reduced quality for patients."

How to Respond

Since the inception of the ACA, hospitals nationwide have invested hundreds of millions of dollars in new technology, procedures, and staffing to improve their quality of care in line with the law's quality-control incentives. "One would hope," McGee opines, "that if those legal requirements or

financing requirements were gone, they would not simply roll all that back. But will those programs be replaced by other programs? And have hospitals planned for that?"

In the event of repeal, hospital administrators would have to answer those tough questions. The key, McGee explains, is in their planning. Administrators would need to determine which improvement efforts have worked and which haven't — and at what cost. "Hospital administrators should prepare for how they might efficiently monitor quality and continue to use quality data even in the absence of these regulations," McGee says. "While there may be much less government oversight, they should be prepared to ensure patient safety and ensure the reputation of their hospitals."



2. The individual mandate tax penalty would be eliminated.

The individual mandate — the requirement that most Americans buy health insurance or risk paying a fine — was among the most unpopular provisions of the ACA. The penalty was eliminated in the 2017 tax reform, effectively repealing the mandate. It can be tricky for healthcare administrators to gauge the impact of insurance coverage traced directly to the mandate. A study by the Commonwealth Fund found that "the effect of eliminating the penalty depends on many issues: the cost of health insurance, the size of the mandate penalty, the availability of financial assistance like tax credits, and behavioral factors that are difficult to anticipate."²

The Congressional Budget Office (CBO) predicted the number of uninsured Americans would rise by 4 million in 2019, when the penalty's repeal takes effect, and by 13 million in 2027.³ The CBO also estimated a repeal would reduce the federal budget deficit by about \$338 billion by 2027.

The people who are most likely to remain insured, stresses McGee, are likely to be sicker than the general population and require more intensive care. "What that does is drive up the price of insurance for those who are insured even more," she adds. "People who are healthy are no longer enrolling because there's no penalty for them if they don't."

How to Respond

To counter the likely number of people who will drop their insurance coverage when the repeal of the individual mandate penalty takes effect, healthcare administrators will need to redouble their outreach efforts, according to McGee. "Being more proactive and getting them to come in and get care sooner would certainly affect population health in a positive way," she says.



3. New insurance products and alternative arrangements for delivering healthcare would be introduced into the marketplace.

Just as the passage of the Affordable Care Act upended healthcare delivery systems across America, its repeal would similarly bring substantial changes. According to McGee, those changes would likely include more so-called concierge medicine, such as full-service clinics for those who can afford them.

"I think we would see dramatic changes in the health insurance industry in terms of the products they sell," she says. "Healthcare administrators really understand how the market plays and how those products impact the use of services and the impact on payment models."

How to Respond

If the ACA were to be repealed, McGee expects healthcare administrators would start to think more creatively about how best to deliver care. "We need to consider where the patient populations are, where the services are, and how the services are arranged," she says. "That could lead to a lot more innovation in healthcare delivery."

McGee says administrators should also consider the impact of socioeconomic conditions on population health. According to the Commonwealth Fund, people with high healthcare needs and people with low incomes have more difficulty obtaining healthcare, receive lower-quality care, and experience poorer health outcomes.⁴ Ideally, healthcare administrators would oversee new delivery systems that would take into account living conditions, healthy food supplies, and transportation options.

"The healthcare delivery piece is such a small piece of people's overall health," says McGee. "It will be the responsibility of healthcare administrators and the organizations that employ them to begin addressing those healthcare issues in order to start improving overall population health."

Summary

Even a partial repeal of the Affordable Care Act would upend the U.S. system of healthcare in notable ways, as seen in the elimination of the individual mandate tax penalty. In the event of a more complete repeal, healthcare administrators would need to respond with a variety of new, cost-efficient ways to deliver care while expanding their outreach efforts and ensuring they maintain quality standards.

Sources

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