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**Civics 101:**

**The Affordable Care Act**

**Nick Capodice:** [00:00:05] I'm Nick Capodice.

**Ben Henry:** [00:00:06] I'm Ben Henry.

**Hannah McCarthy:** [00:00:06] I'm Hannah McCarthy.

**Nick Capodice:** [00:00:07] And today we're talking about the Patient Protection and Affordable Care Act.

**Ben Henry:** [00:00:12] Otherwise known as Obamacare.

**Nick Capodice:** [00:00:13] We're talking about Obamacare!

**Hannah McCarthy:** [00:00:14] Obamacare, yeah that's how I know it.

**Ben Henry:** [00:00:17] So guys the reason I wanted to talk about this is I saw this graph in The New York Times a couple of weeks ago and I found it shocking. What the graph shows is it lays out the amount of money that the United States spends on healthcare per person compared to our life expectancy. How long we live in general you know is a measure of how healthy we are.

**Hannah McCarthy:** [00:00:38] Yeah I'm looking at it right now it looks like our life expectancy is like seventy nine.

**Ben Henry:** [00:00:43] Yeah this graph shows that we spend way more money on health care than other developed nations and we don't live longer because of it compared to those other nations. We're kind of somewhere in the middle of the pack in terms of life expectancy.

**Nick Capodice:** [00:00:57] But we are way ahead of the pack in terms of how much we spend.

**Ben Henry:** [00:00:59] Way ahead--we're spending all this money and it's not clear what we're getting out of this. And the reason that this article was crazy to me is because the takeaway from the whole article is that we don't really know why. We're not sure why the cost of health care is so high in this country.

**Nick Capodice:** [00:01:18] I'm very keen to have Obamacare explained to me because I know sort of what it is but I have no idea how the nuts and bolts bolts all work together for it.

**Ben Henry:** [00:01:27] So we're talking to Julie Rovner. She's a Washington correspondent for Kaiser Health News and she also hosts a podcast for them and she is a veteran healthcare policy reporter. And guys, no question is too stupid.

**Nick Capodice:** [00:01:41] Oh good.

**Hannah McCarthy:** [00:01:42] Thank God.

**Ben Henry:** [00:01:43] We're going to figure out health care.

**Nick Capodice:** [00:01:50] Julie welcome to Civics 101.

**Julie Rovner:** [00:01:53] Thank you for having me.

**Nick Capodice:** [00:01:54] So set the stage for us it's 2008 Obama comes into office. What are the problems that he and his administration see in the U.S. health care system?

**Julie Rovner:** [00:02:04] Well there are two big problems in 2008. One was the very large number of people who did not have health insurance and some large percentage which could not get health insurance if you didn't get health insurance through the government or on the job and you had to buy your own. If you had a preexisting condition if you had ever basically used the health care system you might not have been able to even buy health insurance at any price if you could buy it it might have been prohibitively expensive.

[00:02:32] At the same time health care costs were rising rapidly they still are by the way. And there was an effort by basically all of the stakeholders everybody involved in healthcare delivery, purchase, consumption, who wanted to do something about the rising cost of health care.

**Hannah McCarthy:** [00:02:50] So with the Affordable Care Act what were the major provisions in the act? What were they trying to solve?

**Julie Rovner:** [00:02:57] The main two pieces of the Affordable Care Act that we tend to talk about were, one, the insurance reforms requiring insurance companies to sell to people with preexisting conditions to sell to them at the same price and to not charge women more.

[00:03:14] But also the requirement for most people to either have health insurance or pay a fine. Those were all the things that sort of went together to try to shore up that individual market where about 20 million people buy their own coverage.

[00:03:27] And the other major piece was the expansion of the Medicaid program. Previously Medicaid was available to people with low incomes. But you had to be low income and something else you had to be low income and a child low income and a pregnant woman low income and someone with a disability or low income and a senior.

[00:03:46] Basically what the Affordable Care Act said was you really just had to have a low income and then you could be eligible. Originally that was a requirement all states were going to have to expand Medicaid. In 2012 the Supreme Court ruled that the Medicaid expansion was coercive to the states and it had to be voluntary. So now we have most of the states doing it because the federal government is paying the vast majority of that cost. But there's still 18 states I think that have not yet decided to opt into that Medicaid expansion.

**Nick Capodice:** [00:04:17] So how did it do in solving those two problems.

**Julie Rovner:** [00:04:21] Well I think the consensus is it did better at covering people than it did at lowering costs. And there's a variety of reasons for that. But certainly millions of people have joined Medicaid under the states that did expand the people who were getting help paying for their coverage.

[00:04:39] There are a lot more of those people, some other people for complicated reasons have been priced out of that if they make too much to get help from the government. So it's been sort of a give and take in the individual market but yes many more people overall have coverage than had coverage before the Affordable Care Act was passed on the cost side.

[00:04:59] There were a lot of changes to Medicare and they were all intended to be experiment. So some of them have worked better than others of them. Healthcare spending went down rather dramatically in the years following the enactment of the Affordable Care Act. There was a very lively debate amongst analysts and economists about whether that was because of the law or because of the the the Great Depression the recession that still not clear I think the consensus was it was sort of a combination of the two.

**Hannah McCarthy:** [00:05:28] So you said that it didn't necessarily lower costs but Affordable Care is built into the name of the act. Are you able to explain in a not too complicated way why it did not lower the costs of the cost of health insurance?

**Julie Rovner:** [00:05:42] One of the big pieces of the Affordable Care in the Affordable Care Act was helping people who didn't have job based insurance or didn't have government insurance afford private insurance and it has done a very good job at that. Previously if you earned thirty thousand dollars a year and insurance costs two thousand dollars a month that just wasn't going to work for you. But now there are subsidies that will help you know people really with a family of four up to about 90000 dollars. Help them afford insurance.

[00:06:07] So in that sense it did make insurance more affordable for the people who were getting help. What happened was the people who weren't getting help were having to pay increases that were very large.

**Nick Capodice:** [00:06:20] Can you tell me about some of the major criticisms of Obamacare then when it went through and even up to now?

**Julie Rovner:** [00:06:25] Well Of course the biggest criticism came from Republicans who voted against it unanimously in the end which is that they just didn't want more government involvement in the health care system. Government is already depending on how you look at it either covering or paying close to half of the nation's health care bill. So there's already a lot of government in the health care system and this was seen as perhaps a step to a fully government paid system ... Obviously Republicans would like more market and less government.

[00:06:59] There was also a concern that particularly the requirement that people have insurance or else pay a fine sort of offended the libertarian streak that runs through many Americans of both parties. I mean that was that was just an ideological line that people didn't want to cross. Interestingly enough that the idea of that individual mandate requiring people to have some responsibility for health care that they were likely to consume whether or not they had insurance was originally a Republican idea. It started in the early 1990s when President Bill Clinton was proposing a much more government focused system. That was the Republican's response. They kind of backed off of it later. But then of course they did do it, the first individual mandate in the United States was in Massachusetts in 2006 under then Republican Governor Mitt Romney.

[00:07:48] So it was always sort of kicking around as a Republican idea. But when the Democrats adopted it the Republicans decided they wanted no part of it and indeed it has traditionally been the least popular part of the Affordable Care Act with the public.

**Hannah McCarthy:** [00:08:01] Why should there be an imperative against not having health insurance? Why Does the government believe that we should?

**Julie Rovner:** [00:08:08] Well the argument is that almost everybody's going to use health care regardless of whether they're insured or not. So if you're not insured and you get in an accident and you're taken to the hospital and you're treated that's going to cost a lot of money and without insurance you're probably not going to have enough money to pay for that. What happens. The health care providers have to write that off and therefore raise prices for everybody else. So those people are considered free riders. They're basically getting something for nothing. There is an argument that people should have the responsibility for something that is likely to occur i.e. that you're likely to use health care at some point. That is sort of the the moral and societal argument for it.

[00:08:46] The obvious you know personal argument for it is that if you end up needing health care and you don't have insurance you are likely to go broke. So there is there's something to for yourself to having health insurance. But there are people who just simply don't want it. And that was in the law it said OK if you don't want it you're going to pay this fine. And frankly the fine is still lower than the cost of health insurance in almost every case.

[00:09:10] So the idea was that those people would pay what was referred to sometimes as a free rider penalty they would pay that penalty and it would go to help offset the health care costs of people that didn't still have insurance.

**Ben Henry:** [00:09:29] There's one other component of the ACA that I'm curious about which is the requirement that all health plans include a certain barebones set of benefits in the plan. Can you talk about why that was part of the ACA and what the idea is there?

**Julie Rovner:** [00:09:43] Yes this was one of the most difficult parts of the ACA for the people who put it together which was what constitutes adequate health insurance. What does a minimum package of benefits have to look like. And it came from a lot of research that showed many people had insurance but they were under insured that things that were likely to happen were things that they wouldn't be covered for maternity care was a really big one. You know many many families not just women because it's usually a family that's having a baby in terms of the finances. Many individual policies didn't cover maternity was something that people were sometimes expected to pay for themselves these days having a baby costs in the tens of thousands of dollars not an amount that most families can comfortably handle.

[00:10:29] Many insurance policies didn't cover mental health or substance abuse issues something that we know is very common. So this was sort of an effort to try to reach that balance. But that's you know this is a question of what as a government do you want to actually mandate for people to have in terms of health insurance.

**Hannah McCarthy:** [00:10:49] So why is it so expensive? We were sitting here in the studio right before we called you saying you know we get these bills you know from an MRI for example 200,000 dollars and I only have to pay a portion of that. But why on earth would a quick procedure cost that much money? Is that an accurate representation of what it's costing the hospital or whomever?

**Julie Rovner:** [00:11:12] Well it depends who you ask and this is the continuing debate. Why does health care costs so much. Actually why does the United States spend so much on money that we think has been pretty definitively answered and I quote the late Uwe Reinhardt, Princeton health economist: "It's the prices, stupid." In the United States, there is no government control of prices for prescription drugs. There is within the Medicare program and within the Medicaid program but in the private sector the government does not control how much health care practitioners and suppliers of healthcare things can charge. And so they basically charge what they can. There are libertarians and market driven Republicans who argue that one of the problems is people with insurance because they don't see the bill so that the insurance company will pay it. The patient has no skin in the game therefore people charge more. It's not entirely clear why prices are so much higher in the United States than in other industrialized nations. But prices are so much higher in the United States than they are in other industrialized nations.

**Nick Capodice:** [00:12:20] And how do we measure up against other industrialized nations in terms of healthcare and prices?

**Julie Rovner:** [00:12:25] Not very well. We certainly pay the most, but when you look at outcomes you know how healthy our population is. Americans are less healthy than those in many other advanced nations that's who we tend to compare ourselves to. And that is you know for again it's not just the health care system it has to do with other social supports that other countries have. You know with income and the inequity of income in the United States with to some extent how big we are. But yes we spend the most and don't get that much back for it. That's pretty clear.

**Hannah McCarthy:** [00:13:04] What happened in terms of public perception of the Affordable Care Act? Because I know it didn't start off so hot but then things seemed to balance out a little bit.

**Julie Rovner:** [00:13:14] Yeah from the beginning the Affordable Care Act was popular among Democrats and unpopular among Republicans. So the most important determine of whether you like the health law or not was what party you identified with. You know when things went wrong support dipped when things went well support rose in general. It was really only last year when Republicans started you know going after the law in a serious attempt to repeal it that more than half of the public suddenly decided that they liked it. And that had mostly to do with independent voters turning more strongly in favor of the law.

[00:13:48] But indeed there's a famous Jimmy Kimmel's sketch that I tend to show when I go out and talk to people. He asked people on the street did they which did they prefer Obamacare or the Affordable Care Act. And everybody he talked to said Oh they preferred the Affordable Care Act they didn't like Obamacare even though of course they were the same thing. So there is something to the words that you use to describe it.

**Hannah McCarthy:** [00:14:12] So as someone who has covered health care for so long, what is your personal opinion do you feel that the Affordable Care Act protected patients and made health care more affordable across the board for Americans?

**Julie Rovner:** [00:14:24] You know one of the things I've seen in my now more than 30 years of covering health policy is what tends to happen is that Congress passes a big law, they see what works and what doesn't and they fix what doesn't work. That really hasn't been able to happen with the Affordable Care Act because the Republicans took over the the house right after it passed before it was implemented by the time it was implemented fully. Republicans were in charge of the House and the Senate so they didn't want to fix anything.

[00:14:53] And of course now Republicans who say they don't like the law are in charge of the House the Senate and the White House. So there really has been no chance to go back and tinker with the things that didn't work so well. Will there be we will have to see.

**Nick Capodice:** [00:15:07] Are there any other countries you think we could look to for guidance for. Is there a better way to do this that you've seen?

**Julie Rovner:** [00:15:13] Well everybody every other country is struggling with health care costs. Health care is expensive. It gets more expensive. We have dramatic breakthroughs and the people who create those dramatic breakthroughs want to be you know reimbursed for their intellectual work. And I think most people agree that they should be.

[00:15:32] The question is at some point can society and I'm talking about society in general not just the U.S. not afford these things. And you know so some some countries decide to sort of hold down costs by creating queues as they say making people wait. If it's not you know urgent maybe you'll have to wait longer. Americans don't like to wait.

[00:15:53] There are you know Canada has basically what would be what the U.S. could understand as Medicare for all. It's a government paid system but not a government run system. The United Kingdom has what more like the Veterans Administration year it's both the government paid system and a government run system. But Germany and Switzerland and the Netherlands all have hybrid public private systems with government funding and private insurance. Not that dissimilar from what we have and yet they pay considerably less than we do because they have a much more government structured private market than we do.

**Ben Henry:** [00:16:29] Julie what do you think we can expect going forward? Are there really viable alternatives to the ACA that people are advocating for? Do we think is it going to go away entirely and we'll just have an open market? I mean what do you expect like might happen in the next couple of years?

**Julie Rovner:** [00:16:46] Well there's a huge spirited debate in the Democratic Party on whether to try to fix what's wrong with the ACA or whether to scrap it and go to a Medicare for all type single payer plan. And there is growing support for that. But people haven't, we've not really debated what that would mean in terms of tradeoffs in terms of much higher taxes in terms of do you really you know people love Medicare do you really trust the government though to basically handle Medicare for you know 325 million people rather than the 55 million people who are on Medicare that it's hard to know what the result of that debate would be, but I would guess that fewer people would support it than than support it at first blush.

[00:17:27] Republicans would like to get rid of the Affordable Care Act but they don't agree on what to replace it with either some of them would like to just give a chunk of money to the states and let the states figure out what they can do. Some of them would like to go to just an entirely market driven system. Basically people are kind of at loose ends figuring out exactly what they would like to see if not the Affordable Care Act.