

The Future of Healthcare

Marilyn Moon

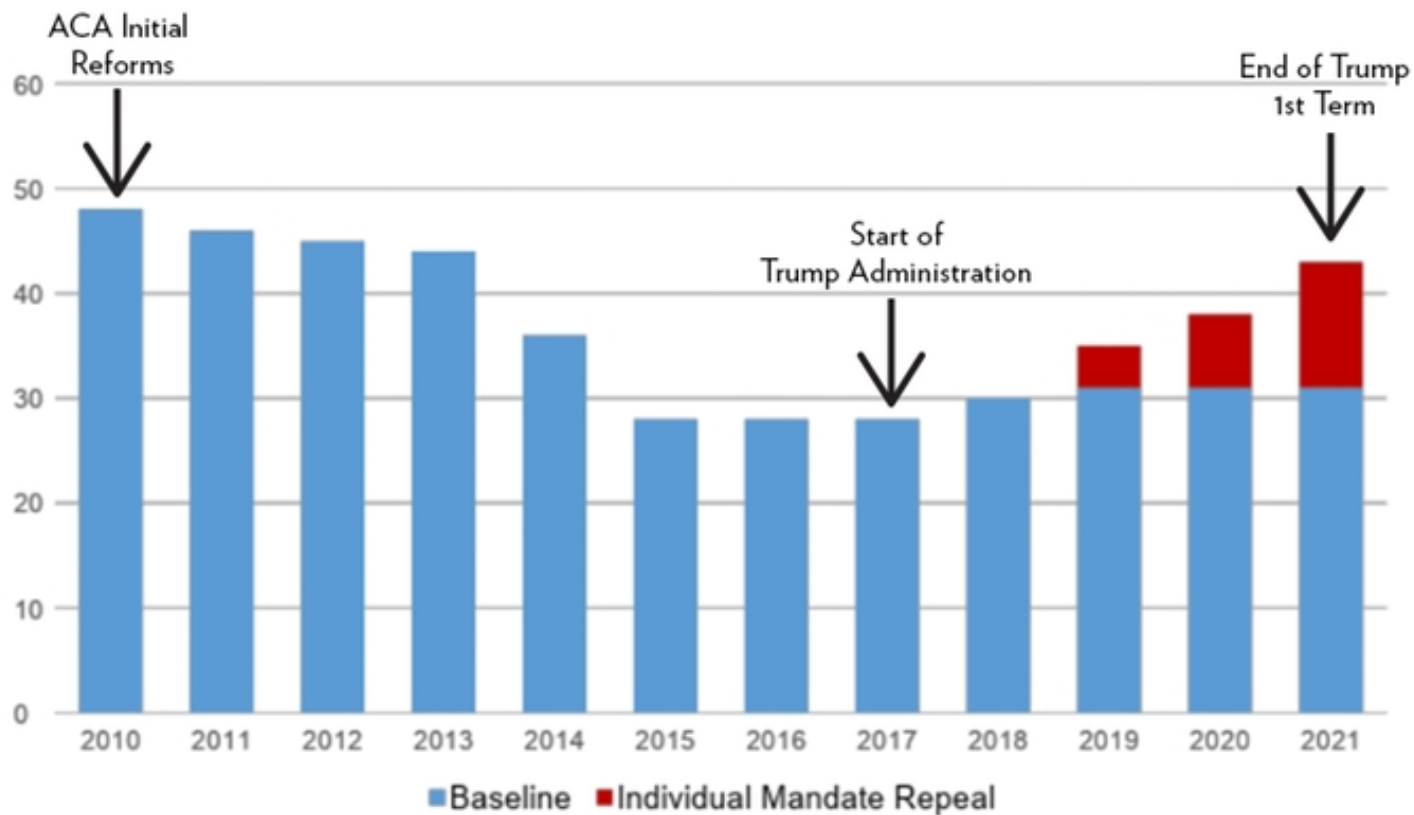
April 2018

Complicated Yes—
But Understandable

The Basics

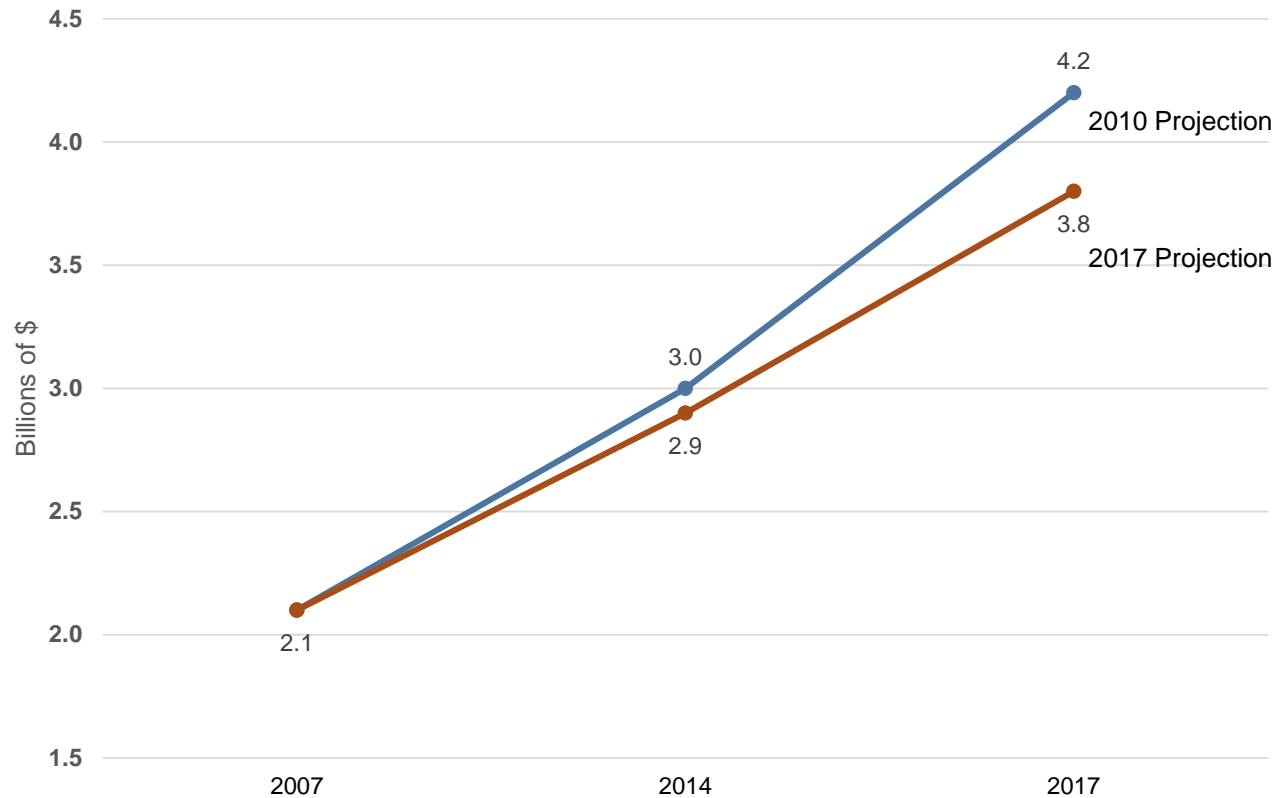
- A major period of change in our healthcare system
- Despite the rhetoric, a lot has improved
- The counterfactual—what would have been without the reforms
- Coverage
- Spending
- Quality

Number of Non-Elderly Uninsured (Millions)



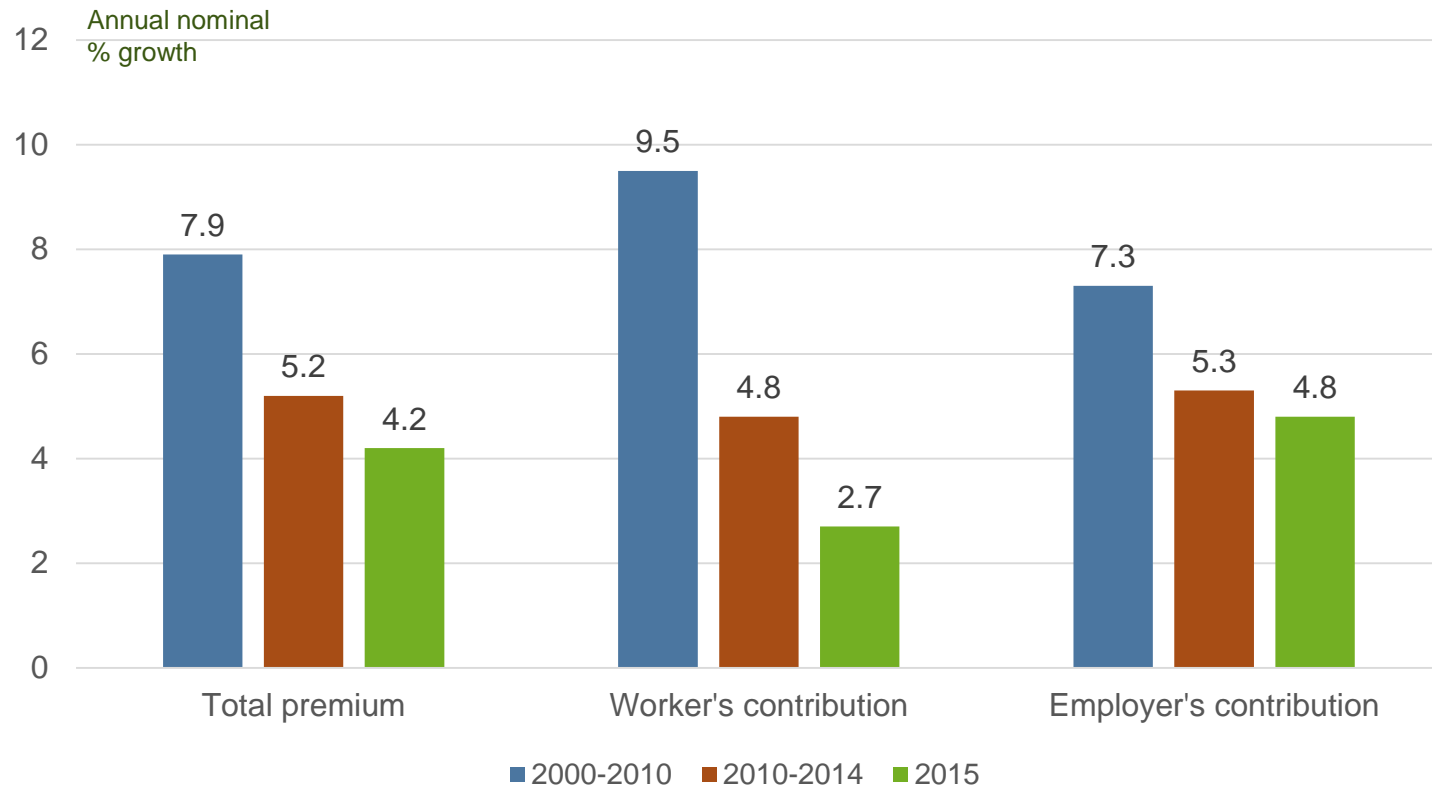
Source: National Health Interview Survey, Congressional Budget Office September baseline and November 2017 projections of mandate repeal.

Health Expenditure Projections at Two Points in Time



Source: CMS Office of Actuary

Growth in Family Premiums for Employer-Based Coverage



Source: Kaiser Family Foundation, Employer Health Benefits Survey.

Overpromising is a Big Issue

- Criticisms of Obama's promises
- Trump's promises

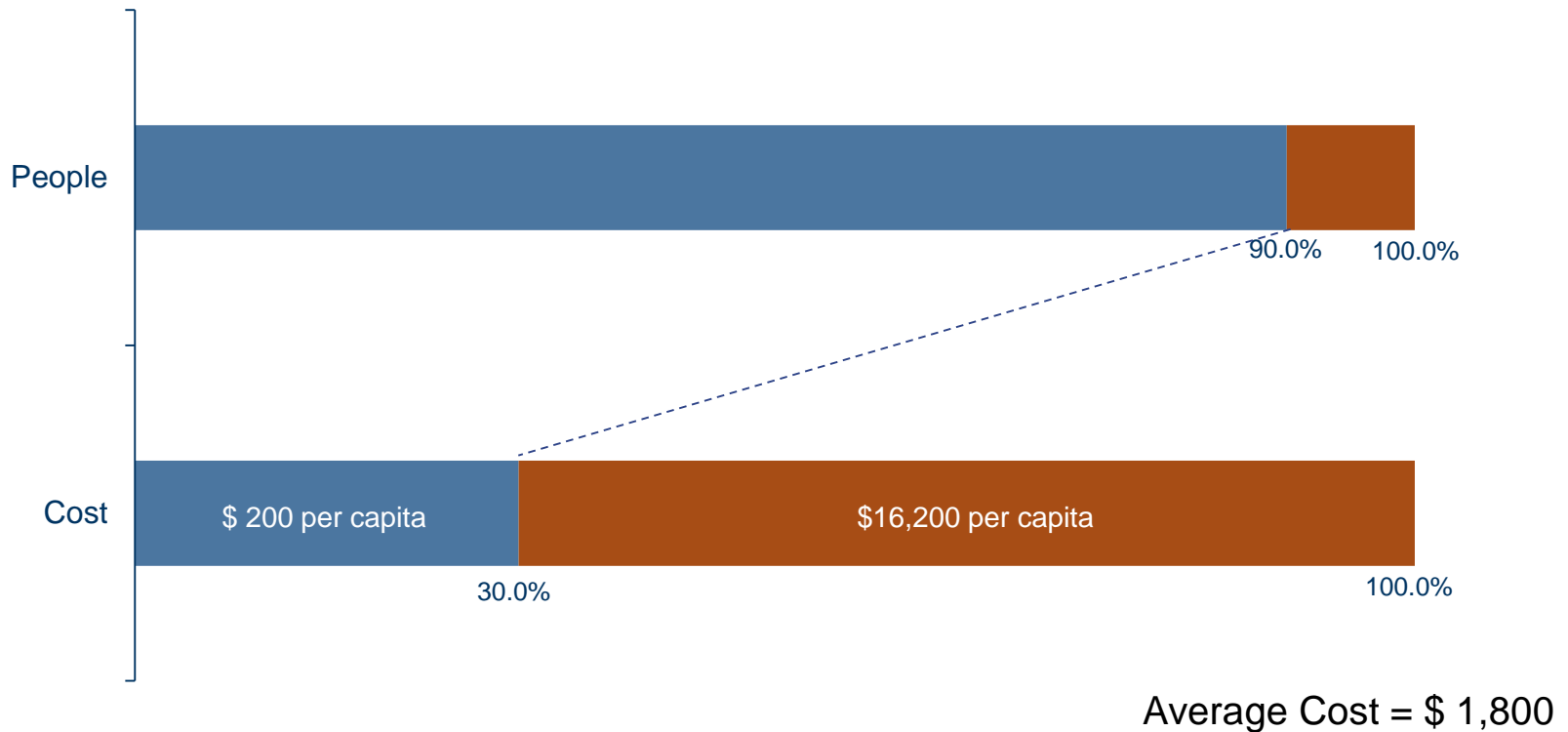
Tradeoffs are Key

- Hard to get more for less
- Beware of magic bullets
 - More choice
 - Cross-state competition
 - Fewer regulations

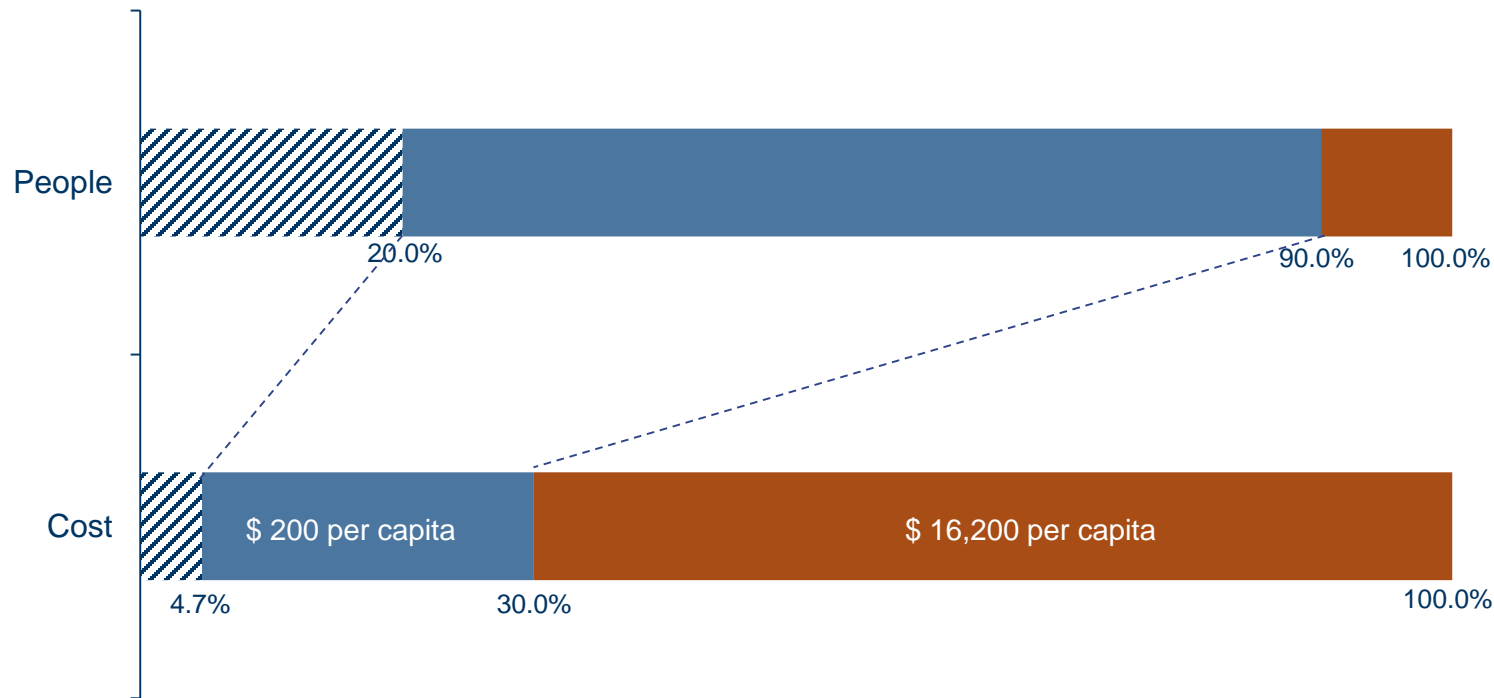
Choice and Risk Pools

- Will the elimination of the mandate affect premiums?
- Key is who signs up

10% of People Account for 70% of Health Cost



If 20% of People Fail to Buy Insurance, Per Capita Costs Rise



Average Cost for 80% of People Rises to \$2,200

The Risk Pool Matters

- If 20% leave, average costs rise from \$1,800 to \$2,200
- If another 20% leave, average cost rise to \$2,867
- How you get a “death spiral”

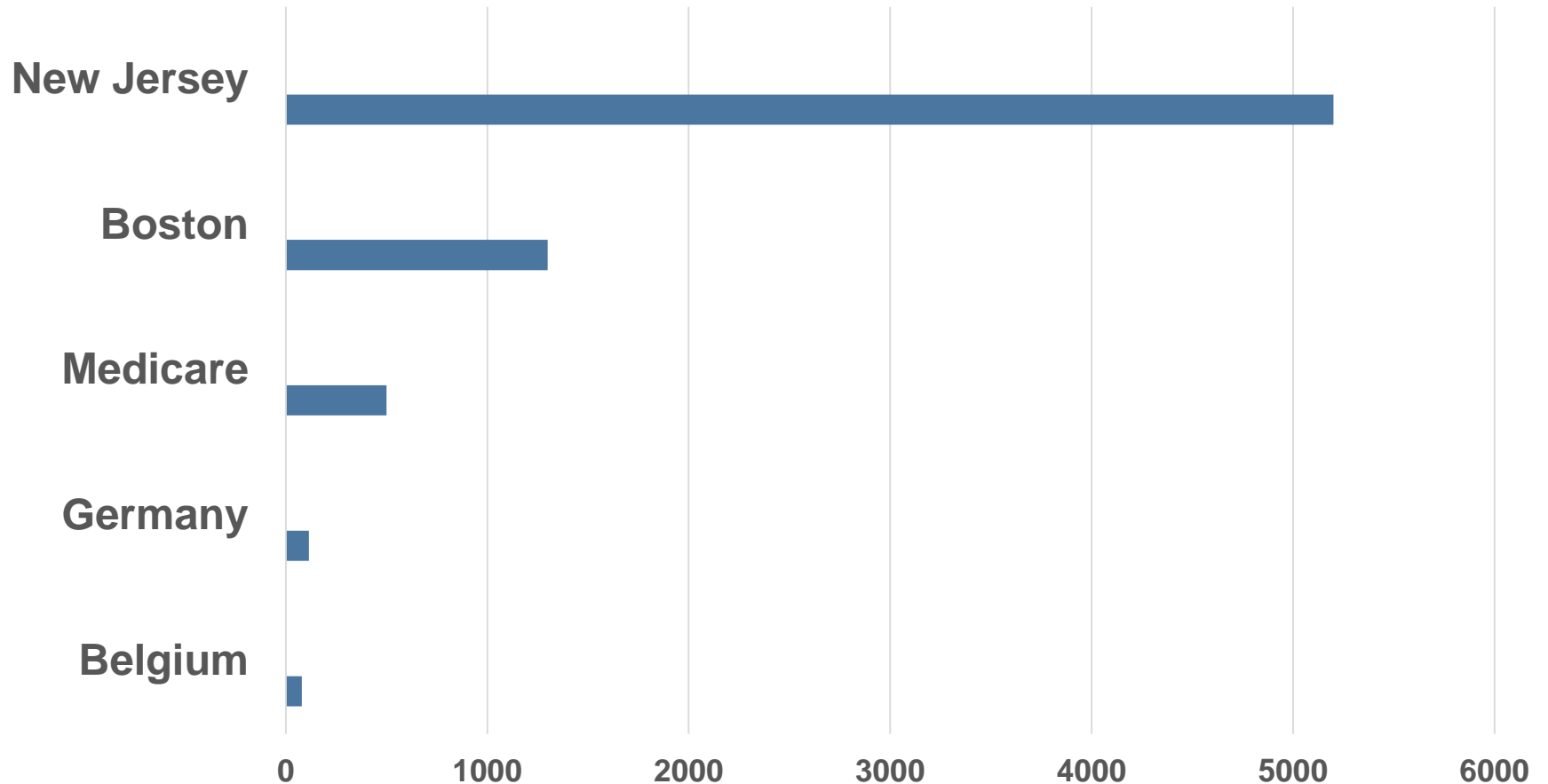
Why Would People Leave

- Healthy people more likely to choose a less comprehensive policy
- Costs keep rising for those who stay, driving out healthier people
- Market “naturally” divides into healthy and sick

State Competition

- Mandates
- Negotiate with providers
- Differences in costs

Costs of Echocardiograms Vary Widely



What Can We Do?

- Price, volume or both
- Who's covered
- Trump is right — this is hard

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