

# Repairing, Replacing, or Resuscitating the ACA Insurance Market: Why Do It?


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American Enterprise Institute

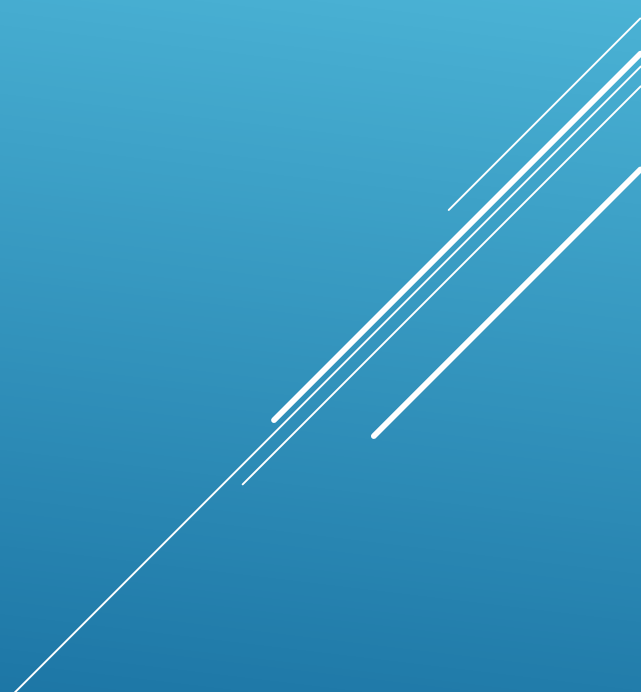
Princeton 24: Legacy

May 24, 2017

# Republicans' Health Policy Film Festival

- “Gone in 60 Seconds”
  - “It’s Complicated”
  - “Weekend at Bernie’s”
  - “Night of the Living Dead” + “Vampire Diaries”
  - “It’s Alive”
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# Health Policy: Past Lives Regressions

- Secure more predictable streams of payment
- Capture growing share of economy
- Expand third-party payment (other people's money)
- Hide, distort, and suppress real prices
- Blame everyone else, sequentially
- Take and threaten hostages, as needed
- Add, don't subtract, layers of intervention
- Keep incumbents in business
- Limit market entry and disruptive competition
- Hybrid: profit-side capitalism, loss-side socialism
- Invent new names for old policies



# Fictionary

- Reconciliation
  - Fixed dollar, age-adjusted tax credits
  - Cost sharing
  - Market discipline
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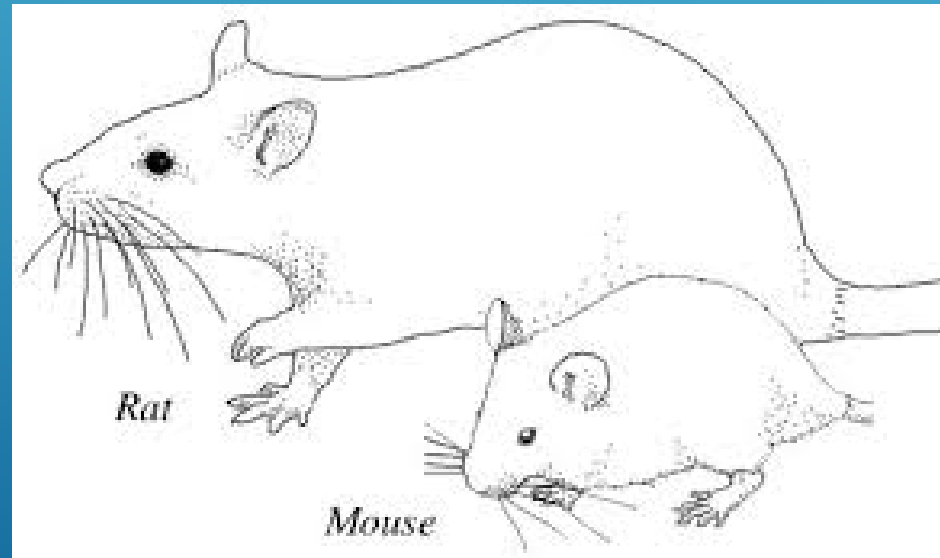
# Mining for Cost Savings




# Risk Pooling

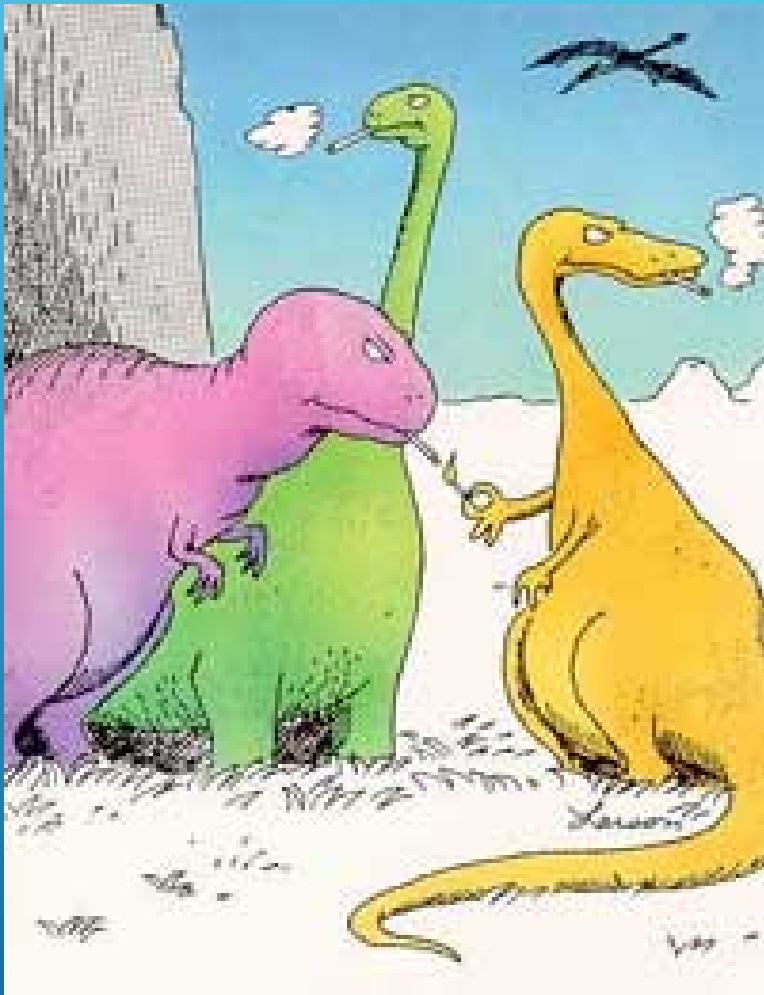


# State Delegation & Innovation: Evolution, not Revolution




# Rumbling & Stumbling

- Consequentialist critiques
  - Only policy outlines w/o consensus
  - Path dependence
  - Opposition vs. governing; theory vs. practice
  - Insufficient upsides
  - No unifying, overriding theme(s)
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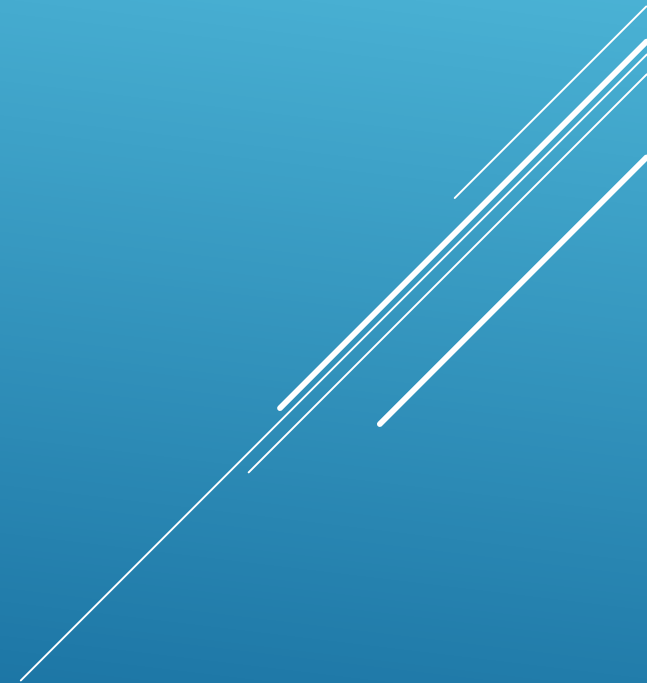
# Rumbling & Stumbling

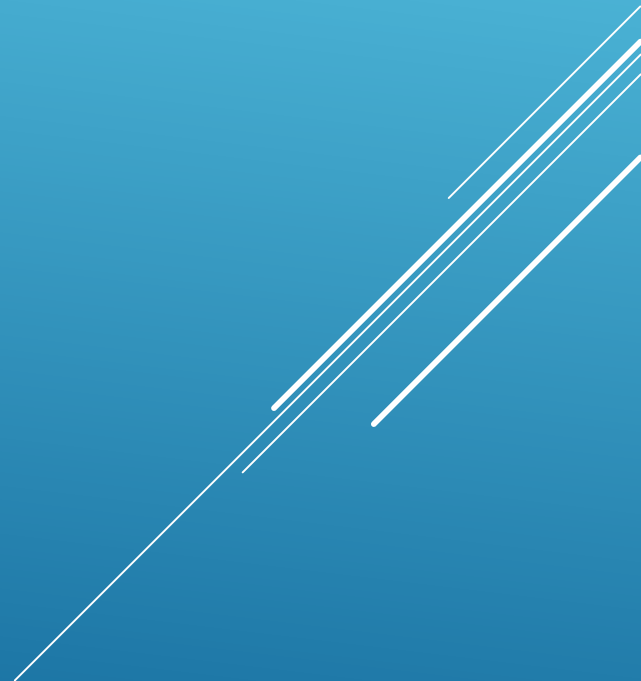
- Losing control of the narrative
  - You play as you practice
  - Warring minorities
  - Procedural & timing constraints
  - Confronting embedded expectations & interests
  - Loss aversion
- 

# Brezhnev Doctrine of Health Entitlements?



# CONTAINMENT?









*“Our organizing principle, bottom line, and primary incentive is money. The question is, how can we articulate that in a way which makes it sound as if we’re here to serve the public?”*

# Misreads: Hits vs. Errors

- Subsidies
  - Regulation/mandates
  - Taxes
  - Medicaid
  - Transition
- 
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# Moving Beyond A Case of Bipolar Disorders

- Halt, you can't do it any different way
- Please, just make it all go away




# Was It the Green One? Or the Black One?



# Individual Market Hyperbolic Mythology



# House Rebounds in Overtime

- Reversing the blame game
  - Waivers for wavering members
  - Desperation, ambiguity, expediency
  - Beating the shot clock
  - Survive and advance
- 


# Senate's Case of First Impression

- Medicaid
- Income & age adjustments to subsidies
- Rearranging tax & spending balance
- Working the ref
- Even tighter margins
- Conference vs. take it or leave it


# Looking into Mirror Images

- Choosing who gets to avoid real prices
- Cost sharing is good, but bad
- The adversity of selection
- Individual mandate is too weak
- Cost reduction through lower payments
- Single-payer mania
- Time inconsistencies
- The contagions of Baumol's disease
- Insurance myopia

# Scaling Down Ambitions: More Modest, but Real Changes Ahead in Direction & Emphasis

- Tilt toward more private, less public
  - Lighten the load (regulation, mandates)
  - Rearrange/retarget subsidies, winners & losers
  - Relocate levels of decision making, with accountability
  - Move on to more important issues
- 

# Ahead?

- Remarkable redirection
  - Autoimmune rejection of transplant
  - Resignation, implicit ratification
  - More barnacles on the hull
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# If You Want Better Answers, Ask Better Questions

- Who gets to make the initial key decisions in health care?
- What do we want health care system to do, & how do we measure its performance?
- How do rebalanced health spending commitments match resources available along with competing needs and preferences?
- Can we ensure adequate floors without imposing low ceilings?
- How far, and how, should we aim at near-universal coverage?

# If You Want Better Answers, Ask Better Questions

- How will initial pace and complexity of transition not kill you first?
- What's the better balance between customization and standardization in health care?
- How do we produce healthier and wealthier self-supporting individuals and families through better means and tools?
- Averaging costs doesn't reduce them. How can we improve health care to produce better outcomes at lower all-in costs?



FROM DIRECTOR WALLY PFISTER

JOHNNY DEPP REBECCA HALL PAUL BETTANY KATE MARA CILLIAN MURPHY MORGAN FREEMAN

# TRANSCENDENCE

YESTERDAY DR. WILL CASTER WAS ONLY HUMAN

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