

# Repealing the ACA: Transforming Health Care

**Issue:** The Affordable Care Act (ACA) included new programs and incentives to transform health care by improving care coordination and outcomes and reducing waste and inefficiency.

**Background:** In addition to expanding health insurance coverage through Medicaid and the federally facilitated health insurance marketplace, the ACA has spurred significant transformation of health care:

- Moving from volume- to value-based payments to align the incentives of providers to treat patients in the most appropriate settings, such as accountable care organizations, that offer shared savings for physicians and hospitals that provide cost-effective care
- Improving care through programs, such as the hospital improvement innovation network, that focus on dissemination and support for best practices to reduce harm
- Improving access to primary care through primary care medical homes and community health centers
- Including mental health and addiction as essential health benefits providing access to vitally needed health care for the one in five individuals who have a mental or addiction illness
- Testing strategies and approaches through demonstration projects to addressing health disparities, transitions of care, improved care for individuals with chronic conditions, and inclusion of behavioral health in primary care practice settings
- Supporting state and local governments as they address specific public and community health needs
- Providing incentives for hospitals and health care providers to use electronic health records that allow the sharing of more accurate patient information

As these programs and payment incentives have unfolded, the U.S. Department of Health and Human Services (HHS) has collected data and conducted analyses to enable evaluation of the effectiveness of various programs and the sharing of what is being learned from these programs. In addition, while many of the programs to transform health care focused initially on Medicare patients, they also have been used in Medicaid programs and the commercial sector.

## HAP Recommendations

HAP and its member hospitals and health systems call on Congress and the Trump Administration to:

- Continue investments in health care transformation
- Require the U.S. Department of Health and Human Services to continue evaluating and disseminating the effectiveness of incentives and programs, as well as best practices



**Implications for Pennsylvania:** Pennsylvania benefited from the support provided by many ACA-funded or mandated programs. Hospitals and health systems across the state have been able to transform and are providing better care, better access, and most importantly—better health for the communities they serve.

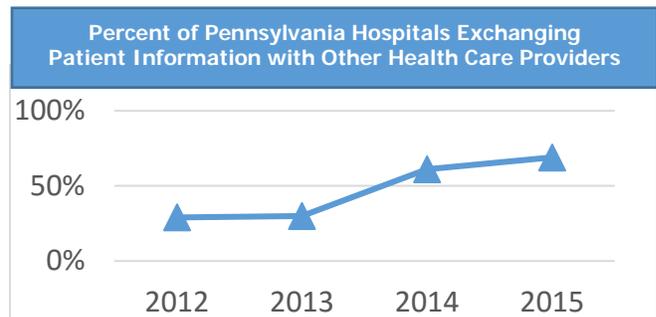
**Improved Quality and Patient Safety**—HAP, working with the Pennsylvania Patient Safety Authority, Quality Insights, and the Health Care Improvement Foundation, secured a contract through the U.S. Centers for Medicare & Medicaid Services (CMS) as a hospital engagement network (HEN).

Through the HEN, HAP helped Pennsylvania hospitals and health systems:

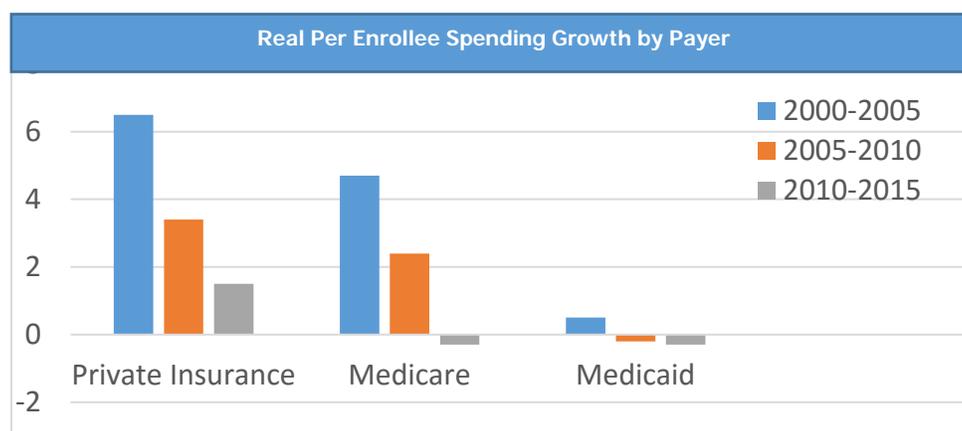
- Significantly reduce preventable readmissions and patient harm (down by 30%), including the reduction of hospital-acquired infections
- Avoid \$284 million in health care spending



**Leveraging Technology**—The ACA included incentives to advance health information technology. Hospitals and other health care providers in Pennsylvania implemented electronic health records and now (as seen in the accompanying chart) the majority of hospitals are leveraging this technology to share patient information. This enables caregivers to have access to timely and accurate patient information for use in diagnosing and treating, transitioning the patient between levels of care, and evaluating the effectiveness of on-going care plans.



**Moving from Volume to Value**—The ACA also established requirements for Medicare to focus on payment models that support improved value and outcomes and that align payment incentives across the continuum of care. This included payment mechanisms that reward hospitals that improve quality and value, such as reducing preventable readmissions or hospital-acquired infections. There also have been a range of pilots and demonstrations under the ACA that have tested alternative payment models, including bundled payments and accountable care organizations. The chart that follows reflects an analysis of per enrollee spending growth by payer prior to the enactment of the ACA and since its enactment.



Source: National Health Expenditure Accounts, Council of Economic Advisors' Analysis, 2016

Other benefits to Pennsylvanians of ACA programs to transform health care have included:

- **Development of accountable care organizations (ACO)**—Pennsylvania has seen the development of ACOs. According to CMS, during 2015 the 26 ACOs that included Pennsylvania in their service area provided care to 6.6 million beneficiaries. They reduced Medicare spending by more than \$65 million; six of these ACOs exceeded their savings goal and received a share in the savings with CMS. The ACOs serving Pennsylvania performed comparably in quality as did those nationally—Pennsylvania ACOs' median quality score was 93.21 percent; the national median was 93.59 percent.
- **Investment in an adequate supply of clinicians**—Through increased investment in the National Health Service Corps, Pennsylvania saw an increase in the number of primary care doctors serving medically underserved communities from 62 during 2008, to 168 during 2015.
- **Support for community health centers**—Health centers in Pennsylvania—serving urban and rural underserved communities—received more than \$250 million to offer a broader array of primary care services, extend their hours of operation, hire more clinicians, and to expand and/or upgrade physical facilities.
- **Participating in testing innovative payment and service delivery models**—In Pennsylvania, this has included bundled payments for care improvement; the strong start for mothers and newborns; state innovation planning; the initiative to reduce avoidable hospitalizations among nursing facility residents; and federally qualified health center advanced primary care practice demonstrations, among others.

**Sources:**

U.S. Centers for Medicare & Medicaid Services  
U.S. Center for Medicare and Medicaid Innovation  
U.S. Department of Health and Human Services

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