



The Daily Dish

# Conservative Health Care Reform

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## Eakinomics: Conservative Health Care Reform

Health care has proven to be an important [issue](#) in the presidential campaign, and the Supreme Court case on the constitutionality of the Affordable Care Act's (ACA's) individual mandate has further raised the issue. For some time, however, there was no conservative alternative to the ACA that could serve as a guidepost to legislative reform or as a response to a Supreme Court verdict.

Recently, however, a [group](#) of conservative health scholars proposed just such an alternative. The stated purpose of their reform (the Proposal) is the expansion of choice, lowering of costs, and protection of the vulnerable via safety nets and personalized care. There are lots of details, but the central aspect of the reform is to take all of the money currently being spent by ACA programs and send it to the states as a Health Care Choices Formula Grant, giving states resources and authority to design their own safety net programs and other reforms aimed at making insurance more affordable.

The Center for Health and the Economy (H&E) at AAF used its microsimulation capabilities to take a formal look at the impact of replacing the ACA with this approach. There are lots of details in the [report](#) by Christopher Holt and me, but the highlights are:

**Premium Impact:** The Proposal is projected to decrease the cost of premiums for private individual market health insurance coverage. Silver plans would see the largest impact, as premiums would decrease by 18 to 24 percent beginning in 2022 compared to current law. This is consistent with public's desire to address the cost of health care.

**Coverage Impact:** The Proposal is projected to result in nearly 4 million more people purchasing insurance by 2030, with enrollment holding steady earlier in the window. The Proposal also results in more people enrolling in private coverage versus public insurance over the same period. A key part of this is the reduction of premiums making insurance more attractive.

**Medical Productivity Index:** The Proposal would lead to a 17 percent increase in the medical productivity index by 2030. In the work of H&E, care is taken to look at the kind of pressure placed on providers to reduce the cost of quality care. Mechanically, better medical productivity allows just exactly that. It is encouraging that the Proposal finds a way to begin to "bend the cost curve."

**Provider Access Index:** The Proposal would lead to an 8 percent increase in the provider access index by 2030. One way to control costs is to have very tight networks; i.e., insurance coverage applies only to a few hospitals and other providers with whom the insurer can negotiate favorable rates in exchange for guaranteeing volume of care. The flip side, however, is that purchasers of insurance have limited access to providers. The Proposal increases such access modestly.

**Budget Impact:** the Proposal would decrease federal spending by \$36 billion from 2022 to 2030. Of course, the

whole point was to spend (essentially) the same money differently. Mission accomplished.

The debate over health care reform has never really ended. This Proposal is a valuable contribution to the debate over what should be the next steps in providing expanded coverage, cost control, and quality care.