

The Affordable Care Act: Putting Delivery System Reform in Context

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Where We Were: Our Broken Health System

- **Rising Health Insurance Premiums:** Family premiums for employer coverage increased from nearly \$6,000 to over \$13,000 between 1999 and 2009.
- **Drain on the Economy:** Health spending increased as a percent of GDP from 14 to nearly 18 percent from 1999 to 2009.
- **Low Scores on Key Health Indicators:** U.S. lags on infant mortality, obesity, and health system performance.
- **Loss in Employer Coverage:** The percent of employers offering health coverage fell from 66 to 60 percent from 1999 to 2009.
- **Growing number of Uninsured:** Close to 50 million uninsured in 2009.
- **Concentrated Health Markets:** Individuals and small employers experience highest premium increases, and many markets dominated by one or two major insurers.

Mrs. Jones' Care: Before the Affordable Care Act

- Medical history is recorded on paper
- Not all the preventive tests she needs are covered
- Doctors don't talk to each other
- Not all doctors have access to her full history
- She can't afford all of her medications
- Gets an infection while staying in the hospital

The Affordable Care Act

- Builds on the existing health care system to expand access to affordable coverage
- Creates more competitive and transparent health care markets
- Reforms the health insurance market and holds insurers accountable
- Strong emphasis on administrative simplification and efforts to reduce waste, fraud and abuse
- Focus on prevention and wellness
- *Incentives for quality improvement and delivery system reform to lower costs*

Implementation in Three Phases

- **Phase I – 2010**
 - Stabilization of existing coverage
 - Down-payment on insurance market reforms
 - Patient’s Bill of Rights
- **Phase II – 2011-2014**
 - “Build phase” for Exchanges
 - *Delivery system reform*
- **Phase III – 2014 and beyond**
 - Full implementation of insurance market reforms
 - Exchanges go “live”
 - Premium tax credits and cost sharing assistance
 - Medicaid expansion

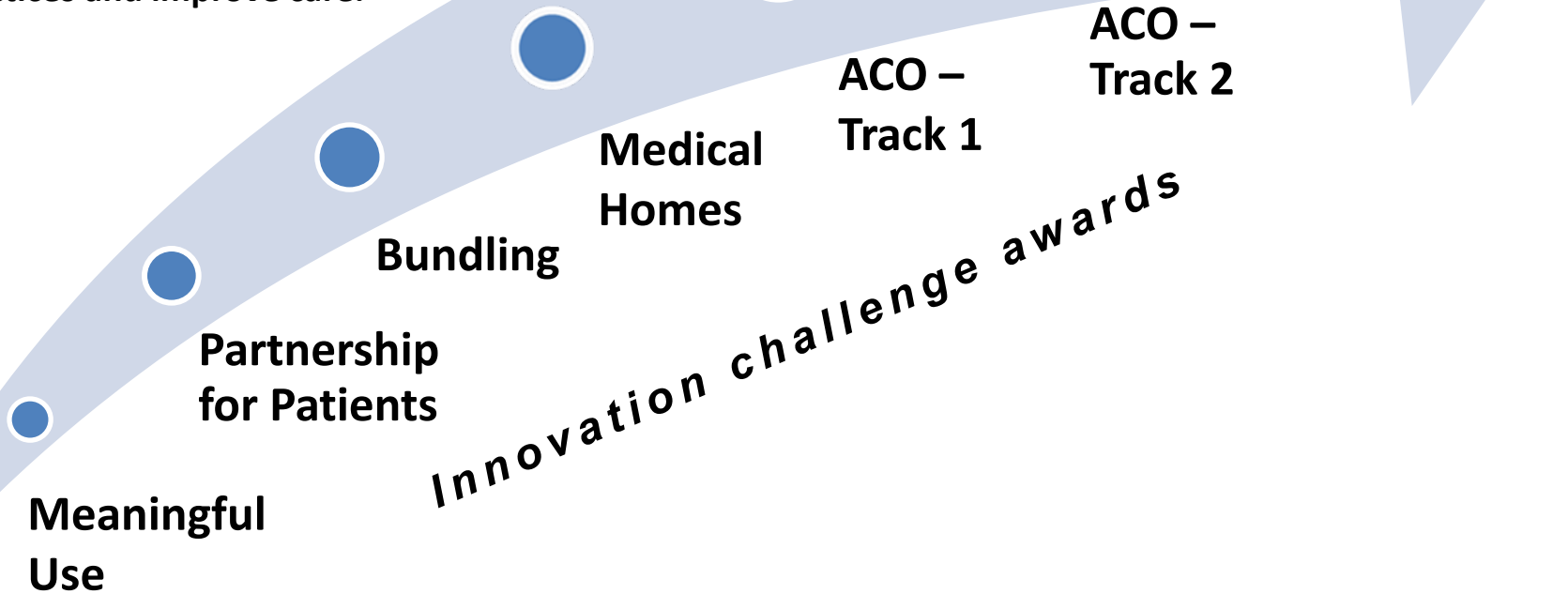
Phase II: Delivery System Reform

- **Accountable Care Organizations (ACOs)**
 - Shared savings payment model to promote accountability
 - Pioneer ACOs and Advance Payment Initiative
 - Encourages investment in infrastructure and redesign health care delivery for improved quality
- **Other Delivery System Reform Initiatives**
 - Reducing hospital acquired conditions and avoidable readmissions
 - Hospital value-based purchasing
- **Center for Medicare and Medicaid Innovation**
 - Partnership for Patients
 - State demonstrations to integrate care for dual eligibles
 - Medicaid health home State plan option
 - Medicare bundled payments
 - Comprehensive Primary Care initiative
 - \$1 billion Health Care Innovation Challenge
 - Program to reduce preterm births

Care Improvement Continuum

HHS offers an array of options through which providers can engage in delivery system reform.

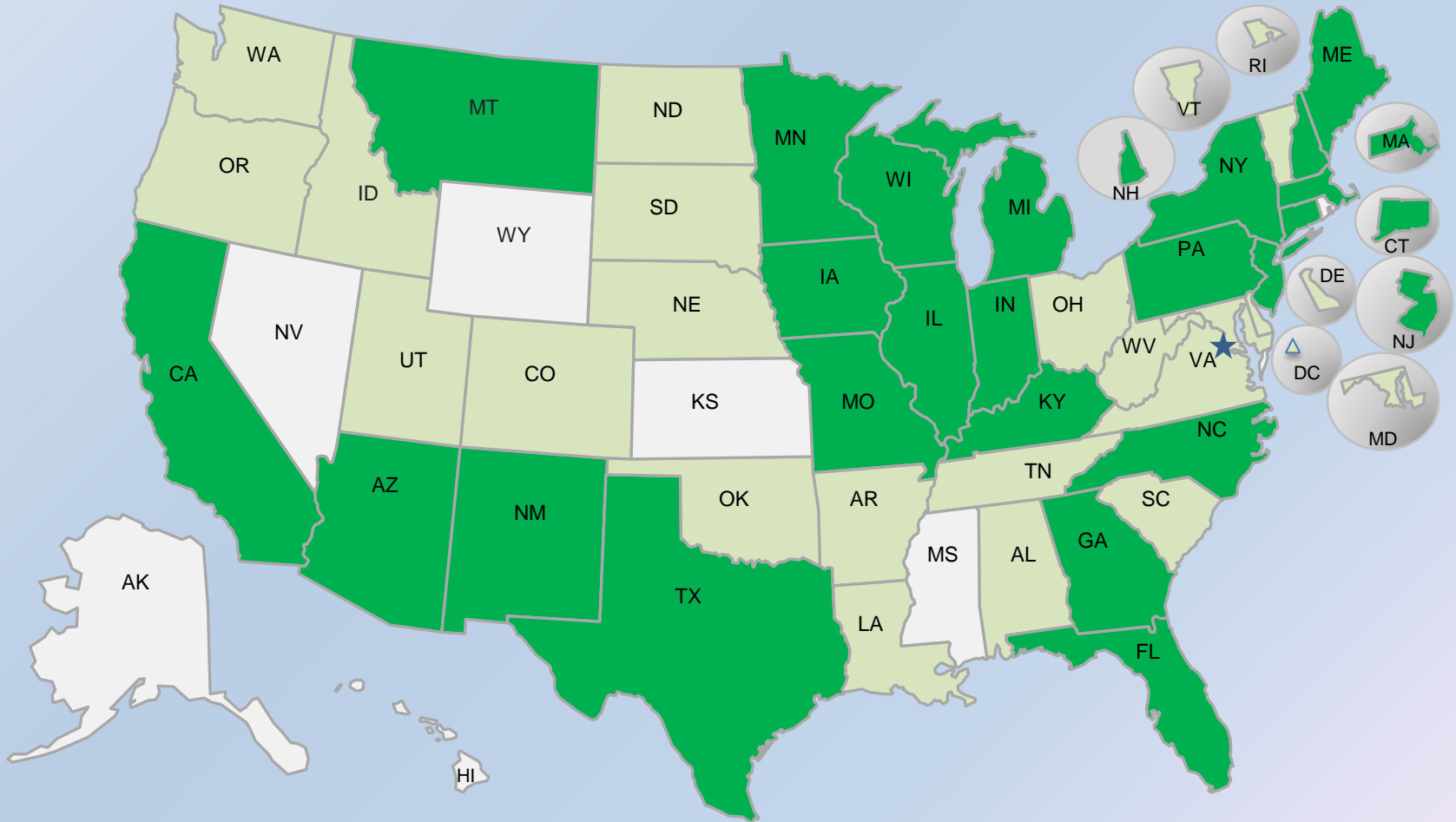
Providers can choose from a range of clinical responsibilities, while benefitting from supports and resources designed to spread best practices and improve care.



**Tools to Empower Learning and Redesign:
Data Sharing, Learning Networks, RECs, PCORI, Aligned Quality Standards**

Private and Public Sectors Pursuing Same Strategies for Improving Quality and Affordability

Primary Care Medical Homes, ACOs, and Value-Based Purchasing Initiatives are Improving Care and Reducing Costs



Private and Public Opportunities Available for all Three Initiatives

Private and Public Opportunities Available for Two of Three Initiatives

Private and Public Opportunities Available for One or Fewer Initiatives

Mrs. Jones' Care: After the Affordable Care Act

- Annual checkup covered by Medicare
- Recommended preventive screenings provided without cost sharing
- Electronic medical records
- Lower prescription drug costs
- Doctors rewarded for coordinating her care
- Decreasing risk of extended hospital stay due to a preventable injury or hospital-acquired infection

*“After a year of striving, after a year of debate,
after an historic vote, health care reform
is no longer an unmet promise.
It is the law of the land.”*

President Barack Obama, March 23, 2010