

The Future of Healthcare Financing in America

Presented to the LIFE Membership

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The Future of Healthcare Financing in America

Healthcare is a Big Business

\$ 3,200,000,000,000 per year

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\$ 100,000 per second

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Healthcare Goals

- Lower Costs**
- Increase Quality**
- Improve Access**

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Healthcare Reality

- **Manage the Increase in Costs**
- **Increase Quality**
- **Control Access**

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Goals

Lower Costs

Increase Quality

Improve Access

Reality

Manage the Increase in Costs

Increase Quality

Control Access

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- **The Patient Protection and Affordable Care Act (ACA)**
 - Passed in 2010
 - Purported Goal: A Mechanism to Increase Patient Access
- **Expected Results of ACA:**
 - Improve access to primary and preventive care
 - Raise taxes via the individual mandate
 - Control costs via reduced reimbursement for Medicare
(\$500 Billion in reductions by 2020)

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Quote about ACA from Dr. Ben Carson

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- **Healthcare Financing is a Subset of Total Government Spending**
- **Federal Government Currently Owes \$19.1 Trillion**
- **It has been 20 years since the Federal Government did not have to borrow money.**

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History of Federal Debt Levels

- **When President Clinton Left Office: \$ 5.7 Trillion**

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History of Federal Debt Levels

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- **When President Bush Left Office: \$ 9.9 Trillion**
- **When President Obama Leaves Office: \$19.5 Trillion**
- **Each year \$500 Billion to \$1 Trillion is Added to the Debt**

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- **Just How Big a Problem is \$19.1 Trillion Dollars in Debt?**
- **\$19,100,000,000,000—That is a Bunch of Zeroes!**
- **How do we make sense of a number that is so big?**

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 - **Every citizen owes \$60,000!**

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- **Just How Big a Problem is \$19.1 Trillion Dollars in Debt?**
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- **How do we make sense of a number that is so big?**
 - **Every citizen owes \$60,000!**
 - **A stack of \$1 bills would be 1,300,000 miles high (3 roundtrips to the moon!)**

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- **\$1 Trillion = \$1 Million x \$1 Million**

- **That is:**

$$\mathbf{\$1,000,000 \times \$1,000,000 = \$1,000,000,000,000}$$

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If you wanted to pay off \$19.1 Trillion by paying
\$250,000 per day, it would take _____ years!

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If you wanted to pay off \$19.1 Trillion by paying
\$250,000 per day, it would take 209,300 years!

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**If you wanted to pay off \$19.1 Trillion by paying
\$1,000,000 per day, it would take _____ years!**

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If you wanted to pay off \$19.1 Trillion by paying
\$1,000,000 per day, it would take 52,300 years!

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- **Federal Government Tax Collections = \$3.3 Trillion per year**
- **Federal Government Spends = \$3.8 Trillion per year**
- **Thus, Federal Government Deficit = (\$500) Billion per year**

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Major Categories of Federal Government Expenses

Medicare & Medicaid	= \$ 1.000 Trillion per year
Social Security	= \$ 900 Billion per year
Military	= \$ 600 Billion per year
Welfare	= \$ 300 Billion per year
Pensions	= \$ 300 Billion per year
Interest on Debt	= \$ 200 Billion per year
Other	= \$ 500 Billion per year
Total	= \$ 3.800 Trillion per year

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- **The only category that is available for reducing is:
Medicare & Medicaid: \$1.0 Trillion per year**
- **ACA created Independent Payment Advisory Board (IPAB)**
 - **15 unelected individuals**
 - **Chosen by then-current President (thus, ideologically-driven)**
 - **Active since 2014**

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Independent Payment Advisory Board

- **Recommendations of IPAB become law unless Congress specifically passes a law forbidding the recommendation.**
- **Stated Purpose of IPAB: Reduce the “per person” increase in Medicare spending.**

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Independent Payment Advisory Board

- **If reimbursement is too low, Medicare patients will have a hard time finding a physician willing to treat them.**

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- If reimbursements cannot go any lower, the only other alternative is to ration health care.

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Independent Payment Advisory Board

- If reimbursement is too low, Medicare patients will have a hard time finding a physician willing to treat them.
- If reimbursements cannot go any lower, the only other alternative is to ration health care.
- New standards for care have already been presented that change the age when specific treatments (a) become effective or (b) cease to provide quality outcomes.

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Questions?

Comments?