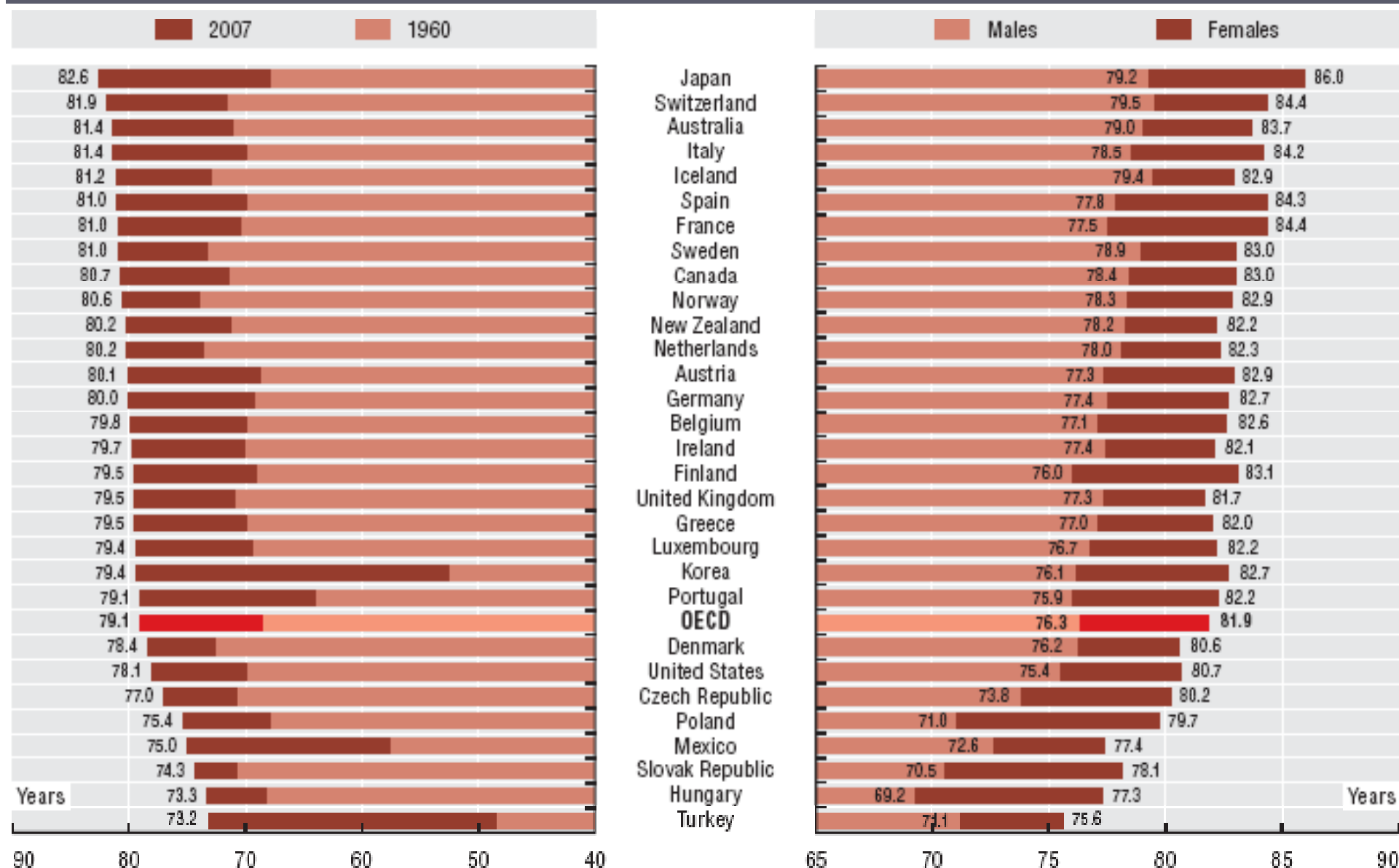


President Obama Healthcare reform: Is the Game Over?

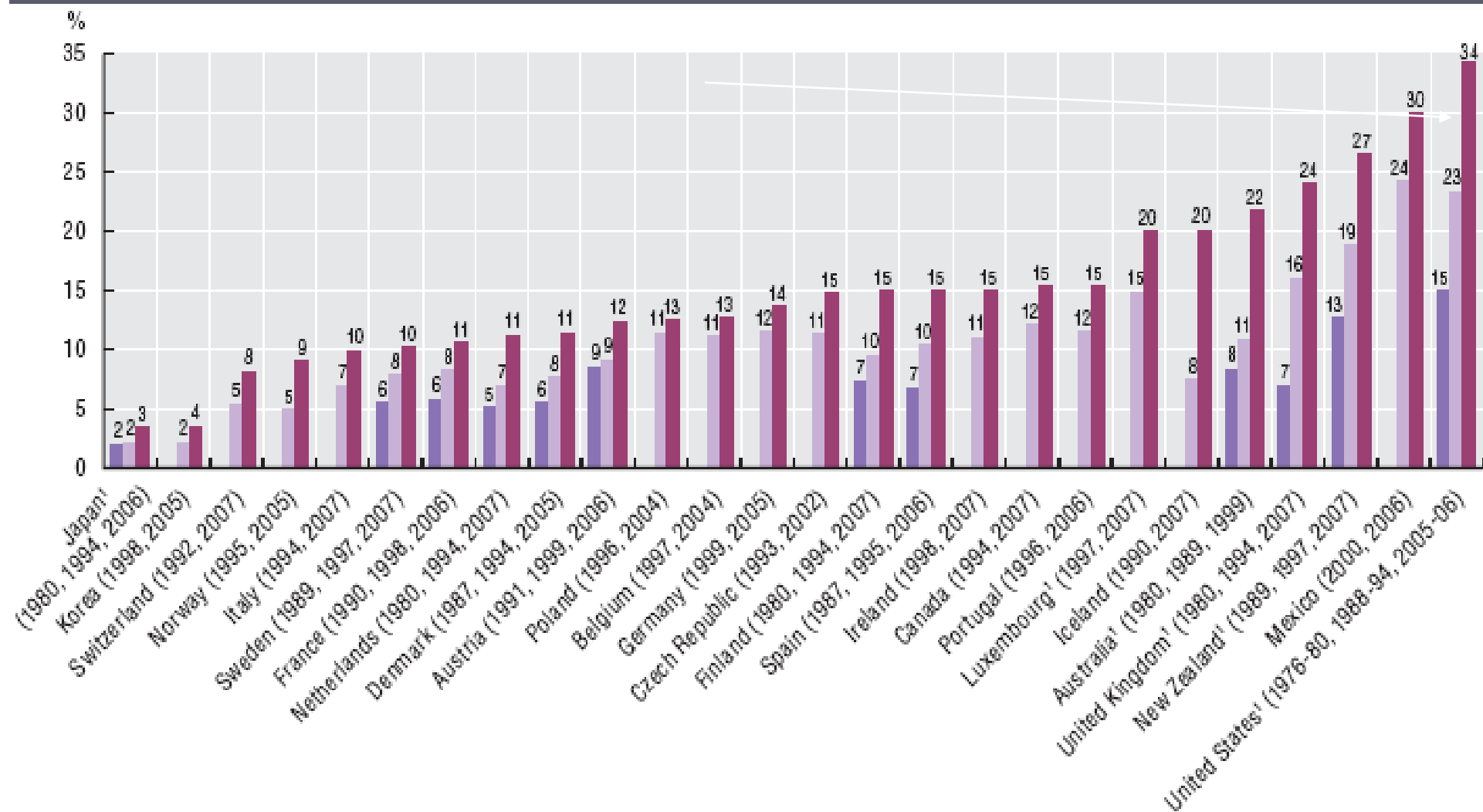
**Prof. Giovanni Fattore,
Dpt Institutional Analysis and Public
Management
CERGAS-Bocconi**

Welfare attributable to health services: Life Expectancy at birth



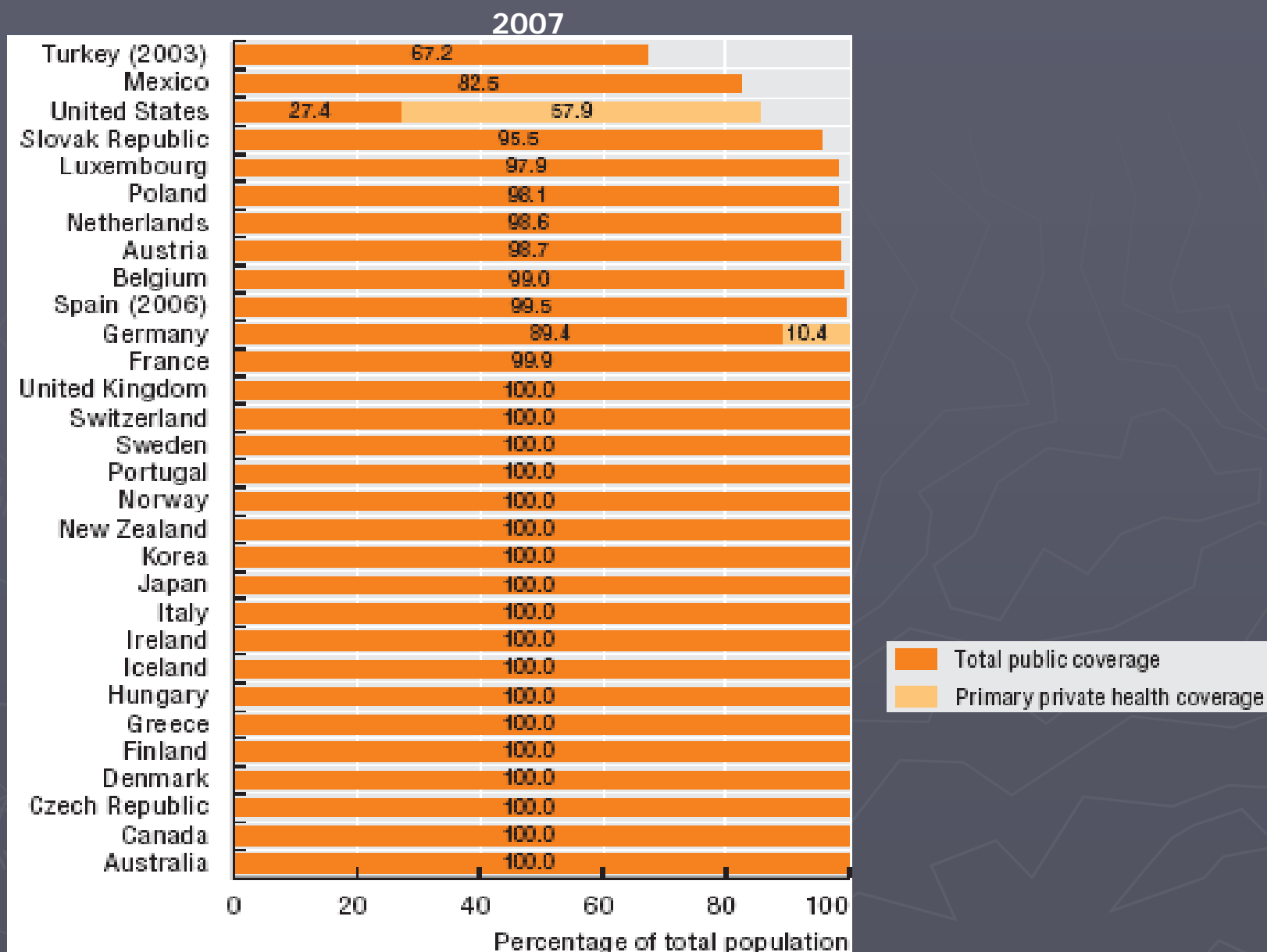
Source: OECD Health Data 2009, OECD

Obesity among adults



Source: OECD Health Data 2009, OECD

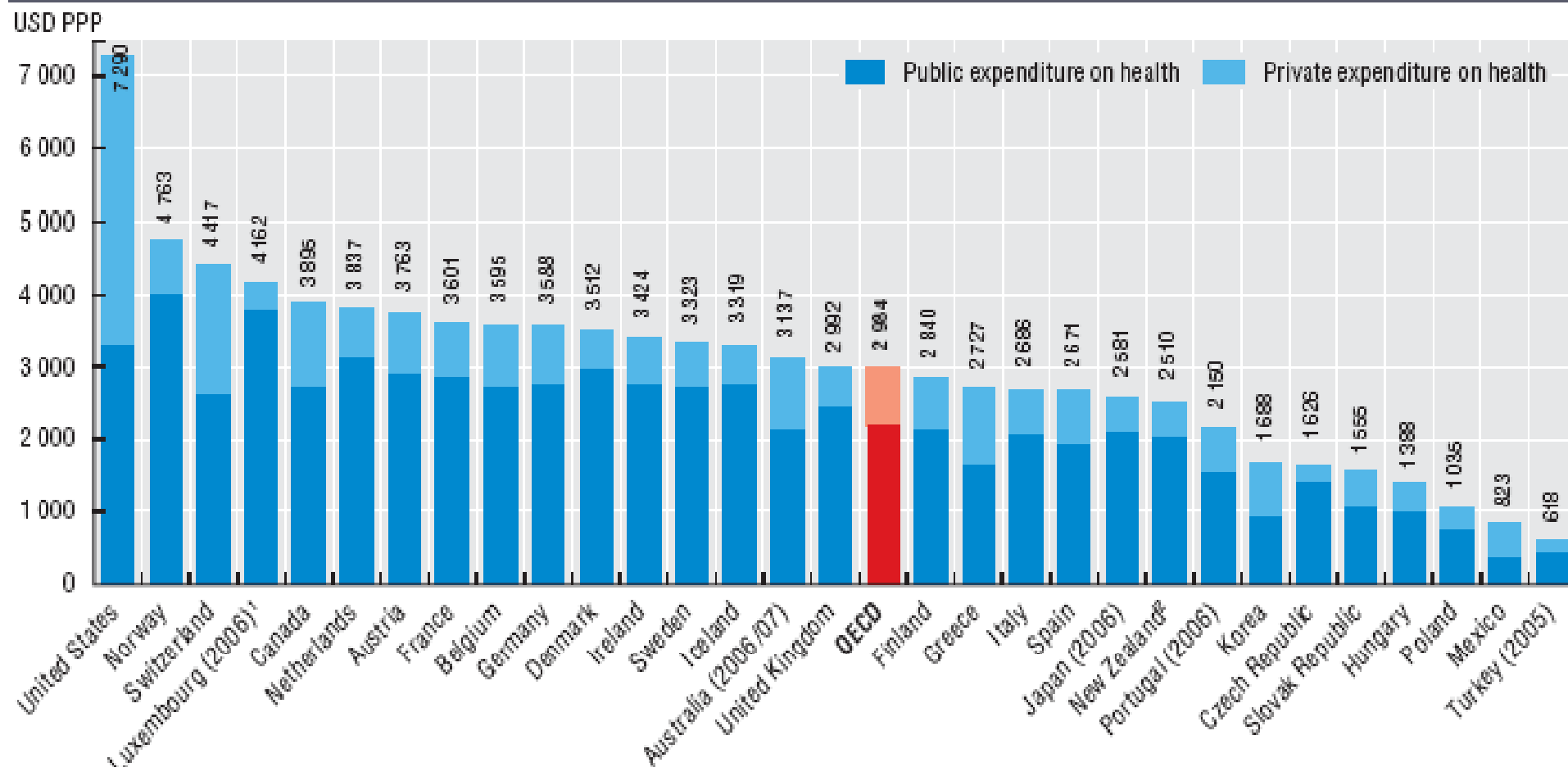
All OECD countries have achieved universal or near-universal health care coverage, except Turkey, Mexico and the United States



Source: OECD Health Data 2009, OECD

Health expenditure per capita varies widely across OECD countries. The United States spends almost two-and-a-half times the OECD average

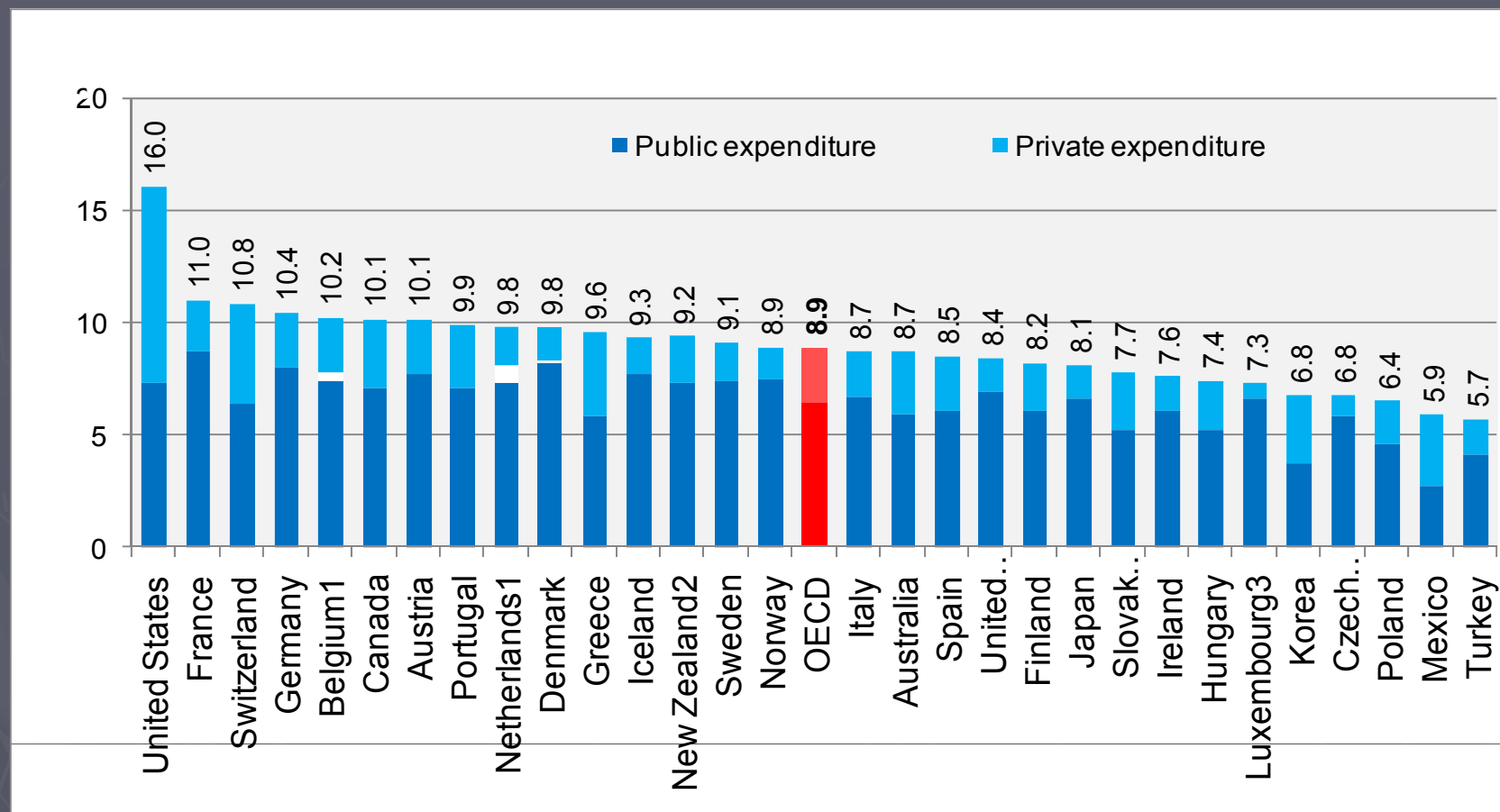
200



1. Health expenditure is for the insured population rather than resident population.
2. Current health expenditure.

Source: OECD Health Data 2009, OECD

OECD countries allocate about 9% of their GDP to health. This share varies from 16% in the United States to less than 6% in Mexico and Turkey



Source: OECD Health Data 2009, OECD (<http://www.oecd.org/health/healthdata>).

Organizational structure –

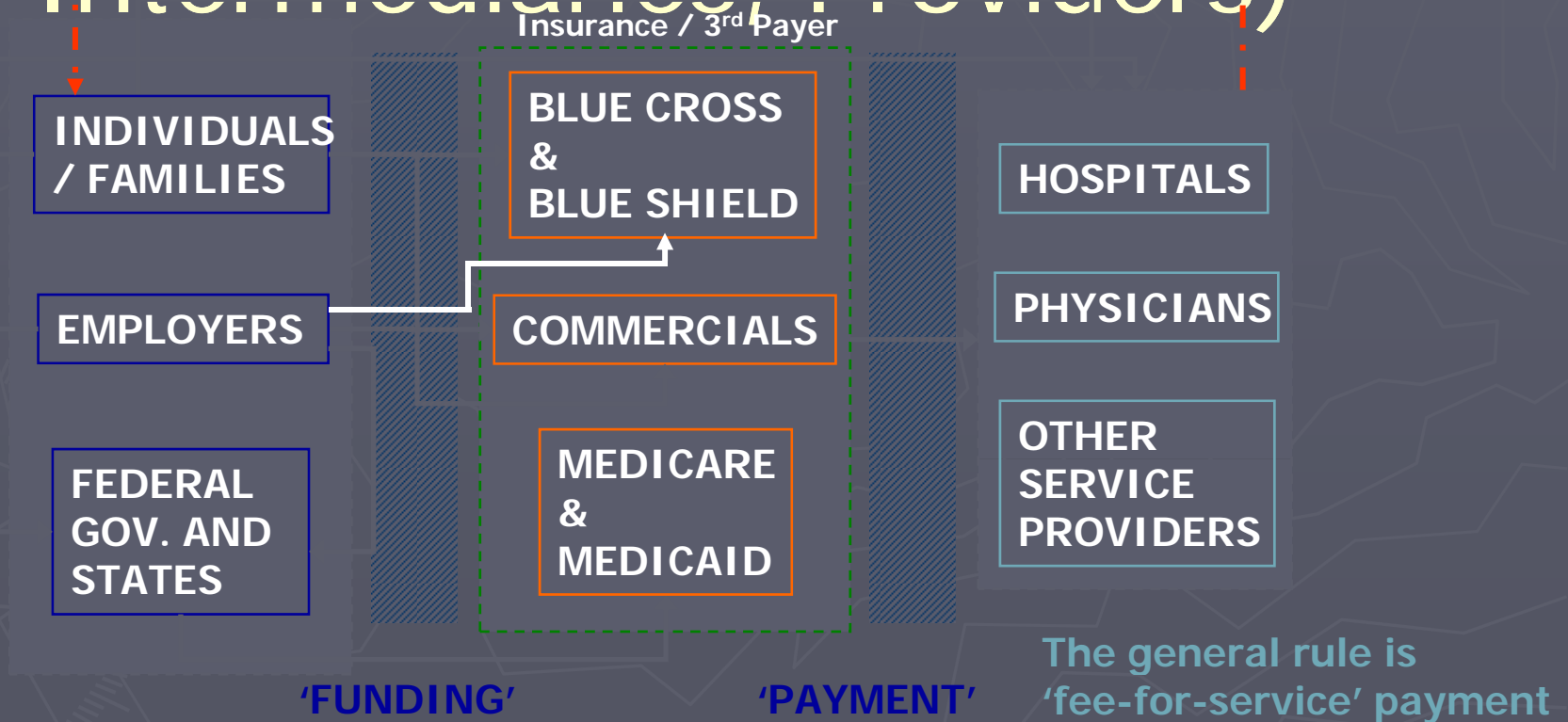
The 3 pillars (Funds sources,

FINANCIAL FLOWS

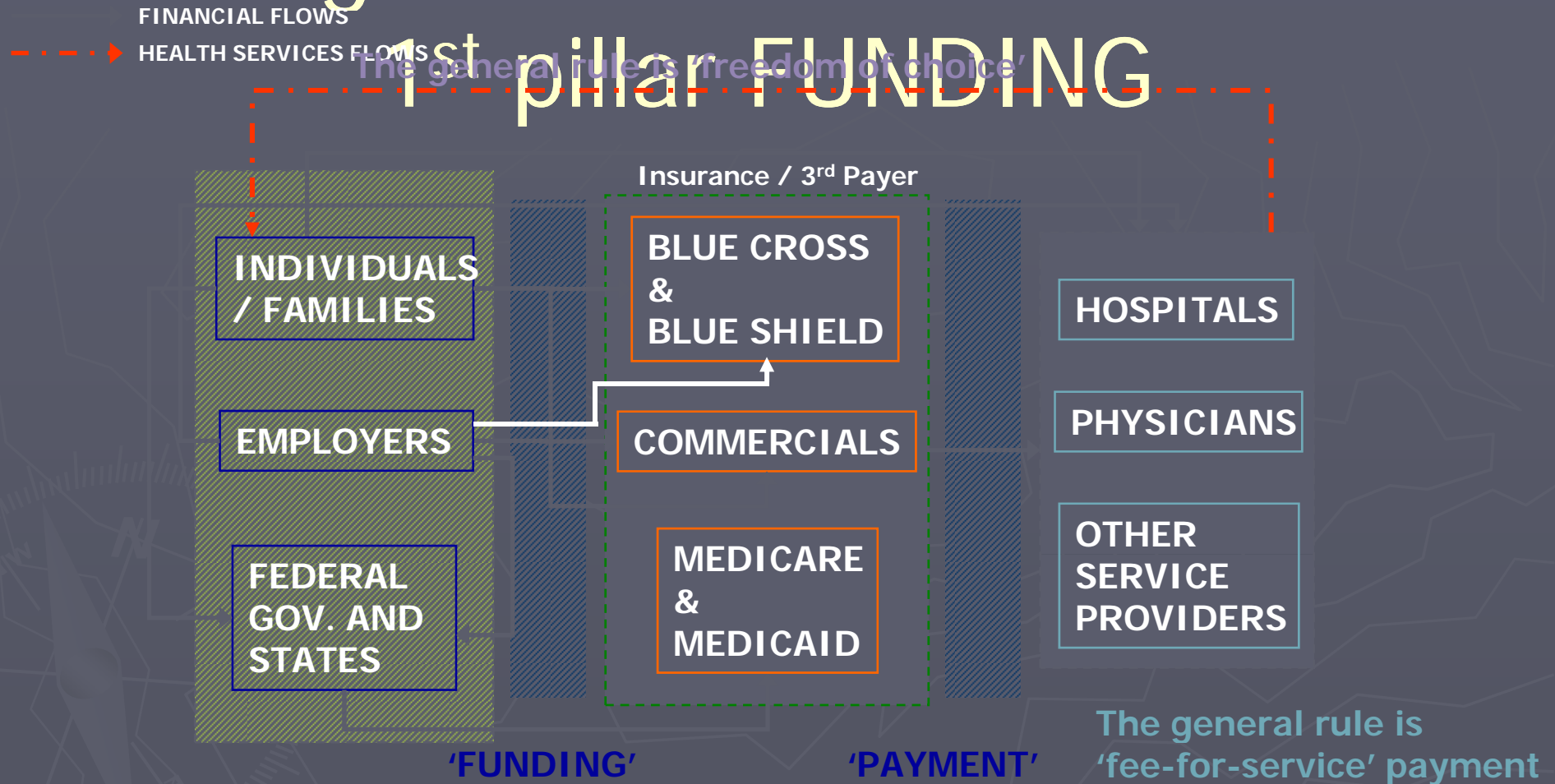
HEALTH SERVICES FLOWS

The general rule is 'freedom of choice'

Intermediaries, Providers)



Voluntary Insurance Model: Organizational structure – 1st pillar FUNDING

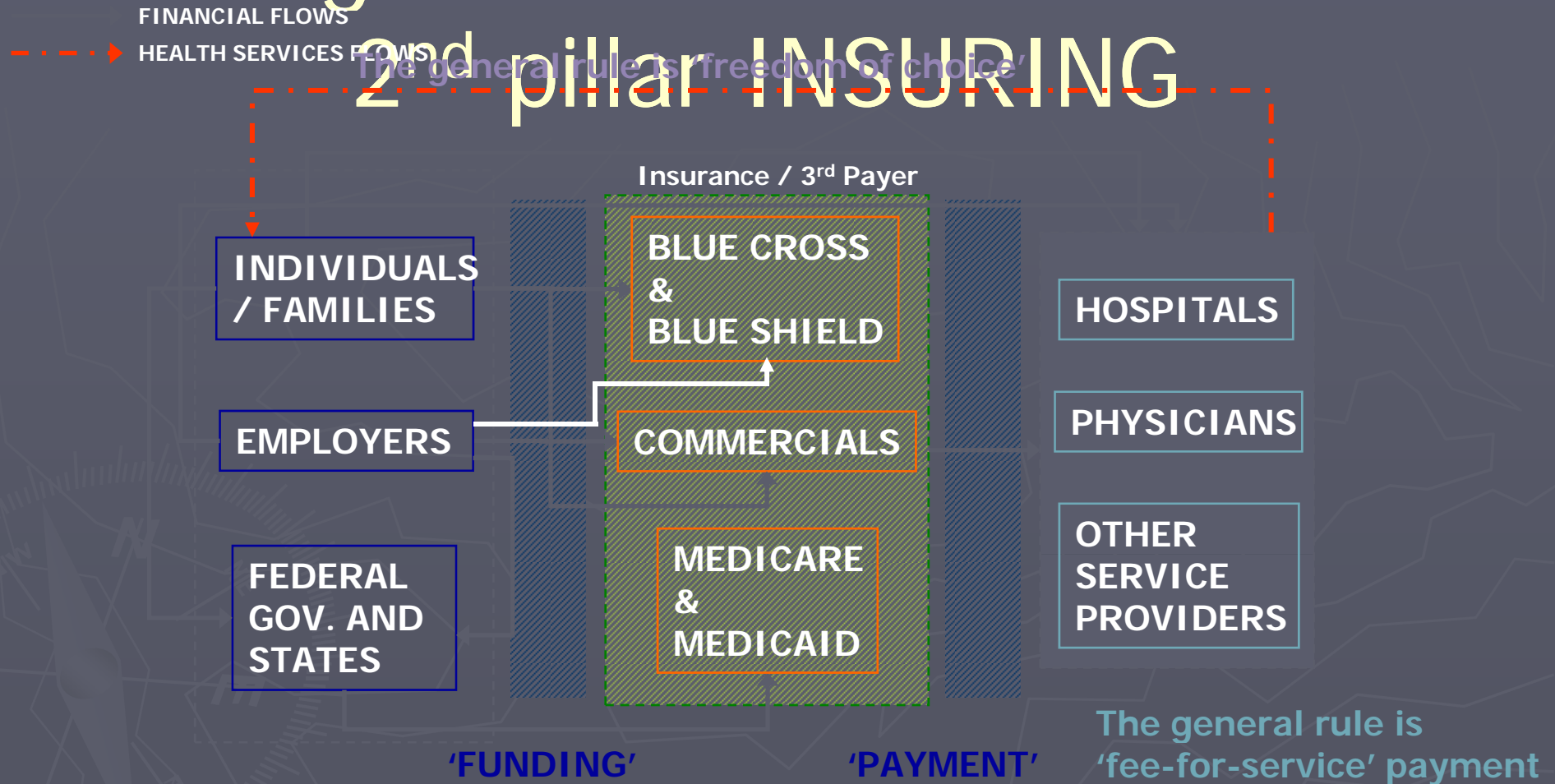


Voluntary Insurance Model: Funding

► Who funds the system?

- **Employers** (medium and large businesses) – as a benefit for their employees
- **Federal Government**
 - Payroll taxes
 - General taxation
 - Fiscal benefits on health insurance for employees (tax-subsidization)
- **State governments and local authorities**
 - Local taxes
- **Individuals**
 - (insurance premiums, direct payments)

Voluntary Insurance Model: Organizational structure – 2nd pillar INSURING



Voluntary Insurance Model:

Insurance providers

- ▶ Insurance providers/types (% on total population):
 - Private (*classified according to the type of population they serve*):
 - ▶ Employer Group Insurance (61%)
 - ▶ Individual Insurance (13%)} 74%
 - Public:
 - ▶ Medicare: federal program for the elderly(14%)
 - ▶ Medicaid: states' programs for the poor (13%)
 - ▶ State Children's Health Insurance Program – SCHIP (2%)
 - ▶ Champus and Veteran Administration (4%)} 33%
- ▶ **Uninsured (15%) – over 45 million people**
- ▶ **Double Coverage (22%)**

Two/three key structural problems

- ▶ Extraordinary High Costs

- ▶ Uninsured

- ▶ Poor Health Status?



Obama reform (approved in March 2010) (1)

- ▶ Reform of the insurance market
 - Denial of insurance on the basis of pre-existing conditions is forbidden
 - Maximum amount of allowed benefits
 - Extension of family coverage up to 26 years (students, unemployed)
 - Stricter regulation of the market
- ▶ Expansion of medicaid (all individuals below poverty threshold will be insured)

Obama reform (approved in March 2010)

- ▶ Insurance exchange (consortiums in each state to purchase insurance on a collective basis at reasonable process) (No public option)
- ▶ Increases in taxes for affluent individuals (more than US\$ 200,000), taxes on luxury insurances; additional revenues/savings from medical devices and pharma industry

Is the Game Over?

- ▶ Unpredicted results (most experts betted against any chance to pass such a radical reform)
- ▶ Divisive reform and animosity (no-bipartisan, all republicans and minority of democrats against; many democrats unhappy)
- ▶ President Reform; it was number 1° priority but most Americans are now dissatisfied and the President popularity is now low
- ▶ November 2010 elections as the first test
- ▶ Supreme Court appeals (claims that the reform is against the Constitution)
- ▶ Implementation issues (major and minor changes required in the entire system to implement and management the reform)

Reflections

- ▶ An unpopular success?
 - It makes a lot of sense to reform the system...
 - But the majority feels it has a lot to loose
 - And big stakeholders have a lot to lose!!!!
- ▶ Political leadership and commitment (President Obama reform)
- ▶ Is this reform enough? Can it put healthcare expenditure under control?