

Opening

- The Patient Protection and Affordable Care Act (often abbreviated as the Affordable Care Act or the ACA) has numerous objectives
- But as the name implies, one of the primary goals is to make health care more affordable.
- And as we know, government has an impressive record when it comes to making things cheaper.
- Although the ACA outlines numerous mechanisms to reduce costs, I would like to focus on one of the primary ones – what the ACA refers to as “Accountable Care.”
- And since I am not a part of the medical community, but rather a health care consumer, I would like to comment on this approach from a customer’s perspective.

Background – Aiden Hill

- To help you understand why I feel qualified to comment on the concept of Accountable Care, please allow me to share a few details from my own personal health care odyssey:
 - In 2008 I was diagnosed with Severe Obstructive Sleep Apnea
 - In 2010 my wife lost her job, we lost our employer based insurance, and I couldn’t get replacement coverage on the individual healthcare insurance market due to my pre-existing condition.
 - Unclear as to whether Obamacare’s 2014 Patient Protection provisions would be overturned by the Supreme Court, or repealed under a Romney presidency, I embarked on series of three surgeries to cure my Sleep Apnea and get my healthcare insurance reinstated.
 - During the course of these treatments, I experienced significant medical price gouging (spending over \$50K in out of pocket costs), and suffered a year’s loss of income (if I hadn’t been married, I might have gone bankrupt).
 - And while navigating this perilous course, I came face to face with the concepts of “fee for service” and Obamacare’s recommended replacement – “accountable care” in actual practice.

“Fee for Service” vs. “Accountable Care” – Definitions

- So what exactly is “Fee for Service? According to Wikipedia, the font of all modern wisdom:
 - **“Fee-for-service (FFS)** is a payment model where services are unbundled and paid for separately. In health care, it gives an **incentive** for physicians to provide more treatments because payment is dependent on the quantity of care, rather than quality of care. Similarly, when patients are shielded from paying (**cost-sharing**) by **health insurance** coverage, they are incentivized to welcome any medical service that might do some good. FFS is the dominant physician payment method in the United States, and it raises costs, discourages the efficiencies of **integrated care**, and a variety of reform efforts have been attempted, recommended, or initiated to reduce its influence (such as moving towards **bundled payments** and **capitation**).
 - Sounds like that definition was written by an Obamacare supporter!
- So if “fee for service” is bad, what is “accountable care” and how is it different? Again, per Wikipedia:
 - An Accountable Care Organization (ACO) is a healthcare organization characterized by a payment and care delivery model that seeks to tie provider reimbursements to quality metrics and reductions in the total cost of care for an assigned population of patients.
 - Hmm – so health care providers get incentives to reduce costs. How do they that?
- Well, I now need to introduce you to a couple more five dollar healthcare words to explain how this is all going to make things cheaper:
 - **Capitation** is a payment arrangement for **health care** service providers such as **physicians** or **nurse practitioners**. It pays a physician or group of physicians a set amount for each enrolled person assigned to them, per period of time, whether or not that person seeks care.
 - Hey, this kind of sounds like the pre-paid maintenance plan my car dealer just tried to sell me when I purchased my new Volkswagen.
 - **Bundled payment** is defined as the reimbursement of **health care providers** (such as hospitals and physicians) "on the basis of expected costs for clinically-defined episodes of care." It has been described as "a middle ground" between **fee-for-service** reimbursement (in which providers are paid for each service rendered to a patient) and **capitation** (in which providers are paid a "lump sum" per patient regardless of how many services the patient receives).
 - Oh – I get it now. If I don't want to purchase the pre-paid maintenance plan, and don't want to go to my local mechanic for one off oil changes, I can just wait until I get 10,000 miles on my VW and then

pay for the “bundled” 10,000 mile service (which we all know can be purchased very cost effectively at the dealer).

- So for the layman, that’s Accountable Care in a nutshell!
- As one of the ACA framers was quoted as saying: “We are going to be effective by making health care organizations responsible for the population’s health.”
- But what does that mean for you and me as consumers?

Pre-Paid Maintenance Plans and Bundling in Action

- Given the numerous regulatory requirements associated with an Accountable Care Organizations, it really takes significant financial investment and scale to become one (kind of like a car dealership). So if we move towards this model, there will be fewer independent medical practitioners (the traditional family doctor) and more large hospital groups governing our health care. This trend could ultimately result in fewer provider choices, less competition, and increased prices.
- And although this may trouble some of you, but in this scenario the Federal Government takes on the role of the manufacturer (since they apparently built us, and understand what is required for our proper maintenance). They (not the consumer) are going to tell the dealerships what should and should not be worked on, and what price should be paid (because they know what’s best).
- So whether you drive your body in stop and go traffic everyday, or only put freeway miles on it, your oil changes must be done every 10,000 miles (no sooner, and no later).
- And you ARE going to get your car washed (since that’s part of the service).
- And all this costs money (a \$265 10,000 mile service at the dealership versus a \$70 oil change at your local mechanic) but hey, they are only looking out for your health (and maybe a little warranty avoidance profit sharing with the manufacturer while you are still under 36,000 miles)
- Now since this is integrated care, you will only be able to talk to the service advisor (the mechanic is out on the floor, and we can’t let you back there for safety reasons).
- And you can’t pick your mechanic – they are all equally good, and all cost the same.
- And even though you are the consumer (who gets a manufacturer developed customer satisfaction survey at the end of the visit), the real customer is the manufacturer, who is grading and financially incentivizing the dealer on a number of metrics into which we the consumer have little if any input.

Accountable Care Should Be Competitive Care

- In 2014, as the rollout of Obamacare was gaining steam, Dr. Ezekial Emmanuel (brother to Obama's former chief of staff Rahm Emmanuel) wrote an Op Ed in the New York Times entitled "In Health Care, Choice is Overrated."
- In my experience, I have rarely encountered a situation where fewer choices resulted in higher quality goods and services at lower prices.
- If we lived in a world where we only had Apple iPhones, far fewer people could afford one, and Apple would be less likely to keep innovating to stay ahead of Samsung and others.
- Now, I don't have a problem with having large hospital systems providing integrated care models.
- But we, not the government or the insurance companies, should be deciding if we need a car wash when we take our bodies in for a healthcare oil change.
- And we the people should have a choice in where we get our health care, and how much we are willing to pay.