Fact sheet on the Supreme Court decision

Court strikes down the mandate as unconstitutional, and possibly guaranteed issue, guaranteed renewal, and community rating as well, but upholds the rest of PPACA

SUMMARY

- Single payer is the only remaining *constitutional* option for *truly* universal coverage.
- Even if the Court had upheld the mandate, the plan would have left at least 26 million uninsured and failed to remedy other aspects of the health care crisis (see details, below).
- Although insurers will claim that without the mandate they will have to raise premiums, they are already raising premiums to the maximum extent the law allows (9.9 percent) without being subject to federal government review (Buck Consultants and Don McCanne Quote of the Day, April 12, 2012). Prior to the passage of the ACA, employer-sponsored premiums more than doubled between 2000 and 2010 (Kaiser HRET Survey, 2011).
- As noted by President Obama, "Unless you have a what's called a single-payer system in which everybody is automatically covered, then you're probably not going to reach every single individual." In other words, single payer is the only way to actually achieve truly universal coverage *(*White House press conference, July 22, 2009*).*
- Based on the evidence, we call for immediate passage of single-payer national health insurance, improved Medicare for All, based on single payer's constitutionality, potential to eliminate financial barriers to care, improve efficiency and reduce costs system wide.

ACCESS

- Even before the mandate was struck down, the plan was projected to **cover less than half of the uninsured**, leaving 26 to 27 million people uninsured in 2019, according to the Congressional Budget Office.
- As a result, at that time at least **26,000 people will die every year** due to lack of health insurance, on top of **an incalculable toll of suffering.**
- In Switzerland, often cited as a nation where an individual mandate has led to universal coverage, the country had achieved 98 percent coverage *before* the mandate was imposed.
- The **exact impact of striking down the mandate** is unknown, but an estimate from The Lewin Group projects that **about 8 million (or about half) of the people** buying private coverage with or without subsidies would choose not to **and premiums might rise 12.6 percent, far less of an impact than insurers claim.**
- **"Unaffordable underinsurance"** will become the new norm with rising costs leading to the proliferation of skimpy high deductible health plans.
- Nearly half (48 percent) of families with **chronic conditions** with high deductible health plans report **financial burdens related to medical costs** (Galbraith et al, Health Affairs, 2/11).
- People with employer-based coverage will continue to lack meaningful choices, instead being **locked into their plan's limited network of providers**, facing ever-rising costs and continuing erosion of their health benefits. Already nearly one-third of large employers are offering high deductible health plans (Kaiser HRET, 2011)
- In 2010, **75 million working age adults went without necessary care due to costs**, 73 million reported having trouble paying bills or were in medical debt, and a quarter of those with chronic conditions skipped care due to cost (The Commonwealth Fund, 3/11).

COSTS

- **Costs will continue to skyrocket** because the law contains no effective cost-control measures. The cost of employer sponsored health coverage has more than doubled since 2000 and now averages $15,073 for family coverage (Employer Health Benefits Annual Survey, 2011, Kaiser).
- **While insurers may claim that without the mandate they have to raise premiums,** prior to the passage of the ACA, employer-sponsored **premiums more than doubled** between 2000 and 2010. The Lewin Group's estimate that premiums may rise 12.6 percent would be lower than the increase many employers already face annually.
- This year **U.S. health spending will top $2.8 trillion, $8,936 per capita, 17.6 percent of GDP**, "crowding out" spending by government, business, and families on other needed goods and services.
- **30 million Americans were contacted by collection agents for unpaid medical bills** in 2010, up from 22 million in 2005, according to The Commonwealth Fund.
- **PPACA will not reduce medical bankruptcy**. In Massachusetts, the model for the federal reform law, most of the new coverage is bare-bones high-deductible health plans (HDHP), which fails to protect families from financial ruin in the event of illness. According to research led by PNHP members**, the rate of medical bankruptcy in MA has not declined** since the reform was implemented (Himmelstein, Thorne and Woolhandler, AJIM, 3/11). Nationally, 78 percent of those bankrupted by illness or injury are insured at the start of their illness, including 60.3 percent who have private coverage.
- **PPACA will not increase efficiency.** Overhead and bureaucracy, which already consume 31 percent of every health care dollar, will continue to rise. Most of the 18,000 new jobs created in Massachusetts as a result of the reform law are devoted to administrative tasks (management, business and financial operations, office support, medical records, health information, etc.).

SAFETY NET AND WOMEN'S HEALTH

- The law will drain **about $40 billion from Medicare payments** to safety-net hospitals, threatening the care of the tens of millions who will remain uninsured.
- **Women's reproductive rights will be further eroded**, thanks to the burdensome segregation of insurance funds for abortion and for all other medical services.
- The much-vaunted insurance regulations -- e.g. community rating -- are riddled with loopholes, thanks to the central role that insurers played in crafting the legislation. Older people can be charged up to three times more than their younger counterparts, **and large companies with a predominantly female workforce can be charged higher gender-based rates at least until 2017**.

GOOD PROVISIONS COULD HAVE BEEN ENACTED ALONE

- The salutary measures are contained in this law, e.g. **additional funding for community health centers and dependent coverage up to age 26**, could have been enacted on a stand-alone basis.
- Similarly, the **expansion of Medicaid** -- a woefully underfunded program that provides substandard care for the poor -- could have been done separately, along with an increase in federal appropriations to upgrade its quality.

NEED FOR EVIDENCE-BASED REFORM: SINGLE-PAYER NATIONAL HEALTH INSURANCE

- This law's design reflects political considerations, not sound health policy. As physicians, we cannot accept this inversion of priorities.
- Instead of eliminating the root of the problem -- the profit-driven, private health insurance industry -- this legislation hands them $557 billion in taxpayer money through 2020. **The total windfall to private insurers from the ACA, including tax subsidies, consumers' share of premiums, and overhead and profits on Medicaid managed care plans, is well over $1 trillion, according to a Bloomberg Government study, or about 9 percent of the insurance industry's total revenue from 2013-2020**

(Bloomberg News, 5/14/12). This money will enhance their financial and political power, and with it their ability to block future reform.

- We seek evidence-based remedies that will truly help our patients, not placebos.
- A genuine remedy is in plain sight. Sooner rather than later, our nation will have to adopt a single-payer national health insurance program, an improved Medicare for all. Only a single-payer plan can assure truly universal, comprehensive and affordable care to all.
- By **replacing the private insurers with a streamlined system of public financing, our nation could save $400 billion annually** in unnecessary, wasteful administrative costs. That's enough to cover all the uninsured and to upgrade everyone else's coverage without having to increase overall U.S. health spending by one penny (NEJM 2003, updated by study authors to 2011),
- Moreover, only a single-payer system offers **effective tools for cost control like bulk purchasing, negotiated fees, global hospital budgeting and capital planning**.
- Polls show nearly two-thirds of the public supports such an approach, and a recent survey shows **59 percent of U.S. physicians** support government action to establish national health insurance. All that is required to achieve it is the political will.
- For additional information about single-payer national health reform, see www.pnhp.org