

THE TRUMP TRANSITION: HEALTH CARE

*what does **REMI** say? sm*

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Trump Transition Series



- December 1: Healthcare
- December 8: Energy
- December 15: Tax
- December 20: Infrastructure
- January 5: Trade

Agenda



- Political context
- Current policy and partial overview of ACA
- Proposed/suspected alternatives
- REMI overview
 - ▣ Modeling methodology
 - ▣ Prior ACA-related work
- Lunch
- How to approach economic impact assessment
- Mock simulation and results

Political Context



“Obamacare has raised the economic uncertainty of every single person residing in this country...On day one of the Trump Administration, we will ask Congress to immediately deliver a full repeal of Obamacare.”

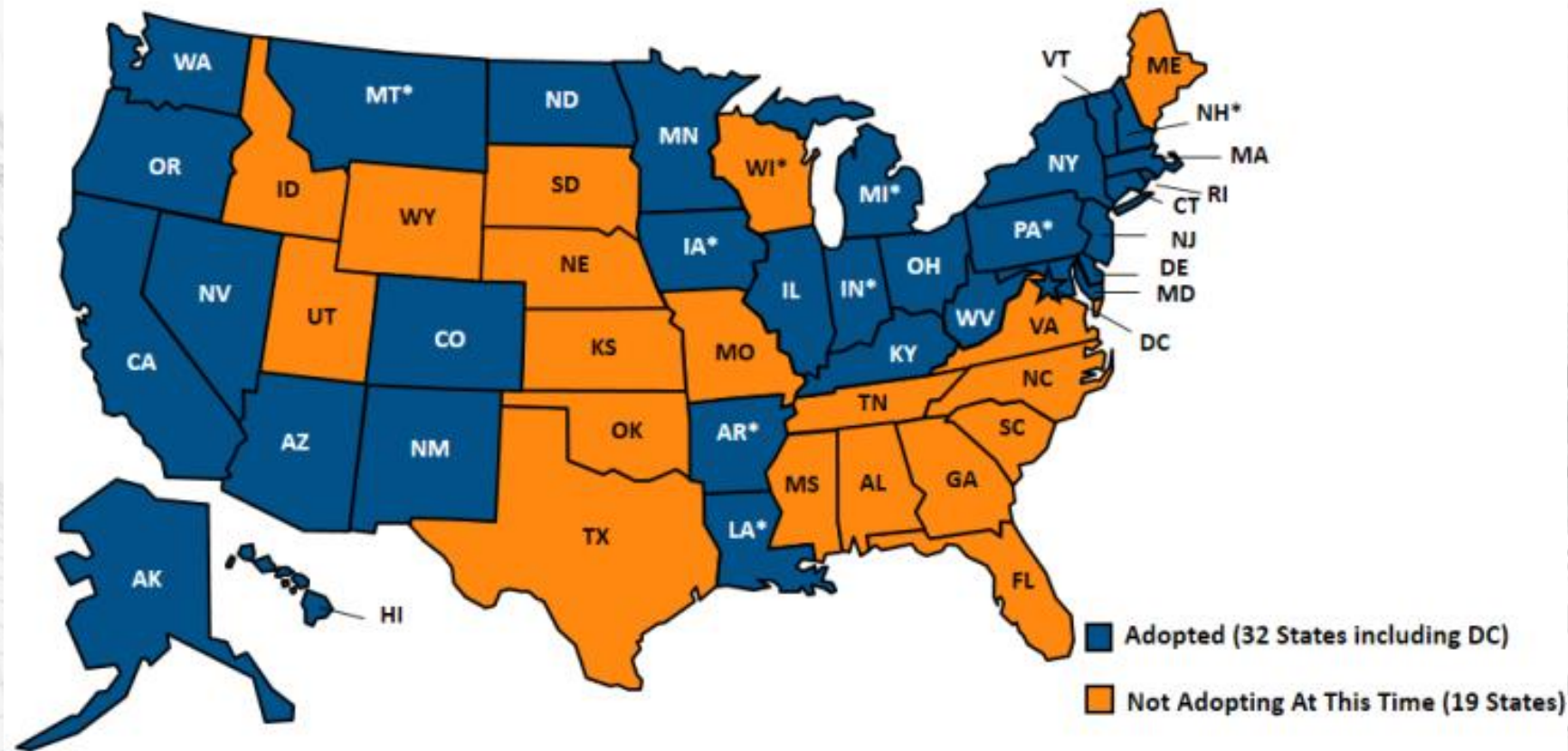
- ❑ **47%** of voters think PPACA went too far
- ❑ **18%** of voters thought PPACA was “just right”
- ❑ Two reconciliation bills are allowed this year due to lack of FY2017 budget
- ❑ **Not all aspects can be repealed through reconciliation**

PPACA Costs and Coverage



- Total net costs of PPACA: \$1.34 trillion over 10 years (\$110 billion in 2016)*
 - Gross costs over 10 years: approx. \$850 billion each for subsidies and Medicaid expansion
 - CBO estimates: \$210 billion in combined mandate penalty payments from 2016-2025
- 31 states + DC have accepted Medicaid expansion dollars in some form
- Roughly **20 million** Americans have insurance now that would not in the absence of PPACA

Medicaid Expansion



Source: The Kaiser Family Foundation, updated 4/14/16

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Key Components of PPACA



- ❑ Federal funding for Medicaid expansion
- ❑ Subsidies for individual insurance
- ❑ Individual + employer mandates
- ❑ “Cadillac tax,” medical device tax, etc.
- ❑ Adjustments to Medicare payments
- ❑ Investment income tax
- ❑ Ability to remain on parents’ insurance plans*
- ❑ Free preventative care for Medicare beneficiaries*
- ❑ Coverage for those with preexisting conditions*
- ❑ Coverage requirements for all plans*

Problems with PPACA – and Repeal



- Exchanges have attracted fewer (and sicker) customers than projected
 - Aetna + United leaving most exchanges
 - 31% of counties covered by exchanges with 1 insurer
 - Only half as many people have signed up for exchanges as was predicted by CBO in 2010
 - Only 7 of 23 co-ops will operate in 2017
- Repealing mandates without repealing preexisting condition coverage contaminates risk pool
- Fears of a healthcare “death spiral”

“A Better Way?”



- ❑ Tax credit to buy portable individual insurance
- ❑ Expand use of HSAs
- ❑ Sell across state lines
- ❑ Allow small business and individuals to pool for purchasing and negotiating power
- ❑ Medical liability reform
- ❑ Cap employer premium tax deductions

Obamacare Donaldcare?



- ❑ **Sell across state lines**
- ❑ Deduct individual plan premiums from taxes
- ❑ **Expand use of HSAs**
- ❑ Mandate price transparency from providers
- ❑ Block grant Medicaid to states
- ❑ Allow pharmaceutical imports

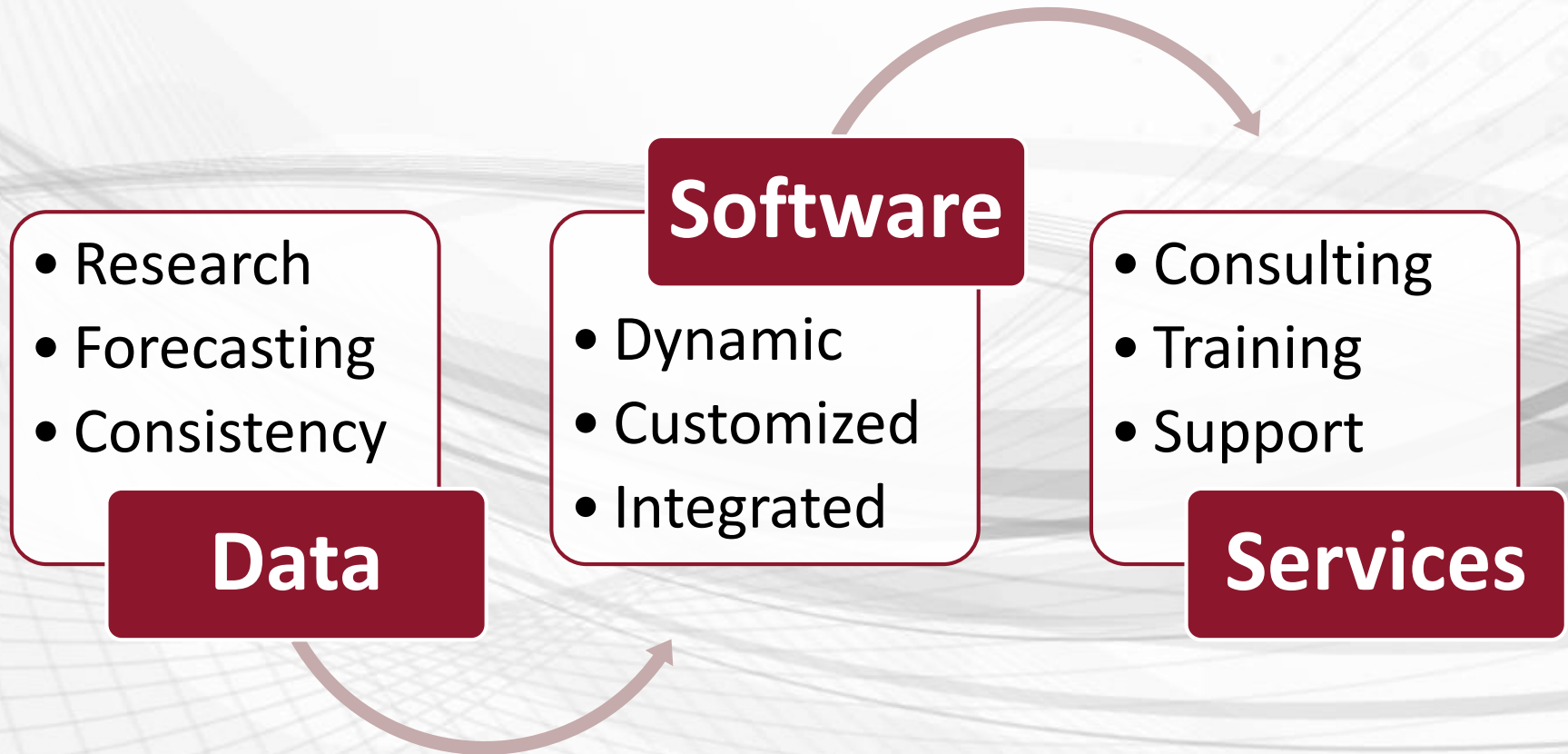
Empowering Patients First?



- ❑ **Medical liability reform**
- ❑ **Allow small business and individuals to pool for purchasing and negotiating power**
- ❑ **Sell across state lines**
- ❑ **Tax credit to buy portable individual insurance**
- ❑ **Create state-level high risk insurance pools**

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About



Regions



- How REMI defines model regions:
 - ▣ A county or...
 - ▣ A collection of counties
 - e.g. an MSA or a state
 - Can cross state borders
 - ▣ Multiple regions
 - No requirement for contiguousness
 - ▣ Customized by needs



Integrated Model



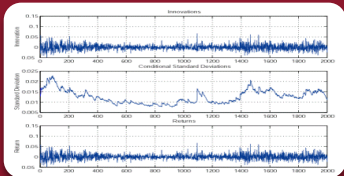
Input-Output (IO) Tabulation

- Industry-to-industry transactions and social accounting matrices
- Supply chains, regional purchase concepts, and multipliers



Computable General Equilibrium (CGE)

- Long-term effects after markets “clear” back to an equilibrium
- Dynamic adjustments to population, fuel mixtures, market shares, etc.



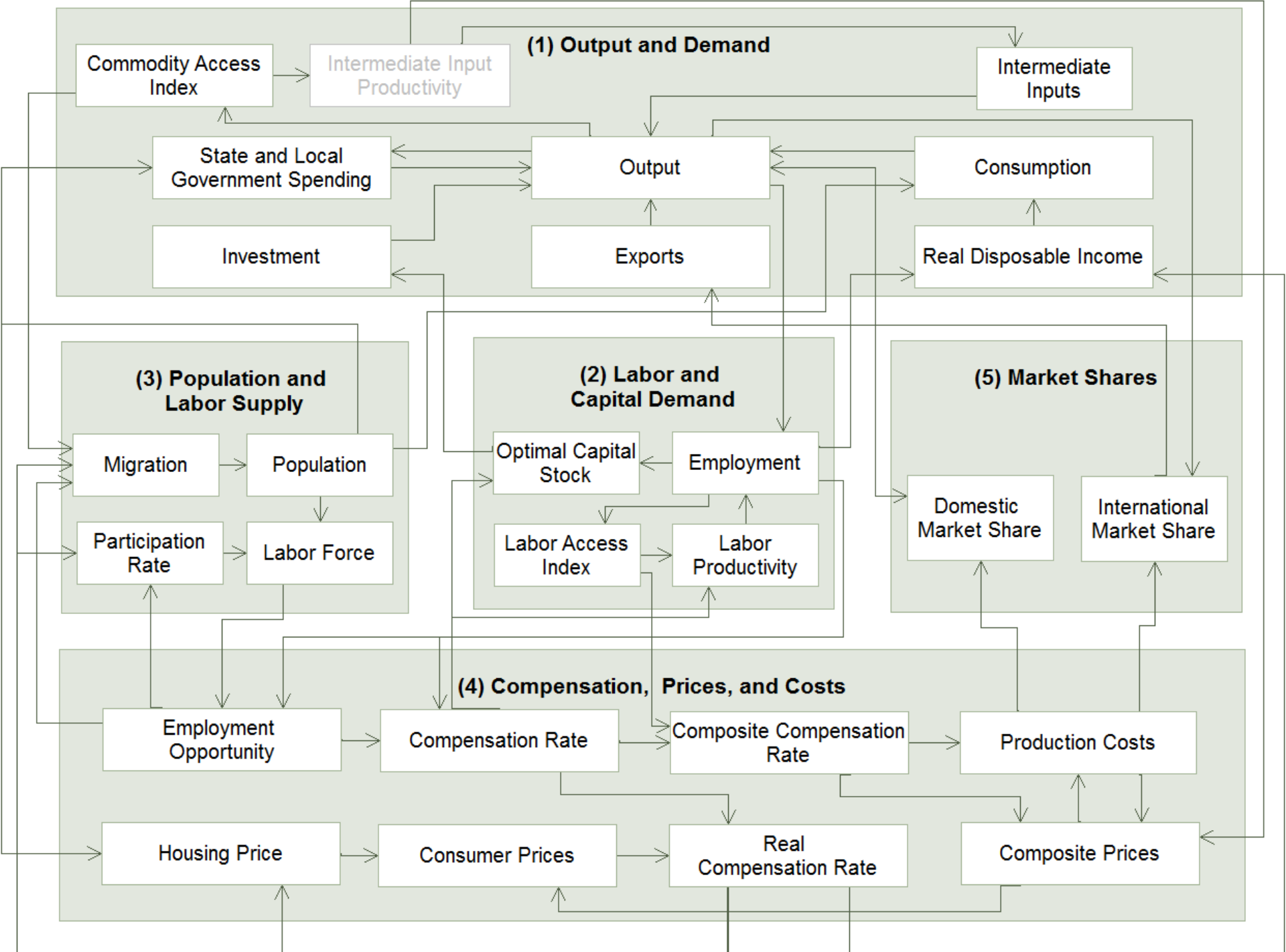
Econometrics

- Estimation of statistical parameters from historical data
- Strength of responses, elasticities, preferences, and “time lags”

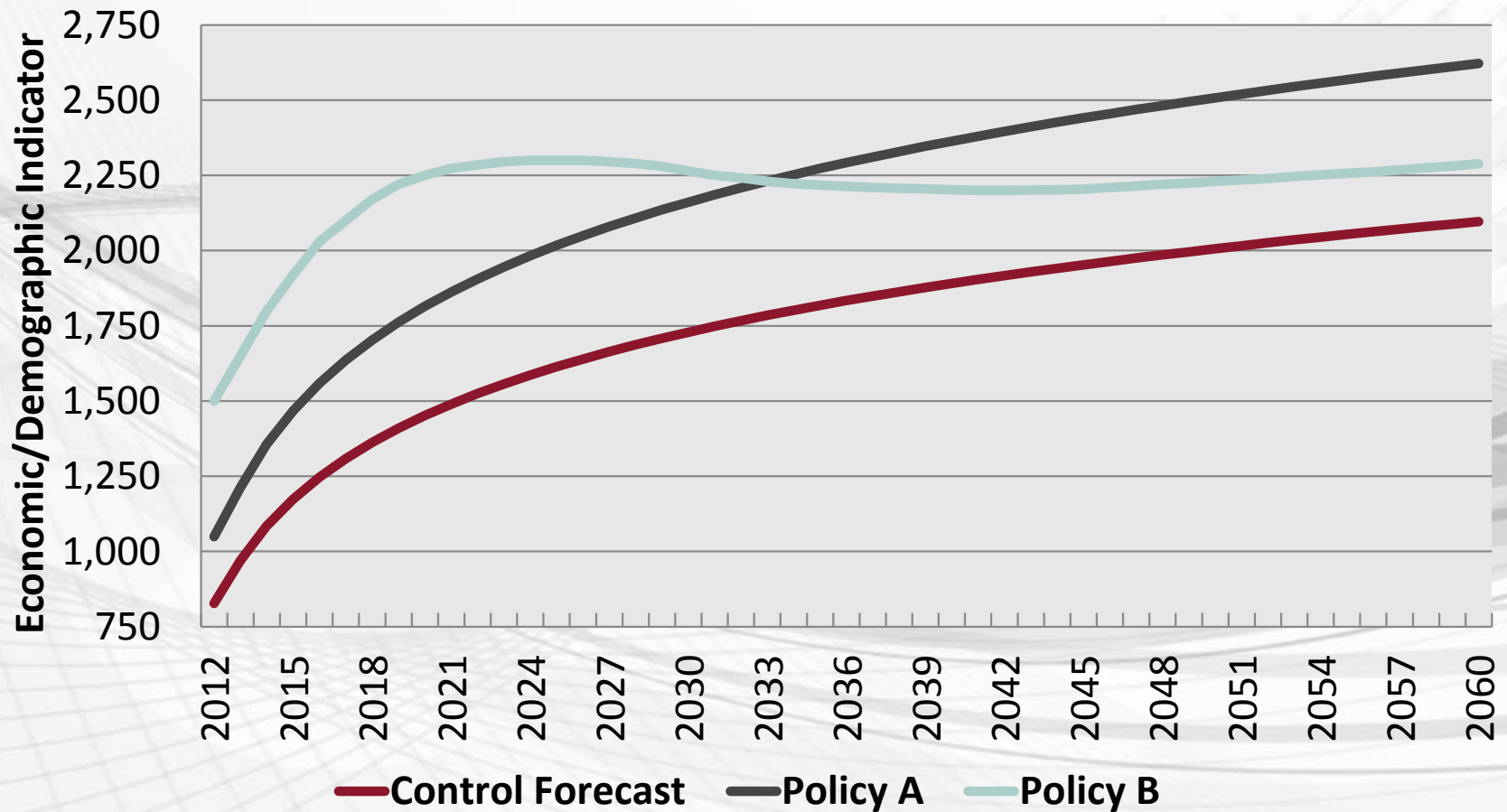


New Economic Geography (NEG)

- Endogenous productivity adjustments from industry/labor clustering
- Full trade flows by industry and interregional competitiveness



Framework



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Client Types



State and Local Governments

- Montana Department of Commerce (DOC)
- Southern California Association of Governments (SCAG)

Economic and demographic forecast for 56 counties
Impact of the \$500 billion long-range transportation plan

Federal Agencies

- Sandia National Laboratory (SNL)
- U.S. Army Corps of Engineers (USACE)

Integration of REMI with energy and financial models
Environmental impact of closing Chicago River freight locks

International

- Alberta Enterprise and Advanced Education
- Korean Energy Economics Institute (KEEI)

Supply chain implications for oil and gas developments
Development and energy policy for the 10 provinces

Consultants

- Booz Allen Hamilton
- Cambridge Systematics

Impacts of new technology on macroeconomic growth
Tolling options for Interstate-95 in North Carolina

Academic Institutions

- Florida State University (FSU)
- University of Michigan

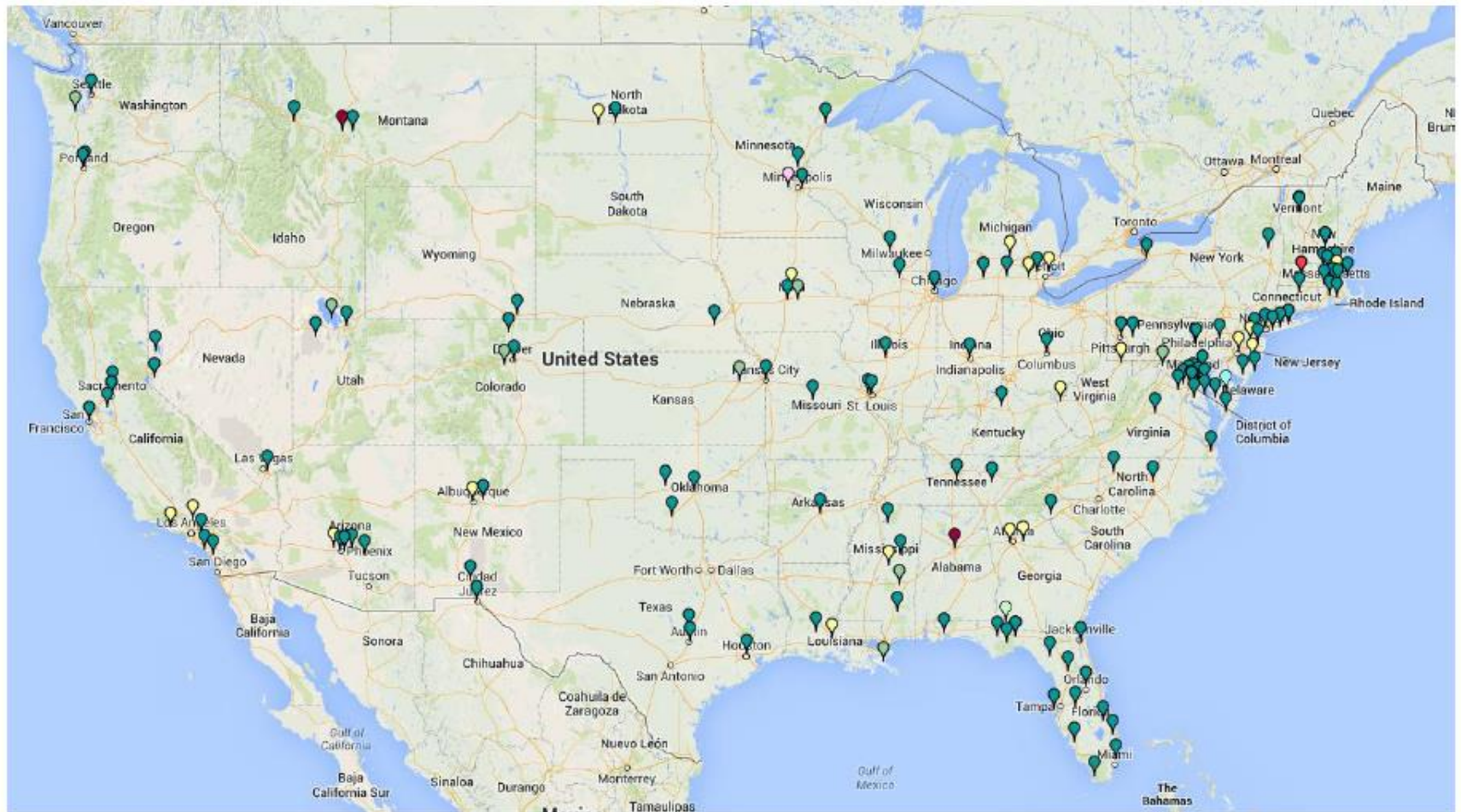
Contribution of university system to Florida's economy
Budget planning and tax credit analysis for Lansing

Non-Profits and Research Groups

- National Federation of Independent Business (NFIB)
- Third Way

Healthcare reform and tax credits for small businesses
State-by-state impact of the "fiscal cliff" and sequestration

Client Base



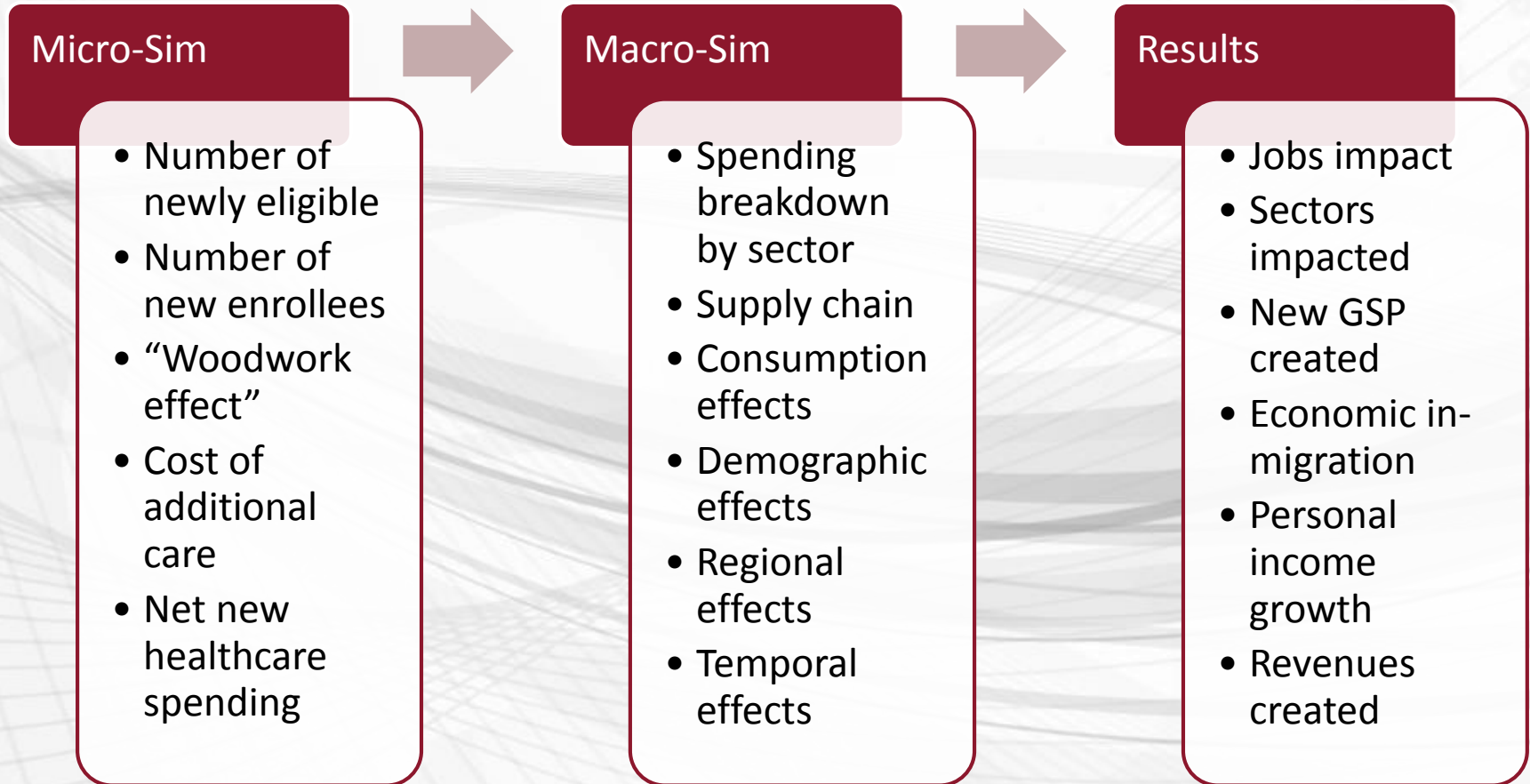
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Select Prior Engagements



- ❑ “Economic and Employment Effects of Expanding Medicaid in Iowa” (REMI & GWU, 2013)
- ❑ “Economic and Employment Effects of Expanding Medicaid in Kansas” (REMI & GWU, 2013)
- ❑ “Economic and Employment Effects of Expanding Medicaid in Maryland” (REMI & GWU, 2013)
- ❑ “Economic and Employment Effects of Expanding Medicaid in Arkansas” (REMI & GWU, 2013)
- ❑ “A Contrast: Modeling the Macroeconomic Impact of ‘Medicaid Expansion’ in North Carolina” (REMI, 2015)
- ❑ “Economic Impacts of the Arkansas Private Option” (REMI, 2016)
- ❑ “Expanding Medicaid in Ohio” (HPIO, OSU, Urban Institute & REMI, 2013)

Analytical Procedure



Sample Micro Results: Iowa, 2014-2020



- **\$376 million** in total new federal funds
 - ▣ **\$150 million** in ambulatory health care services
 - ▣ **\$165 million** in hospitals
 - ▣ **\$11 million** in nursing and residential care facilities
 - ▣ **\$49 million** in pharmaceutical consumption

Sample Macro Results: Iowa, 2014-2020



2,362 new
jobs
created

\$995
million in
new
earnings

\$58 million
in new state
revenues

\$1.09
billion in
state health
savings

Model Demonstration and Simulations