

AFFORDABLE CARE ACT

THE HEALTH CARE LAW CONTAINS COSTS

The health care law has numerous provisions to slow health care cost growth – including requiring new transparency and accountability for insurance companies; key delivery system reforms; fighting waste, fraud, and abuse; better coordinating care; and preventing diseases before they happen – which are now beginning to be implemented.

HEALTH CARE LAW IS SLOWING HEALTH CARE COST GROWTH BY REDUCING WASTE AND FRAUD AND PROMOTING HIGHER QUALITY CARE:

- Nearly \$15 billion in fraudulent Medicare payments has been recovered on behalf of U.S. taxpayers over the last four years – primarily due to new tools to crack down on fraud in Medicare contained in the health care law.
- Hospital readmissions in Medicare have fallen for the first time on record, resulting in 70,000 fewer readmissions in the last half of 2012 alone.
- More than 250 new Accountable Care Organizations, serving 4 million Medicare enrollees, are getting paid according to the quality of the care they deliver, not the quantity.

GROWTH IN OVERALL HEALTH CARE SPENDING & MEDICARE SPENDING HAS DECREASED TO RECORD LOWS:

- Overall U.S. health care spending grew by only 3.9 percent in 2009, 2010, and 2011 (the latest year available) – with 3.9 percent the lowest growth rate for any year during the 52 years of the National Health Expenditure Accounts.
- Medicare per beneficiary spending rose by just 0.4 percent in 2012.
- Medicaid per beneficiary spending actually dropped by 1.9 percent in 2012.
- As a result, according to CBO, Medicare and Medicaid will now spend \$700 billion less over the 10-year period 2011 through 2020 than previously projected.

HEALTH CARE LAW IS CREATING SAVINGS FOR CONSUMERS:

Rebates for Consumers Whose Insurers Fail to Give Them Good Value for Their Dollar

- Last summer, nearly 13 million Americans benefited from \$1.1 billion in rebates provided due to the health care law. Under the health care law, insurers must spend at least 80 percent of premiums on medical care and quality improvement – rather than CEO pay, profits and administrative costs. Each summer, all insurers that fail to meet this standard must pay rebates to their customers. The next rebates will be provided this coming summer.

Rate Review

- The health care law's rate review provisions have already helped save Americans an estimated \$1 billion on their premiums. Rate review ensures that, in every state, insurance companies are required to publicly submit for review and justify any premium increases they are seeking that are over 10 percent. The increases can then be publicly deemed to be “unreasonable.” Since these reforms took effect, the share of double digit premium increases requested by insurance companies has plummeted from 75 percent in 2010 to 14 percent so far in 2013.
- The health care law also provides \$250 million in Health Insurance Rate Review Grants to the states. As a result, many states are using these grants to strengthen their ability to review and prevent excessive premium increases.

SOME PREMIUMS ARE STABLE & GROWTH IN OTHER PREMIUMS AT RECORD LOWS:

- The average projected premium for Medicare Advantage enrollees in 2013 is 10 percent lower than the average premium in 2010.
- The average premium for Medicare Part D (Rx drug program) is expected to be \$30 in 2013, essentially the same as the \$29.67 average premium for 2012.
- Premiums for Medicare Part B have gone up an average of less than 2 percent a year over the last five years.
- The growth of private plan premiums has also slowed. Annual premiums for employer-sponsored family health coverage increased by only 4 percent in 2012 – the smallest increase in all but one of the last 13 years.