

Karen Telleen-Lawton: The New Medical Paradigm Under the Affordable Care Act

By Karen Telleen-Lawton, Noozhawk Columnist | Published on 07.15.2013 1:44 p.m.



Health care is both a heart-stopping and heart-warming topic. There are patients who have to fight for covered reimbursement and uninsureds who free-ride on payers when their health turns south. There are doctors and nurses who provide care no matter their patients' ability to pay, and those who order tests and procedures with hidden financial incentives.

That's now. What will transpire after Jan. 1, 2014, when the [Affordable Care Act](#) kicks in?

The pessimist in me listens to [John Bridgeland](#) and [Peter Orszag](#), former policy and budget wonks under [President George W. Bush](#) and [President Barack Obama](#). In their recent [Atlantic](#) article, "Can Government Play Moneyball?" they estimate that "less than \$1 out of every \$100 of government spending is backed by even the most basic evidence that the money is being spent wisely."

In health care particularly, which accounts for about one-quarter of federal government spending, they write that decisions are based on "good intentions, inertia, hunches, partisan politics and personal relationships." That doesn't sound like a recipe for effective health-care decisions.

On the other hand, there are now six years worth of evidence from Massachusetts's "Romneycare," the model for Obamacare, in place since 2006. June's [Money Magazine](#) laid out the most significant results of this experiment, offering clues to what we all can expect. Among them:

» 1. More of us will be insured. The proportion of uninsured shrank from 8 percent to 3 percent under Romneycare. The U.S. estimate is that 10 percent will go without, vs. 16 percent now. More insureds means fewer free-riders and more people who get preventive treatment instead of costly emergency procedures.

» 2. Most employers won't drop coverage, as was feared. Only 5 percent of Massachusetts private firms are paying the fine rather than covering employees. Premiums have risen one-third less since 2006 than in 2000-06. Small businesses have found coverage more expensive, but in the next year or two employers will be able to provide a budget so employees can pick from policies on a state exchange, which should abate costs in long run.

» 3. Buying insurance independently will likely be cheaper, using online insurance exchanges. Bonus for older buyers: We can't be charged more than three times younger buyers, vs. the current 5-to-1 or 7-to-1 cost differential.

» 4. There will be more "advanced practitioners," such as physician assistants and nurse practitioners, reserving physician involvement for diagnoses and complications. Also, there will be increasing emphasis on providing care for good health vs. expensive tests.

For instance, more than 250 hospitals and physician groups have signed up to join Obamacare's accountable care organization (ACO). Under this agreement, hospitals and insurers share the financial risk of keeping patients healthy. For example, insurers can give doctors a budget for a group of patients. If the medical organization meets certain standards of care and health, and the treatment costs less than budget, doctors can earn a share of savings.

» 5. Federal costs will continue to be a concern for the foreseeable future, but the focus will remain on costs savings while improving health care. Starting in 2018, there will be a tax on high-end health plans designed to slow spending by paring costly benefits.

The **Institute of Medicine** estimates that more than half of treatments provided to patients lack clear evidence of being effective. That's now. The good news for all of us is, there is plenty of low-hanging fruit to pick on the medical cost reduction tree.

— *Karen Telleen-Lawton's column is a mélange of observations spanning sustainability from the environment to finance, economics and justice issues. She is a fee-only financial advisor (www.DecisivePath.com) and a freelance writer (www.CanyonVoices.com). [Click here to read previous columns](#). The opinions expressed are her own.*