

Federal administrative improvements to the Affordable Care Act and state options for health care reform

**By Roger Stark, MD, FACS
Adjunct Health Care Policy Analyst**

This publication is an abbreviated version of the Policy Brief “Federal administrative improvements to the Affordable Care Act and state options for health care reform” that will be published by Washington Policy Center in January 2018. You can find the [complete Policy Brief here](#).

Policy recommendations

Patients are the most important part of the health care system and they should be in charge of their own health care. There is nothing inherently different about health care as a service than any other economic activity. Health care providers should be paid for their work, and to the extent possible prices for health services should be set, not by government, but by economic efficiency and the natural movement of supply and demand in the market.

There are practical steps that states could take that would put patients in charge of their health coverage without complete repeal of the ACA:

Specific measures states can do

In addition to administrative changes the Secretary of Health and Human Services can make to the ACA, which are outlined in the complete Policy Brief, states can enact their own health care reform, regardless of federal actions. Here is a list of policy options available to state policymakers under current federal law:

1. Aggressively pursue 1332 and 1115A waivers

Under these two sections, states can request, and the current Administration can approve, significant changes in the implementation of the ACA without action by Congress.

2. Pass state legislation to limit state taxpayers’ contribution to the Medicaid expansion

The ACA enticed states to expand Medicaid by offering federal taxpayer funds to cover 100 percent of the expansion costs for three years. By 2020, the states are required to pay 10 percent of the costs. The federal government now has a \$20 trillion debt and there is a high likelihood that states will be required to pay more than 10 percent of the Medicaid expansion cost in the future. State legislatures can pass laws that limit the amount of state taxpayer responsibility to 10 percent or to a fixed amount of expansion costs.

3. Enact tort reform to reduce wasteful medical expenses

Legal fees and, more importantly, defensive medicine costs add tremendously to overall health care spending without increasing patient choices or quality of care.

4. Decrease state benefit and provider mandates in health insurance plans

The ACA requires 10 essential health benefit mandates in every health insurance plan. In many cases, these are in addition to mandates imposed by individual states. Each mandate adds to the cost of health insurance and, while pleasing politically-connected special interest groups, often reduces choices for patients. Legislatures should repeal most of their states' added health insurance mandates

5. Expand and promote the use of association health plans

Association health plans allow small groups and individuals to join together to purchase health insurance in the same way large groups do. Large group plans are regulated by the federal ERISA law and therefore avoid many of the worst features of the ACA.

6. Promote telemedicine

Telemedicine and similar online services can reduce cost and increase patient access to health care, especially for people living in rural areas.

7. Eliminate or decrease waste, fraud, and abuse in the Medicaid program

A high percent of Medicaid costs do not increase care or access for enrollees. The massive bureaucratic nature of the program makes it a target for cheating and financial crime.

8. Encourage home health care in the Medicaid program

Costs are less and patient satisfaction is higher with home health care. It reduces government involvement in care and respects the natural family relationships of patients.

9. Cap or freeze Medicaid enrollment

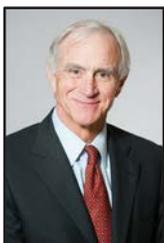
Medicaid, as originally intended by Congress, should be targeted to help the most vulnerable patients, while encouraging patients with the means to gain access to affordable private health insurance coverage.

10. Review scope of practice and licensing laws

Most states will face a provider shortage in the near future. States should aggressively relax barriers to medical practice which will increase access to health care for patients.

11. Encourage direct primary care

For a fixed amount of money per month, patients can access primary care around the clock. Direct primary care can increase access to doctors for all socio-economic groups. Legislatures should protect direct primary care from state regulatory insurance laws.



Dr. Roger Stark is the health care policy analyst at Washington Policy Center, an adjunct at the Rio Grande Foundation and a retired physician. He is the author of two books including *The Patient-Centered Solution: Our Health Care Crisis, How It Happened, and How We Can Fix It*. He has also authored numerous in-depth studies on health care policy for WPC, including *Health care reform: lowering costs by putting patients in charge*.