What Experts Are Saying


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Joel Shalowitz


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To get an idea of how the AHCA, if passed, will affect individuals, the health care market as a whole, and the country's budget, we spoke with four experts on health care policy. Those were Martin Gaynor, PhD, a professor of economics and health policy at Carnegie Mellon University; Joel Shalowitz, MD, MBA, a professor of preventive medicine and executive education at Northwestern University; Mark. V. Pauly, PhD, a professor of health care management and business economics and public policy at the University of Pennsylvania; and Sean Nicholson, PhD, the director of the Sloan Program in health administration at Cornell University.

We spoke to them just days after the release of the Republican plan, while it was still being studied, and before the Congressional Budget Office could release its analysis of the bill. Each of these experts, like others, had specific areas that most bothered or interested them about this bill. Here are their analyses, and the analyses of other experts, of where aspects of this bill may take us.

WHAT WILL IT DO TO MEDICAID?

It seems likely that the AHCA will drastically reduce the number of people getting Medicaid, and may cause states to sharply reduce benefits for those who remain on the program.

The idea of block grants based on the number of users in each state could, theoretically, be a better way of administering Medicaid, according to a number of the experts we spoke with. "Capitation is not a bad idea," Dr. Shalowitz said.

Prof. Nicholson explained: "Of all the determinants of health, medical care is relatively unimportant. Important factors are where you live, your genetics, your behavior; health care contributes just ten percent to your health. If you embrace that perspective, you should love block grants," he said, because block grants give states the ability to tailor health care around the specific health factors that exist in their local area.

But the Republican plan doesn't just give money in block grants. It gives a lot less money than states would be getting under the present plan. Some of that may be saved by the efficiency that states can bring by doing things their own way. "But," Prof. Nicholson said, "if you significantly reduce the funding enough, no decentralized guru can overcome that."

The Center on Budget and Policy Priorities has claimed that an estimated $370 billion in Medicaid costs would be shifted to the states over the next ten years.

If so, states would face a choice to do at least one of four things, according to Dr. Shalowitz, if not more than one: raise taxes, reduce eligibility, cut benefits, or change how they pay providers. That last option, which would involve paying doctors and hospitals less and paying even later than Medicaid does now, would likely drive doctors out of Medicaid and would bankrupt hospitals, which are required to accept it.

Prof. Gaynor noted that the Medicaid changes could have an indirect effect on state education systems; he said that traditionally, states that have hard times paying for Medicaid have made cuts to education, affecting even people who don't have Medicaid or even people who aren't in the public school system, but who receive services or school vouchers from the state.

Prof. Nicholson said that in his opinion the Medicaid rules are the most important part of this bill, because while the changes to the Obamacare marketplaces affect the 11 million people who are getting their insurance from them and perhaps keep five to six million of them from getting insurance anymore, changes to Medicaid would impact the 72 million people getting it right now.