

# 2024 Election Seminar: Healthcare Policy

ECNS 394

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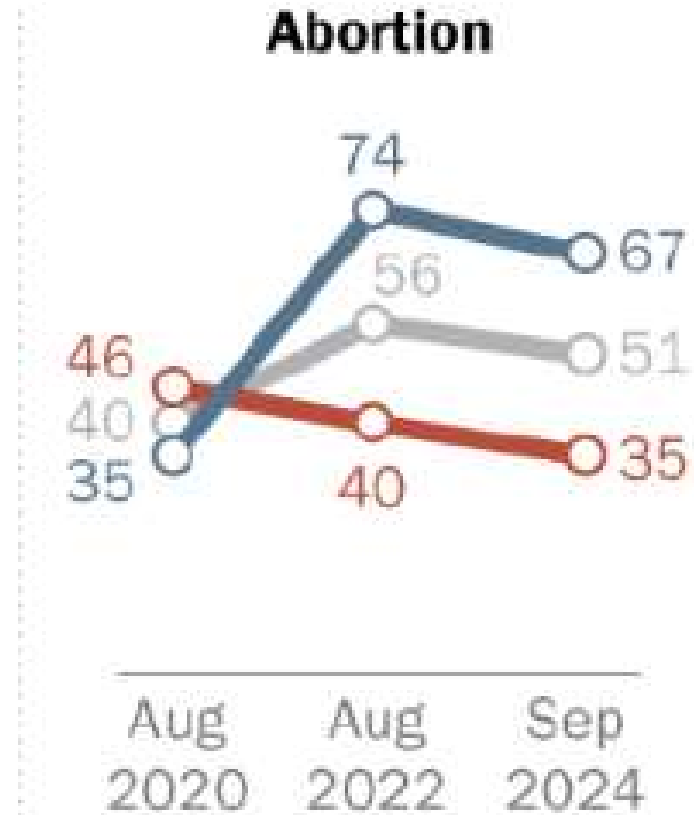
# Wide-ranging issues of importance to voters

- Rising cost of healthcare
  - Prescription drug prices
  - Health insurance
- Future of Medicare (Covers ages 65+)
- Future of the Affordable Care Act (“Obamacare”)
- Market Concentration
- Healthcare Access in Rural Areas

# Reproductive health care

has surged in its importance, particularly to Democratic voters, younger voters, and women.

- Access to abortion
- Access to contraception



*% of registered voters who say each issue is **very important** to their vote in that year's election*

— All voters — Rep candidate supporters — Dem candidate supporters

# Outline for this talk

- 1. Reproductive health**
2. Prescription drug pricing
3. Proposed changes to Medicare
4. Changes to Affordable Care Act (Obamacare)
5. Other topics, if time permits.

# Reproductive Health

Donald Trump:

- Appointed 3 Supreme Court justices instrumental to overturning *Roe v. Wade* (1973) in 2022.
- 14 states have banned abortion since then, with 6 others tightening gestational restrictions: 6-15 weeks.

Kamala Harris:

- Aims to restore, via law, the protections of *Roe v. Wade*: A person has a right to choose abortion until a fetus is viable (nowadays considered ~22 wks).



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# Unintended Effects of Abortion Bans

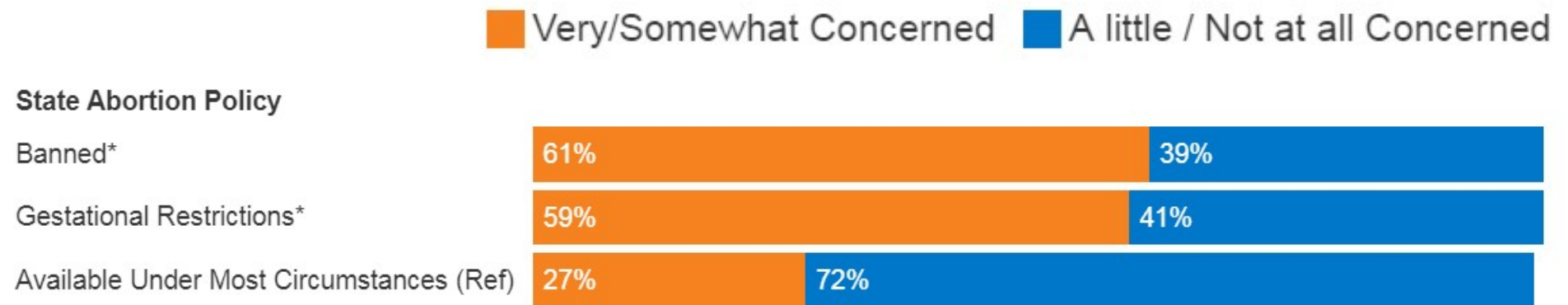
- Abortion bans can limit care for women having a **miscarriage** or **stillbirth**. The medical interventions used to manage these are the **same medicines and procedures used in abortions**.
- Even when ban has exceptions for rape and incest, mother at risk of death, this care becomes almost impossible to obtain.



Figure 7

## Over Half of OBGYNs Practicing in States Where Abortion is Banned Report Being Concerned About Their Legal Risk When Making Decisions About Patient Care & Necessity for Abortion

*How concerned, if at all, are you about your own legal risk when making decisions about patient care and necessity of abortion*



# The Turn-Away Study

- Longitudinal study following 956 women who were seeking abortions in 2008-2010.
  - 21 states with gestational restrictions ranging 10-26 weeks.
  - “Turnaway” group: Women with gestational ages up to 3 weeks above the facility’s limit.
  - Comparison group: Women who sought and received abortions at gestational age <2 weeks from limit.
  - Average of 23; 47% no children yet; 85% single.





# Economic Outcomes

Foster et al. (2018) found:

1. Higher rate of public assistance (TANF, SNAP, WIC) 6 months later, and SNAP 5 years later.
2. Higher rates of poverty up to 5 years later.
3. Less likely to be working full-time for first 4 years following birth.
4. Five years later, more likely to be raising a child alone than with a male partner or family.



# Economic Outcomes

Miller, Wherry, and Foster (2019) linked respondents to credit reporting bureau data:

1. Debts increased by over 75 percent.
2. Bankruptcies and tax liens increased more than 80 percent.
3. Differences persisted for several years.



# Health Outcomes

Gerdts et al. (2016); Ralph et al. (2019)

1. 6% of women denied an abortion experienced **potentially life-threatening conditions** during childbirth, including post-partum hemorrhage, fractured pelvis, eclampsia/seizure, infection, abnormal bleeding. (versus 1% in comparison group.)
2. Two maternal deaths.
3. Five years later, 27% (95% CI, 21% to 34%) of women who gave birth reported fair or poor health compared with 20% in comparison group.



# Candidate Positions

## Harris-Walz

- Strong support for restoring *Roe* protections via legislation.
  - Walz: Minnesota's Protect Reproductive Freedom Act
- Support for "Right to Contraception Act"
- Biden-Harris new ACA rule for insurers to cover over-the-counter birth control at no cost to patients.



# Candidate Positions

## Trump-Vance

- Mixed on supporting national ban on abortion.
  - Vance supports, Trump says he would veto.
- Mixed on access to in-vitro fertilization (IVF)
  - Vance voted against bill to protect access to it.  
Trump says he supports.

# Trump-Vance on Contraception

- Trump's Administration issued multiple regulations limiting availability and funding for contraception.
- Trump initially expressed that states could [restrict access to contraceptives](#), but later [said](#) that he would not support this.
- Majority of Republican members of Congress (including Senator Vance) either opposed or abstained from voting on [the Right to Contraception Act](#).

# Moving on...

- Prescription drug prices
- Medicare
- Affordable Care Act

# Prescription Drug Prices

- U.S. has higher drug prices than anywhere else in the world.
  - Strong patents, to encourage innovation.
  - Drug manufacturers can set prices freely—unlike elsewhere.
  - Problems: Barriers to entry, anti-competitive practices.
  - Until recently, Medicare (which accounts for 32% of national prescription drug spending) not allowed to negotiate drug prices or establish a preferred drug list.





## Example: Insulin

- **The price of a 30-day supply of insulin increased from \$271 in 2012 to \$499 in 2021.**
- Out-of-pocket cost is now capped at \$35 for Medicare patients.
  - 2020: Trump established voluntary model, less than half of Medicare Part D plans participated.
  - 2022: Biden made it a requirement (part of Inflation Reduction Act).

Biden policy:

## Medicare Price Negotiation

Chose the ten highest expenditure drugs, eventually will be twenty drugs.

Estimated savings of \$6 billion based on last year's use.

## NEW PRICES



### NEW PRICES AFTER NEGOTIATION OF THE FIRST TEN DRUGS SELECTED FOR MEDICARE PRICE NEGOTIATION

Under the Biden-Harris Administration

DRUG	LIST PRICE	NEGOTIATED PRICE
<b>ELIQUIS</b> <i>For Blood Clots</i>	\$521	\$231
<b>JARDIANCE</b> <i>For Diabetes, Heart Failure, Chronic Kidney Disease</i>	\$573	\$197
<b>XARELTO</b> <i>For Blood Clots and Coronary Artery Disease</i>	\$517	\$197
<b>JANUVIA</b> <i>For Diabetes</i>	\$527	\$113
<b>FARXIGA</b> <i>For Diabetes, Heart Failure, Kidney Disease</i>	\$556	\$178.50
<b>ENTRESTO</b> <i>For Heart Failure</i>	\$628	\$295
<b>ENBREL</b> <i>For Arthritis, Psoriasis, Psoriathic Arthritis</i>	\$7,106	\$2,355
<b>IMBRUVICA</b> <i>For Blood Cancers</i>	\$14,934	\$9,319
<b>STELARA</b> <i>For Psoriasis, Psoriathic Arthritis, Crohn's Disease, Ulcerative Colitis</i>	\$13,836	\$4,695
<b>FIASP</b> <b>FIASP FLEXTOUCH, FIASP PENFILL, NOVOLOG, NOVOLOG FLEXPEN, NOVOLOG PENFILL</b> <i>For Diabetes</i>	\$495	\$119

# Empirical evidence

- High out-of-pocket costs for drugs lead Medicare patients to stop taking them, often indiscriminately.
- Chandra, Flack, and Obermeyer (QJE 2024) finds that higher rates of cost-sharing increased mortality for Medicare beneficiaries.

# Medicare

## Kamala Harris

- Proposes to use savings from prescription drug negotiation to expand Medicare to cover:
  - In-home long-term care
  - Vision, hearing aids.
- Would be largest expansion of Medicare since 2005 addition of prescription drug coverage.

# Medicare

- Trump has expressed support for cutting entitlements (like Medicare, Social Security) rather than expanding them.
  - All his proposed budgets during his term as President included major cuts to Medicare and Medicaid.

# A Brief History of ACA

“Affordable Care Act” also known as Obamacare

- Law in 2010, fully in effect in 2014.
- Largest health care reform since start of Medicare and Medicaid in 1965.
- Major Goal: To reduce the uninsured rate.
  - Pre-ACA: 15-16% in U.S., 19% in Montana.
  - End of Obama’s 2<sup>nd</sup> term: 9%



# Elements of ACA

- A new, regulated system of “Marketplace” plans as alternative to employer-sponsored coverage.
- Expansion of Medicaid up to 133% FPL
  - Up to states whether to accept this or not.
  - Montana implemented the expansion, but only temporarily...ends in June 2025 if not extended.
- Requirement for insurers to cover dependents up to age 26.

# ACA Marketplace

- Originally, a 3-part approach to making the individual market work:
  1. Insurers cannot exclude anyone or price-discriminate on pre-existing conditions.
  2. An individual mandate—everyone “required” to hold some health insurance coverage (or pay a penalty when filing taxes).
  3. Income-based subsidies to ensure that no one is forced to pay too much for this coverage.

E.g. If family earns below 400% of FPL, won't pay more than ~9% of annual income.



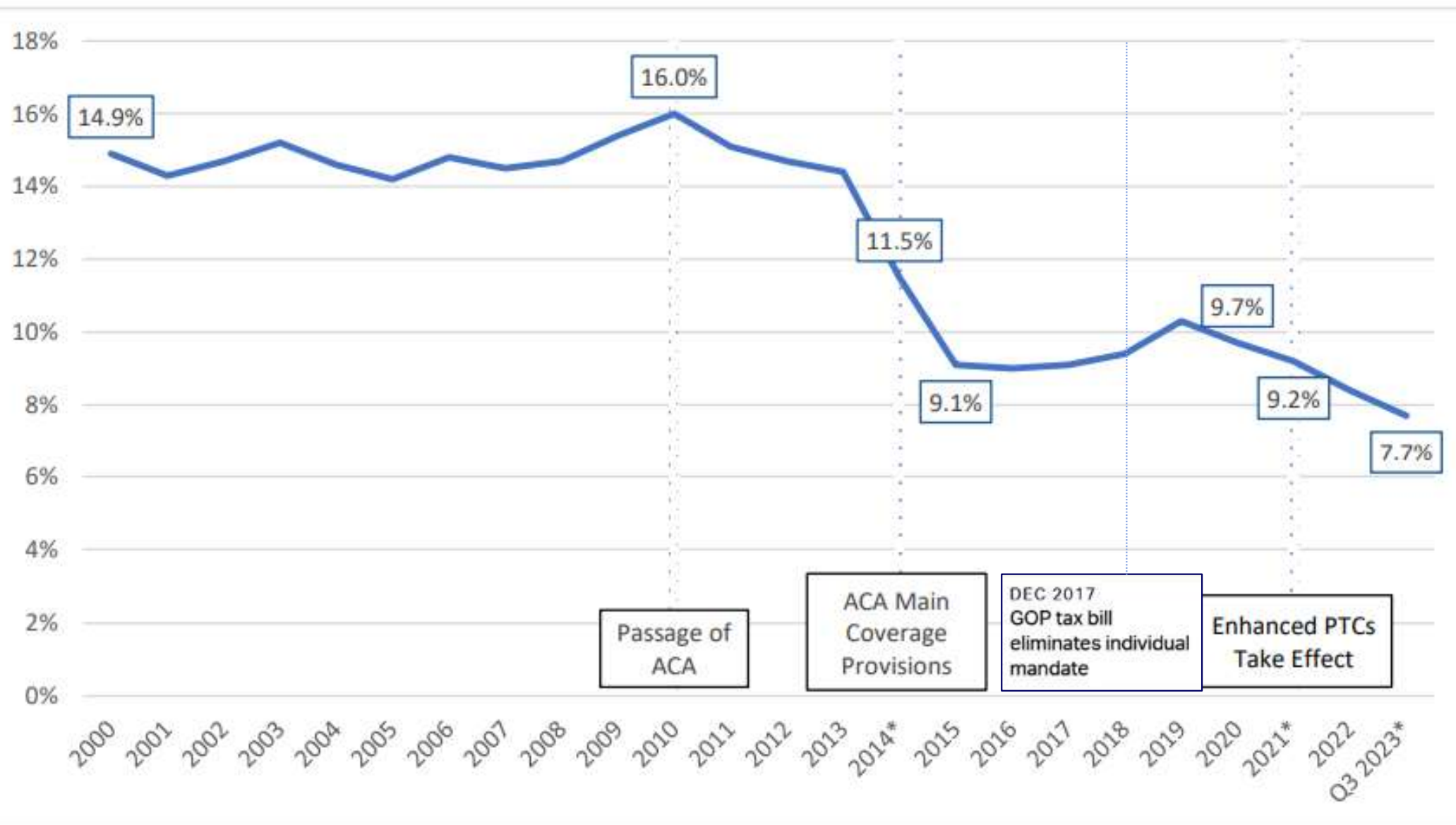


# Changes since Implementation

- Trump administration tried but failed to repeal.
- Removed the individual mandate to buy coverage.
- Biden administration increased the subsidies for buying coverage.
  - For people below 150% FPL, tax credits fully cover premiums.
  - Even if a family is above 400% FPL, still don't pay more than 8.5% of income for health insurance coverage premiums.



Figure 1. National Uninsured Rate, All Ages (2000 – Q3 2023)



Source: National Health Interview Survey's Health Insurance Coverage Reports, 2000-2022.

<https://www.cdc.gov/nchs/nhis/healthinsurancecoverage.htm>; Health Insurance Coverage: Early Release of Quarterly Estimates From the National Health Interview Survey, July 2022–September 2023.

[https://www.cdc.gov/nchs/data/nhis/earlyrelease/Quarterly\\_Estimates\\_2023\\_Q13.pdf](https://www.cdc.gov/nchs/data/nhis/earlyrelease/Quarterly_Estimates_2023_Q13.pdf)

Note: \*The ACA's individual and employer responsibility provisions, state insurance Exchanges, Medicaid expansions, and subsidies went into effect in 2014. The ARPA's premium tax credit provisions were effective for PY2021 and PY2022, and the IRA extended these

# Candidate Positions

- Harris – Walz want to keep these subsidies in place.
  - “The idea of making sure the risk pool is broad enough to cover everyone, that’s the only way insurance works,” Mr. Walz said. “When it doesn’t, it collapses.” He added that “when we incentivize people to be in the market, when we help people who might not be able to afford it get there, and we make sure then when you get sick and old, it’s there for you.”

# Candidate Positions

- Trump campaign has not released a plan for how to reform ACA.
- Key challenge: The protections against being denied coverage for a pre-existing condition are very popular.

# Trump Accomplishments in 1<sup>st</sup> Term

- Rules requiring hospital price transparency.
- Rules on some prescription drugs
- Law passed protecting patients from “Surprise Bills” from out-of-network hospitals.

Thank you

Time for Questions?

# ACA: Subsidies

- Subsidies are designed so that specific type of plan offered in exchange (second lowest cost “silver” plan) has following actual premium payments for consumers based on income:

< 133% FPL pays 2% of income

133%-150% FPL pays 3-4% of income

150%-200% FPL pays 4-6.3% of income

200%-250% FPL pays 6.3-8.05% of income

250%-300% FPL pays 8.05-9.5% of income

300%-400% FPL pays 9.5% of income



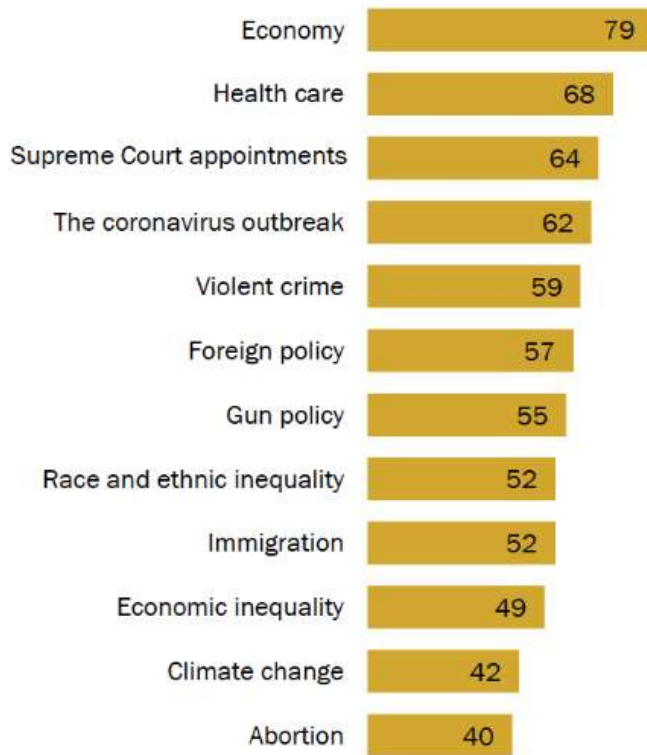
# Sources

- <https://www.pbs.org/newshour/politics/watch-walz-rolls-out-harris-plan-to-improve-lives-of-rural-americans>



# 2020

% of registered voters saying each is 'very important' to their vote in the 2020 presidential election

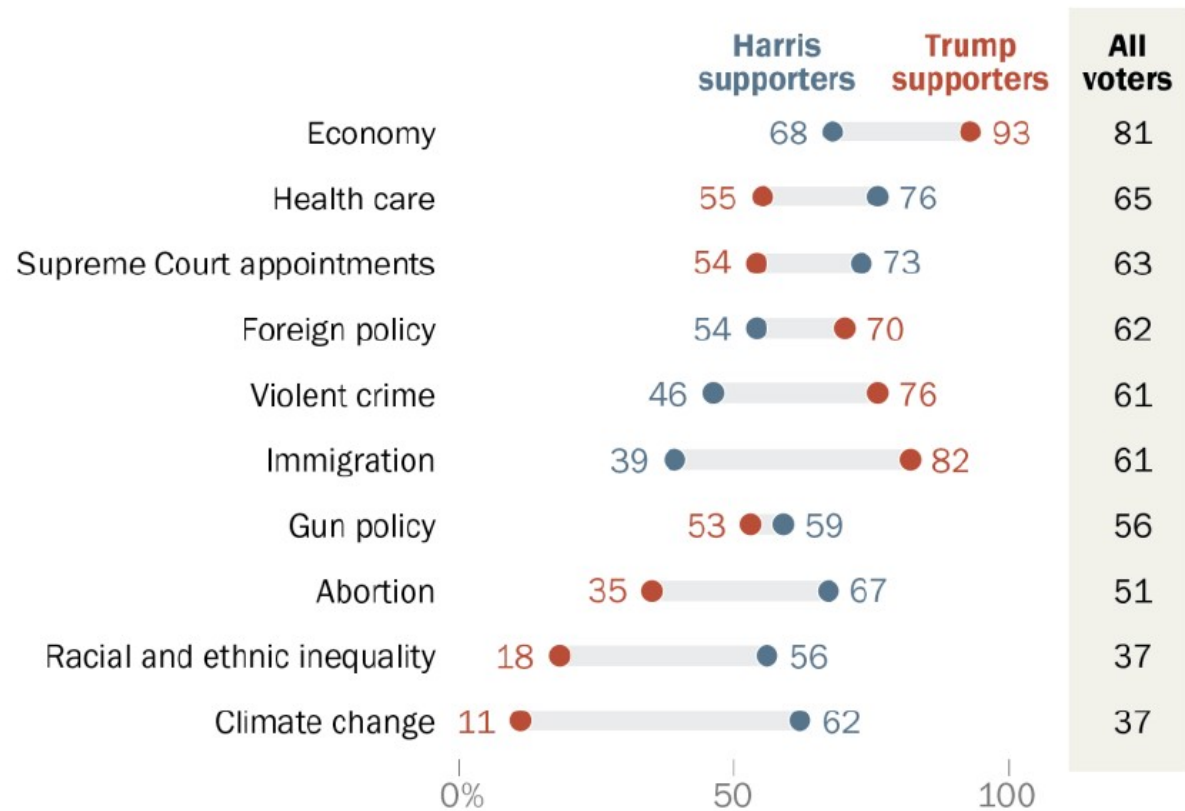


Note: Based on registered voters.  
Source: Survey of U.S. adults conducted July 27-Aug. 2, 2020.



# 2024 Voter Priorities

% of registered voters who say each is **very important** to their vote in the 2024 presidential election



Note: Based on registered voters.  
Source: Survey of U.S. adults conducted Aug. 26-Sept. 2, 2024.

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# Rural health care

The Harris-Walz plan includes a focus on improving rural health care, such as plans to recruit 10,000 new health care professionals in rural and tribal areas through scholarships, loan forgiveness and new grant programs, as well as economic and agricultural policy priorities. The plan was detailed to The Associated Press by a senior campaign official on the condition of anonymity ahead of its official release.



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# Popularity of ACA

The Affordable Care Act continues to be more popular than it was prior to Republican attempts to repeal it in 2017, with six in ten (59%) expressing a favorable view, though partisans are divided on what they want to see done with the law. About three in four Democrats want the next Presidential Administration and Congress to expand what the law does (77%), while about two-thirds of Republicans either want the law to be scaled back (23%) or repealed entirely (39%). A majority of independents want the law to be expanded (48%) or kept as is (18%).

# Key economics concept

# Adverse Selection

- Hidden information
  - Individuals know more about their health risks, or likely need for health care, than an insurer.
  - Insurer observes *average* healthcare spending in a population and sets policy prices based on that.
  - Who is more likely to buy that policy?
- People who choose to buy are *adversely selected*, with higher costs than average.



## Key economics concept

# Adverse Selection

- Can cause markets to unravel.
- But not a problem when coverage is near-complete within a large population.
  - E.g. employer-sponsored healthcare.
- Explains why insurers care so much about pre-existing conditions.
  - Insurers could choose who qualifies for a policy, exclude others who may be more costly.



# Affordable Care Act

Reduced the uninsurance rate by around 40%

- Statewide exchanges (regulated insurance markets we just discussed) helped, although take-up not as high as predicted.
- Medicaid expansion up to 133% of FPL (if state accepted).
- Dependent coverage up to age 26 on parent's plan.



# Republican opposition

- Concerns about stability of exchanges and possible effects on premium growth in existing plans, philosophical opposition to individual mandate,.
- GOP-led House voted 54 times to repeal ACA.
- Big, but ultimately unsuccessful push to repeal it after Trump took office.
  - Challenge: What to replace it with?
  - Obstacle: Protections for pre-existing conditions extremely popular.

