AM Last Page: The Health Reform Law and Academic Medicine

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President Obama signed into law on March 23, 2010, the Patient Protection and Affordable Care Act¹ and on March 30, 2010, the Health Care and Education Reconciliation Act of 2010,² known collectively as the Affordable Care Act (ACA). Over the next several years, the Department of Health and Human Services (HHS) will need to implement many ACA provisions through regulations, while other provisions will require annual funding from Congress before they can take effect. Several of the provisions directly affecting academic medicine are summarized below.

Coverage
- Covers 32 million currently uninsured individuals starting in 2014
- 16 million added to Medicaid
- 16 million covered through new state “exchanges”
- 23 million remain uninsured (including unauthorized immigrants)

Select Provisions of the ACA

Medical Research
- Establishes a Patient Centered Outcomes Research Institute with dedicated funding
- Authorizes a Cures Acceleration Network within the National Institutes of Health to facilitate the development of “high-needs cures”

Innovations
- Allows eligible providers to partner as accountable care organizations that bundle payments and share in any Medicare cost-savings that might occur
- Creates a Center for Medicare and Medicaid Innovation that will test new delivery models (e.g., healthcare innovation zones [HIZs]) that improve quality of care while maintaining or reducing costs

Physicians
- Establishes a 5-year, 10% Medicare bonus for primary care physicians and for general surgeons practicing in shortage areas
- Sets Medicaid primary care reimbursement rates at no less than 100% of Medicare rates for 2013 and 2014
- Mandates Physician Quality Reporting Initiative (PQRI) incentive payments through 2014; penalties to follow in 2015
- Establishes a new “value-based” payment modifier to reflect the quality, cost, and volume of care
- Authorizes HHS to award grants to states for the development, implementation, and evaluation of current tort litigation
- Extends federal liability protections to free clinics

Unresolved Issues
Even with enactment of this historic law, Congress must address several key issues through other legislation:
- The law does not increase the cap on Medicare support for residency training
- The law does not address the Sustainable Growth Rate (SGR) physician payment methodology
- Many programs authorized in the law will require funding from Congress via annual spending bills

Hospitals
$155 billion in hospital cuts over 10 years via:
- Reductions in annual updates, payments for certain readmissions, and payments related to certain hospital acquired conditions
- Establishment of Medicare value based purchasing (VBP) program that pays based on performance for select quality benchmarks
- Reductions in Medicare and Medicaid disproportionate share hospital (DSH) payments to reflect reductions in the number of uninsured Americans

Prevention and Wellness
- Establishes dedicated funding stream for public health and prevention programs
- Establishes a council to plan a national public health strategy
- Prohibits cost-sharing for certain preventive services
- Supports employer wellness programs

Workforce
- Redistributes 65% of unused GME residency slots with preference for primary care and general surgery
- Removes certain barriers to counting resident time in clinical non-hospital settings
- Preserves and redistributes Medicare-supported residency slots from hospitals that close
- Establishes dedicated funding for National Health Service Corps
- Reauthorizes Title VII health professions and Title VIII nursing education and training programs
- Establishes an independent National Health Care Workforce Commission

The ACA also includes student loan provisions that were unrelated to health reform but are significant to medical schools:
- Decreases payments under Income-Based Repayment for new borrowers starting July 2014
- Restructures federal Stafford loans, originating all new loans under the Direct Loan Program

AAMC continues to update and develop resources related to the ACA. Find summaries and more at: www.aamc.org/reform

¹ Pub L No. 111-148, 124 Stat 119
² Pub L No. 111-152, 124 Stat 1029.