

Few health reform options would have covered more people at lower cost than new law, study finds

June 8 2010

The recently enacted federal health care reform law provides health insurance coverage to the largest number of Americans while keeping federal costs as low as reasonably possible, according to a new analysis from the RAND Corporation.

The only alternatives that would have covered more Americans at a lower cost to the [federal government](#) were all politically untenable - substantially higher penalties for those who don't comply with mandates, lower government subsidies and less-generous Medicaid expansion, according to research published in the June edition of the [journal Health Affairs](#).

"Of all the proposals on the table that would expand health insurance to more Americans, the final health reform law included those that covered the largest number of people at the lowest cost to the federal government," said Elizabeth A. McGlynn, the study's lead author and a senior researcher at RAND, a nonprofit research organization.

The RAND analysis estimates that 28 million Americans will be newly insured by 2016 under the provisions of the Patient Protection and Affordable Care Act. The law builds on the existing structure of health insurance in the United States, which is a combination of private and public sources of coverage.

The study examined how the expected outcome of [health care reform](#) would have changed if components of the law were structured differently. For example, would more people receive coverage if companies with fewer employees were required to provide health insurance to workers or pay a penalty? And how might the cost to the federal government change if the income level for Medicaid eligibility was raised to a higher level?

Researchers simulated more than 2,000 different policy scenarios using the RAND COMPARE microsimulation model, which was designed by RAND to provide independent analysis about how different reform proposals would impact the American [health care system](#).

The analysis found that only a few policy scenarios would produce better results than expected under the new health reform law and those scenarios represent only small improvements over what will be expected by 2016.

For example, the RAND analysis found that an additional 4 million people would be insured with no additional cost to the federal government if the penalty for individuals who fail to purchase health insurance increased to \$1,200 annually per person (from \$750 in the law).

The analysis also showed that a combination of strategies could cut federal spending by \$20 billion annually without decreasing the number of newly insured. But this would require a combination of measures that would place a higher financial burden on the lowest-income segment of the nation's population.

"These alternative strategies strike us as politically challenging, if not untenable," McGlynn said. "On balance, the new law appears to have landed on a distinctive plain of the policy frontier where the costs and

coverage levels achieved were reasonable enough to secure passage of the law."

Provided by RAND Corporation

Citation: Few health reform options would have covered more people at lower cost than new law, study finds (2010, June 8) retrieved 5 May 2024 from

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