

## Role of Ideology, Opportunism and Pragmatism in Health Care Reform

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### Presenter Disclosure

**Harry Perlstadt**

The following personal financial relationships  
with commercial interests relevant to this presentation  
existed during the past 12 months:

No relationships to disclose

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### Overview

- Political ideology and party affiliation influence perceptions of health care reform.
- Avedis Donabedian's typology of libertarian and egalitarian values relevant to medical care policy and reform.
- Public opinion surveys showing these differences for the Affordable Care Act ['Obama care']
- Max Weber's views on types of rational action and relationship of ideology and politics.
- Australia's rocky road to Universal Health Insurance
- Challenging Affordable Care Act: state legislation, court decisions and stalemates

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### Social Values Relevant to Medical Care

- Personal Responsibility
  - Achievement and reward
  - Medical care as earned or entitlement
- Social Concern
  - Provision of charity
  - Involuntary nature of disease, injury
- Freedom
  - Role of government
  - Health planning, financing, provision of services
- Equality
  - Before the law
  - Access to health care

—Donabedian (1973)

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### Social Values Relevant to Medical Care

	Libertarian	Egalitarian
Medical Care	Part of reward system	Not part of reward system
Charity	Do not fully meet needs	Prevent poverty, illness
Government Role	Collective action is paternalism	Health services are public goods
Access	Limited list of rights	Right to medical care

—Donabedian (1973)

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### Political Lens – Pre-Affordable Care Act

- 2007 Wisconsin survey found support for government intervention to decrease health disparities was greater among Democrats and those not believing in limited government.  
—Rigby and Soss *et al*, 2009
- A 2009 poll found liberals and Democrats in Massachusetts claimed the state's health care reform was a success while conservatives and Republicans considered it a failure  
—Rasmussen Reports, 2009

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**Political Lens – Sept 2011**

	Democrats	Independents	Republicans
Favorable to Health Reform Law	65%	36%	14%
Keep Individual Mandate	44%	25%	12%
*****	*****	*****	*****
Expand the law	48%	30%	12%
Keep law as is	26%	17%	8%
Repeal and replace with Republican alternative	5%	13%	43%
Repeal not replace	11%	24%	32%

—Kaiser Family Foundation Health Tracking Poll Sept, 2011

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**Types of Rational Action and Public Policy**

- Value Oriented Action *Vertrationale*
  - Expressive, i.e., concerned with the realization of symbolic meaning in the activity itself
  - Symbolic politics: No compromises or cost-accounting, no rational weighing of one end against another.
    - Either/or issues: Abortion; Gun Control; School Prayer
- Goal Instrumental Oriented Action *Zweckrational*
  - Pragmatic politics: Consideration of whether undesirable consequences would outweigh the benefits
    - Draw down of troops; Immigration

—Max Weber (1978)

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**Ideology and Politics**

- Parties engage in action oriented toward the acquisition of social power in order to influence community or state decisions
- Parties are *Vertrationale* — value, ideological, issue oriented
  - Liberals:
    - Gender and Racial Equality, Environmental Protection
  - Conservatives:
    - Lower Taxes, Smaller Government, Free Market

—Max Weber (1978)

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**Australia as Future of US Health Politics?**

- Federal system [6 states, 2 major territories; pop 22.7 million]
- Parliament divided between Labor Party on the left and a Coalition on the right of Liberal Party and National Party
- In 1975, Labor Party established a national universal insurance, but the Coalition progressively dismantled it between 1976 and 1981 before Labor reinstated it.
- Since then Labor and the Coalition have alternatively gained power, revising the balance between public and private funding of health insurance as well as agreements between the national and state governments on funding public (state) hospitals

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**Australia's Rocky Road to Universal Health Insurance**

Years	Party in Power	Insurance Plan and Funding
• 1975	Labor	Medibank
• 1976-83	Coalition	Medibank Mark II - IV
• 1984-88	Labor	Medicare Funding Agreement 1
• 1988-96	Labor	Medicare Funding Agreement 2
• 1996-98	Coalition	Medicare Funding Agreement 3
• 1998-03	Coalition	Medicare Funding Agreement 4
• 2003-07	Coalition	Medicare Funding Agreement 5
• 2007-	Labor	Medicare Funding Agreement 6

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**1975 Medibank [Labor]**

- Purpose: to provide the most equitable and efficient means of providing health insurance coverage for all Australians
- Objectives: universal in coverage, equitable in distribution of costs, and administratively simple to manage
- Independent statutory authority
- Funded entirely from general revenue after a tax levy was rejected in the Senate by the Coalition
- Free treatment for public patients in public (state) hospitals
  - Federal govt. pays 50% of net operating public hospital costs
  - Subsidies to private hospitals to reduce their fees
- Implemented state by state July - Oct 1975
- Labor govt. dismissed in Nov and loses election Dec 1975

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**1976-83 Medibank Mark II-IV [Coalition]**

1976:

- 2.5% levy on income [which Coalition opposed year earlier]
  - Can have private health insurance and not pay the levy [opt out]
- Federal govt. pays 50% of *approved* net operating hospital costs
- Health Insurance Commission offers private health insurance
  - Medibank Private, government owned private insurance started, successfully competes and becomes second largest private fund

1978-81:

- Abolished health insurance levy and compulsion to insure
  - 32% income tax rebate if have private insurance
  - Free care to pensioners, others meeting stringent means tests
- Medibank Public ended, return to all voluntary private insurance

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- Medicare 'new' universal access, tax-funded insurance
  - Affordable as part of major structural economic reforms
- Free public hospital services
- Medicare levy from 1.00% to 1.25% of taxable income
- In hospital rebate at 75%, private insurance covers rest
- Private health insurance fund membership fell between 1983 and 1996 as Labor progressively abolished subsidies for private insurance and private hospitals
- Introduced contracts between private health insurance funds and hospitals, and between funds and doctors in order to reduce patients' out-of-pocket payments

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- 1997 Medicare levy surcharge imposed a financial penalty on individuals and families earning above a threshold amount if they chose *not* to purchase private insurance
- 1999 Private health insurance rebate subsidy provided a tax-funded rebate on private health insurance premiums
- 2000 Lifetime Health Cover required funds to set different premium levels for people first taking out private health insurance after age 30
- These policies boosted private health insurance membership rates up to 45%

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- Rudd (2009-10) reached a deal whereby federal govt. would take responsibility for 60% of funding for public hospital system
  - But Western Australia refused to hand over one-third of its goods and services tax receipts to help pay for hospitals, blocking deal
- Gillard (2011) agreed to 50/50 cost share with states
  - Established a single National Health Funding Pool
  - Shared federal/state activity based funding arrangements for public (state) hospitals. The more procedures a hospital does, the more funding it will get
  - New Independent Hospital Pricing Authority will set the national price for public hospital services
  - Medicare Locals to improve access to services and integrate care between primary, hospital and aged care sectors

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- Australia endured four major system changes in the 1970s alone, many of which were poorly understood by most citizens and one of which was supported by only 13% of the population
- By 1979, confusion was so widespread that the editor of a leading conservative newspaper wrote that health policy had become 'a total, unmitigated disaster' – 'a nightmare for the general public'
- Consensus did not develop, and strong opposition from private sector interests resurfaced in the early 1990s
- Fueled by recession, the proportion of persons covered by private insurance had decreased to 36.3% by December 1994

—Gwendolyn Gray (1996)

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- In the early 1990s the Labor government faced enormous pressures to privatize financing health care from both private health care providers and economic rationalists in the departments of treasury and finance who wanted government expenditures reduced
  - Private insurance membership was dropping, funds near collapse, and government asked to help industry survive
- In March 1993 election voters rated health policy as the most important issue. Labor was re-elected
- After the 1993 election, consensus did not emerge among political elites. The Labor minister for health spoke regularly of the need to strengthen the private sector and suggested reinstating tax incentives to promote private insurance

—Gwendolyn Gray (1996)

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### Explanations

- Health insurance policy reform in Australia can be explained by the political agenda and ideological stance of successive governments
  - Labor overcame ideological objections to private insurance in the 1990s when the sector nearly collapsed
  - Coalition overcame ideological objections to Medicare after it lost the 1993 election
- Reforms have failed
  - Favored either public or private insurance, or made them competitors
  - No agreement on how to harmonize private and public insurance
- The challenge is to design a health system that integrates the public and private insurance schemes in a way that is economically sustainable. If it does not, major structural reforms to the health system will be needed again in the near future

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—Ann-marie Boxall (2010)

### Challenging US Affordable Care Act

- State Actions
  - As of Sept, 2011, legislatures in 15 states passed laws and voters in two states approved state constitutional amendments opposing elements of the Affordable Care Act
- Court Decision
  - State of Florida (and 25 other states) v. US-DHHS (N.D. FL)
  - US District Judge ruled that the entire health care overhaul is unconstitutional on grounds that Congress exceeded its authority by requiring nearly all American to carry health insurance
  - On appeal, the 11th Circuit ruled 2-1 that the part of the law requiring the purchase of insurance — the so-called individual mandate — is unconstitutional; but this did not require ‘wholesale invalidation’ of the law, and it upheld the law’s expansion of the Medicaid program

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### The Crystal Ball—US Health Reform

- Obama administration requested US Supreme Court to review the constitutionality of the Affordable Care Act
  - Circuit and appeals courts are split on the issue of constitutionality of the individual mandate
  - Decision could be announced in late June 2012 at beginning of Presidential and Congressional campaign season
  - The Supreme Court would precede not follow the election returns
- Post Election Stalemate
  - Regardless of who wins 2012 election, neither party is likely to command the 60 vote majority in the US Senate to pass any substantive changes to the Affordable Care Act

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Questions? Comments?

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