

*Slide 1*



*Slide 2*

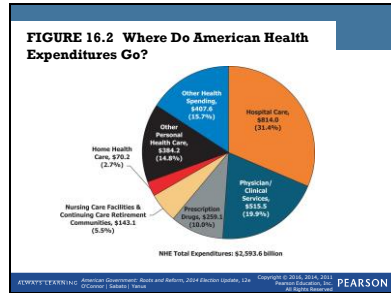


There are five different stages of the policy-making process.

The process begins with agenda setting. Agenda setting involves deciding which issues will be discussed and addressed. Policy formation is a period in which actual, proposed courses of action are suggested and written.

Policy adoption is simple approval of any given policy. Adoption is followed by policy implementation, which is the carrying out of the policies. The last stage is policy evaluation, in which political actors assess how well a given policy seemed to work.

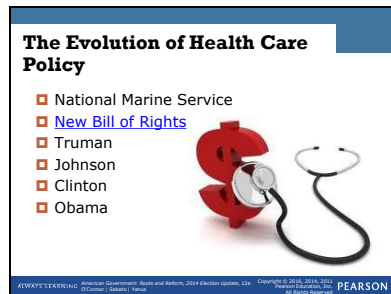
Slide 3



Physicians and hospital care constitute a majority of health care expenditures. However, prescription drug and nursing home costs are rapidly rising.

Source: *Kaiser Family Foundation*, [www.kff.org/insurance/upload/7692\\_02.pdf](http://www.kff.org/insurance/upload/7692_02.pdf).

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The very first time the federal government waded into health care was in 1798, when it created the National Marine Service to help care for sick sailors.

Teddy Roosevelt recommended a national health care system in the Progressive Era of the early 1900s.

Government health care systems became established in Germany, France, Austria, Norway, and the United Kingdom by conservatives who wanted to counter threats of Communism and to stabilize worker incomes.

FDR revised the proposal in a speech titled the “New Bill of Rights.” Serious talk about national health care insurance didn't happen until the New Deal, when it was opposed by the American Medical Association.

President Bill Clinton tried to launch universal health insurance during his first term in the 1990s, but it failed to take hold. The issue stayed off the table for the next 15 years, during which time more and more Americans became uninsured.

President Barack Obama succeeded in getting the Patient Protection and Affordable Care Act passed, and it survived a major court challenge in 2012.

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**Health Policy Today**

**FLU SEASON AHEAD**

- Medicare
- Medicaid
- Health Insurance
- Public Health
- [Crash Course Summary](#)

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Today millions of people receive medical care through various offices and medical centers of the Department of Veterans Affairs and the Indian Health Service. Since the 1960s we have also introduced health care programs for the elderly and the poor, Medicare and Medicaid, and in 2012 Congress approved the Patient Protection and Affordable Care Act. This expanded the federal government's role in providing health insurance. Congress has currently eliminated the Obama Care requirement that required people to buy health care if they could afford it, regardless of whether they wanted it or not.

Remaining Obama Care requirements that still remain include the provision that allows children to remain on their parent's health insurance plans, no one can be denied coverage for pre-existing conditions, and insurers cannot place a life-time limit on policies. These are very popular protections that increase liabilities to insurers, therefore increasing health care costs.

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**Medicare**

- People 65 and older
- Created in 1965
- Has four parts A-D

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Before Medicare was passed in 1965, research showed 56% of those over 65 could not afford medical coverage. As of 2015 Medicare covers over 55 billion people at a cost of \$583 billion.

Medicare is divided into four parts.

**Part A** covers 80% of hospitalization costs. **Part B**, which is optional, covers part of the cost of doctor's visits, x-rays, and other outpatient and diagnostic services.

**Part C**, which is called Medicare Advantage, is administered by private insurance companies. Subscribers pay a premium for insurance intended to fill gaps in coverage in regular Medicare. Finally, there is Medicare **Part D**, which is an optional drug benefit that went into effect in 2006.

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**Medicaid**

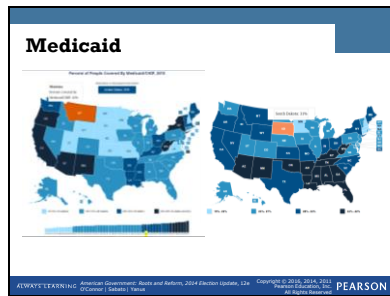
- Created in 1965
- Families of limited resources
- National and state
- 2014 66 million covered
- More than \$400 billion

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Medicaid was created at the same time as Medicare. Medicaid provides health insurance coverage for the poor and disabled. Recipients must meet eligibility requirements, such as showing that their income is below a certain level.

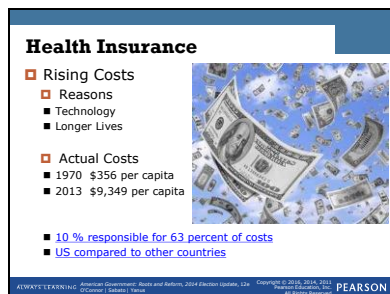
Medicare is a joint venture between the national and state governments. Federal block grants that cover 50 to 75% of Medicaid costs are given to the states, who must come up with the remaining funding themselves. States have considerable latitude in setting eligibility requirements and providing coverage. Some states do not cover all citizens who meet eligibility criteria. In 2014, 66 million Americans were covered by Medicaid, at a cost of more than \$400 billion.

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These maps show the relative percentages of people receiving Medicaid by state and the incidence of poverty by state. Why are there differences between which states have the highest incidence of poverty and the percentage of people receiving Medicaid benefits?

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No discussion about health care policy can avoid talk of rising costs. The causes of these cost increases range from advances in technology to increased lifespans to lack of government regulation.

How significant are the increases? Consider this: In 1970, the average amount each American spent on health care was just \$356. By 2013, however, that number had spiked to \$9,349, an increase that far exceeds inflationary costs.

But not everyone spends the same amount. Ten percent of Americans

account for 63 percent of all health care costs. The Patient Protection and Affordable Care Act was meant, among other things, to help stabilize those costs by ensuring access to either private insurance or government-run exchanges. It still faces challenges from several states.

*Slide 10*

The slide is titled "Health Insurance" in a blue header. On the left, there is a navigation menu with three items: "Obama Care" (indicated by a square icon), "Summary" (indicated by a square icon), and "Pros & Cons" (indicated by a square icon). To the right of the menu is a photograph of Barack Obama speaking at a podium. Behind him is a banner that reads "HEALTH INSURANCE REFORM NOW" and "HEALTHCARE. BARACK OBAMA". At the bottom of the slide, there is a footer with the text "PEARSON" and some smaller, less legible text.

The Patient Protection and Affordable Care Act was meant, among other things, to help stabilize those costs by ensuring access to either private insurance or government-run exchanges.

At the core, increasing the number of people having insurance was intended to lower costs for all.

Young healthy Americans would be required to pay for health insurance. This would allow them to offset the costs of those signing up who were sick. Also the “Cadillac Tax” was applied to those who were wealthy enough to afford excellent coverage.

State exchanges were established in the states with the expectation that insurers would lower costs in competing for the new pool of government supported customers.

Costs did decline the first two years of Obama Care, but continued challenges and the uncertainty of the program’s future led to significant insurance increases to many Americans.

*Slide 11*

**Public Health**

- ▣ Tools to protect
- ▣ Medical Research
- ▣ Obesity



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The government also plays a role managing the spread of infectious and chronic disease through immunizations, education, advertisements and regulations.

- ▣ Tools to protect public health
  - Immunizations, education, advertisements, regulation
- ▣ Medical Research
  - National Institutes of Health
- ▣ Obesity
  - Public health priority: 2/3 of adults are overweight or obese

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**How Does the Government Promote Public Health?**



Richard Drew/AP Images

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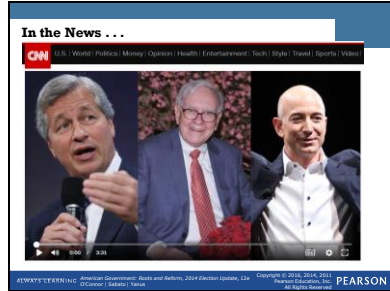
Most states require people in cars to use seat belts and many states require people who ride motorcycles to wear a helmet.

A 2012 New York City proposal called for a ban on the sale of large sodas in city restaurants, theaters, and sporting venues.

Now Seattle has also imposed a tax on sugary drinks.

Should we allow our government to dictate what we can and can't do even if some choices result in costs to overall health care spending?

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“The United States actually compares unfavorably, they found, to other countries in the OECD, or Organization for Economic Co-Operation and Development, a group of 35 developed and market-oriented countries. Americans had fewer hospital admissions per capita and shorter stays per admission, for example, but paid more per admission and per day. The same goes for pharmaceutical prices — the U.S. paid the highest prices, by far, for drugs. . . . Bezos, Buffett and Dimon didn't even have to look beyond the U.S. boundaries to find clues to how to reduce healthcare costs — they merely had to look at America's public healthcare programs such as Medicare, Medicaid and CHIP. All place limits on reimbursements to doctors and hospitals, some more stringent than others.

But they have been quite successful in controlling costs. As the Kaiser Family Foundation has shown, the spending by America's public healthcare programs very closely matches that of other developed countries, at about 8.4% of GDP. Where the U.S. is an outlier is in spending by the *private* sector, through commercial health insurance. There the U.S. spends another 8.6% of its GDP on healthcare, compared with only 2.4% by other countries.” By MICHAEL HILTZIK

JAN 31, 2018 Los Angeles Times  
<http://www.latimes.com/business/hiltzik/la-fi-hiltzik-amazon-buffett-healthcare-20180130-story.html>




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**Exit Questions** 16

Why should the United States have a universal health care program that covers everyone or why not?

How far should we allow our government to control habits that are unhealthy, especially when those habits may increase public costs and adversely affect economic production?



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