

How to Finance Health Care Reform

Robert D. Reischauer

National Health Policy Conference
February 2-3, 2009

Urban Institute a nonpartisan economic and social policy research organization

What Do We Mean by: "Health Care Reform?"

1. Fundamental overhaul of financing and delivery systems (e.g. single payer, universal voucher, etc.)

➔ 2. Mixed system: movement toward universal coverage (e.g. Obama, MA,)

3. Guarded incrementalism (e.g. expanded S-chip/Medicaid, etc.)

Urban Institute a nonpartisan economic and social policy research organization

How much will it cost (gross)?

Approximately \$150-\$250 billion per year.

Urban Institute a nonpartisan economic and social policy research organization

Potential Sources of Financing

1. Non health-related tax increases and spending cuts.

2. Tax increases and spending cuts related to the existing health care system.

3. Tax increases and spending cuts related to the reformed health care system.

4. Reformed system savings: IT, care management, medical homes, comparative effectiveness, bundled payments, etc.

Urban Institute a nonpartisan economic and social policy research organization

Dimensions for Evaluation

1. Political viability
2. Impact on the economy (economic growth, inflation, etc.)
3. Distributional impact
4. Impact on health delivery system (quality, cost growth, access)
5. Transparency
6. Sustainability

Urban Institute a nonpartisan economic and social policy research organization



Urban Institute a nonpartisan economic and social policy research organization