Health Care Reform

The Affordable Care Act has expanded health insurance coverage for millions of patients and increased access to health services and treatments. Because Pfizer endorses predictable access to quality health care coverage to improve and extend patient lives, Pfizer actively supported the coverage expansion. We continue to monitor implementation to ensure that reform preserves the integrity of the doctor-patient relationship, provides freedom of choice when determining appropriate medicines, and protects continued incentives for innovation.

Background

Signed into law in March 2010, the Affordable Care Act (ACA)\(^1\) was the end result of a national and congressional debate focused on two primary goals: expanding access to quality affordable health insurance and minimizing growth in health care spending. Under the ACA, affordable access to insurance is provided through new health insurance exchanges, co-ops, Medicaid expansion, new subsidies, and individual and employer mandates. The law also establishes a number of new programs that seek to slow the growth of health care spending, including payment reforms that reduce inefficient spending and reimburse based on the quality of patient outcomes and performance rather than just on the quantity of services rendered.

The constitutionality of the ACA was challenged in federal court, a case ultimately heard by the Supreme Court of the United States. The June 2012 Supreme Court decision made the Medicaid expansion voluntary rather than mandatory, potentially reducing the number of newly insured. The decision left all other provisions of the law intact. A subsequent Supreme Court decision in June 2015 affirmed the availability of insurance subsidies to enrollees in states where the health insurance exchange was operated by the federal government rather than by the state itself.

A number of provisions took effect shortly after implementation and include: elimination of any co-pays or deductibles for recommended preventive care and screenings, such as cancer screenings and mental health screenings; a prohibition against insurers’ rescinding of coverage for any reason other than fraud; a prohibition against pre-existing coverage exclusions for children; and extension of dependent coverage to young adults under the age of 26.

The coverage expansion took effect in 2014. As of the end of March 2015, 10.2 million had enrolled in a Health Insurance Exchange plan, 85 percent of which received some degree of financial assistance to pay their premiums.\(^2\) Additionally, there were many new Medicaid enrollees. As of the end of June 2015, monthly average Medicaid/Children’s Health Insurance Plan enrollment was about 72 million, 23% higher than the pre-ACA average of 58 million.\(^3\)

The law and its true impact will continue to evolve as it is implemented and many of the details are finalized through the regulatory process. Keeping cost, quality, and health impact in the forefront while developing guidance will help ensure that the goals are met.

Key Facts and Figures

- The new law will reduce the number of uninsured Americans by 25 million by 2020, with the majority receiving coverage on the Health Insurance Exchanges and a smaller number receiving coverage through Medicaid.\(^4\)
- The new law will cost $940 billion over a 10-year period, but there are enough offsets in the legislation that the Congressional Budget Office (CBO) estimates that the law will reduce the federal deficit by approximately $138 billion by 2019.\(^5\)
Pfizer’s Position

Pfizer believes that every American should have access to affordable, quality health care, and, by supporting reform efforts, we are committed to help ensure this outcome. By controlling costs and extending health coverage to millions of Americans, the Affordable Care Act takes important first steps toward addressing many of the problems facing the U.S. health care system. Pfizer recognizes that some provisions within the new law could be implemented in ways which are disadvantageous for some patients, and we are committed to working with policymakers, health care professionals, and patients to bring about cost-effective policies that preserve the doctor-patient relationship, choice of treatments, and incentives for innovation to ensure we deliver on the promise to find tomorrow’s cures. Of critical importance, the ACA provisions should not be used as a measure to ration care or allow treatment decisions to be made solely on the basis of cost.

How Patients and Health Care Professionals Benefit

The new law has provided millions of patients with enhanced access to affordable health coverage, including mandatory coverage of basic preventive services like mammograms. As a result, many patients will be able to get the important health services, treatments, and screenings they need to stay healthy.

How the Health Care System Benefits

Provisions related to quality measures and payment reforms will help improve the efficient use of resources and the quality of patient care and outcomes throughout the health care system.

What It Means for Pfizer

The coverage expansion will not generate significant new revenues for Pfizer. One reason is that the increase in drug utilization associated with the newly insured will be modest because of limited drug benefits in Health Insurance Exchange plans. In addition, many of the uninsured are receiving coverage through Medicaid, which requires steep discounts for prescription drugs and manages utilization through a preferred drug list.

The new rebates and discounts and taxes associated with the ACA represent a considerable cost to Pfizer and the entire biopharmaceutical industry. However, we continue to believe that our financial contribution to the success of the ACA serves the company well because the ACA maintains appropriate incentives for innovation while making needed improvements to the system.

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1 The Patient Protection and Affordable Care Act (PPACA, P.L. 111-148), as amended by the Health Care and Education Reconciliation Act of 2010 (HCERA, P.L. 111-152), is collectively referred to in this paper as the Affordable Care Act of 2010 (ACA).
2 March 31, 2015 Effectuated Enrollment Snapshot from CMS.
3 Kaiser Family Foundation Total Monthly Medicaid and CHIP Enrollment June 2015.