



Will Health Care Reform Happen This Time?

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Our conversation today...

- Chief Complaint
- Political Landscape
- Policy *versus* politics
 - ▣ Is there a real opportunity?
 - ▣ What might be achieved?



Audience Question #1

- I have been following the health care reform debate:
 - ▣ A) with the same degree of vigilance as my annual budget negotiations with the Dean
 - ▣ B) like I follow the budget negotiations of my fellow Chairs at my institution
 - ▣ C) with the same degree of interest as filling out my annual percent effort report for the University (does anyone actually read these?)

Chief Complaint: a patient view

- The health care system in the U.S. is sick
 - ▣ Approximately 47 million Americans uninsured
 - 15% of the population
 - 81% are in working families
 - ▣ Employer-sponsored insurance rates are falling
 - 66% of non-elderly Americans covered through work in 2000
 - 60% in 2006
 - ▣ Underinsurance becoming a barrier to care
 - 50% of bankruptcies related to medical costs
 - 3 in 4 have health insurance

Chief Complaint: society's view

- Health care in the U.S. is too expensive and of insufficient quality
 - ▣ U.S. leads the world in per capita spending on health care
 - 2006 data: \$7026 per person
 - At least 24% higher than in the next highest spending country
 - ▣ Ranked 37th in health system performance by the WHO
 - ▣ Ranked 37th in infant mortality
 - ▣ Ranked 34th in maternal mortality
 - ▣ Ranked 47th in life expectancy

The best in the world?

- “In fact, there is no hard evidence that identifies particular areas in which U.S. health care quality is truly exceptional. Instead, the picture that emerges from the information available on technical quality and related aspects of health system performance is a mixed bag, with the United States doing relatively well in some areas — such as cancer care — and less well in others — such as mortality from conditions amenable to prevention and treatment.”

Cost of doing nothing

- 2008 Average family health insurance premium
 - ▣ \$12,298
- 2020 Average family health insurance premium
 - ▣ \$23,842
- If reforms slow premium growth by 1% or 1.5%
 - \$2,571 savings
 - \$3,759 savings
- Amount of uncompensated care would double in 45 states by 2019

How did we get here?

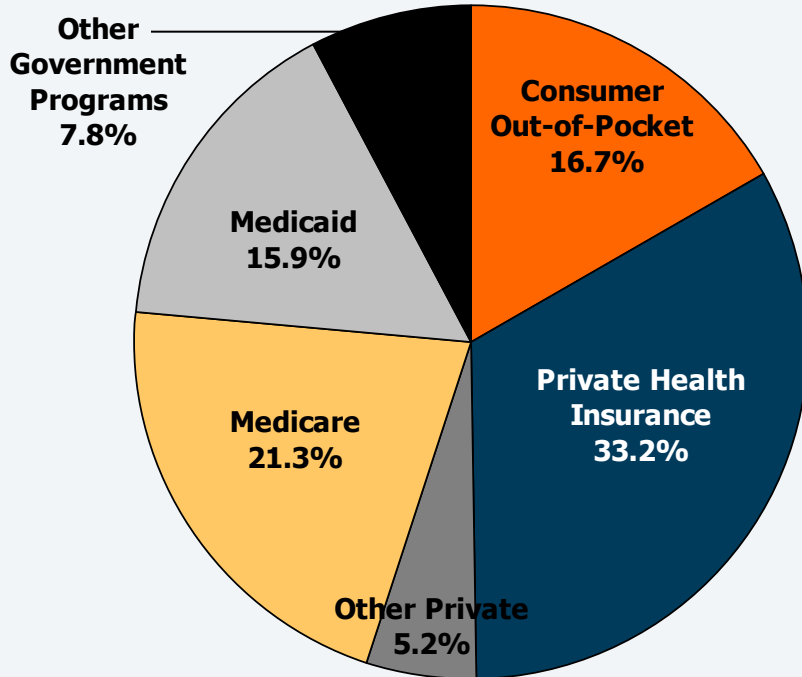
- It wasn't easy
 - ▣ Individualism is part of the DNA of America
 - ▣ Underlying the development of our health care “system” has been a constant tension between the role of government and the role of the individual or marketplace



Distribution of Personal Health Care Expenditures by Source of Payment, 1996 and 2006

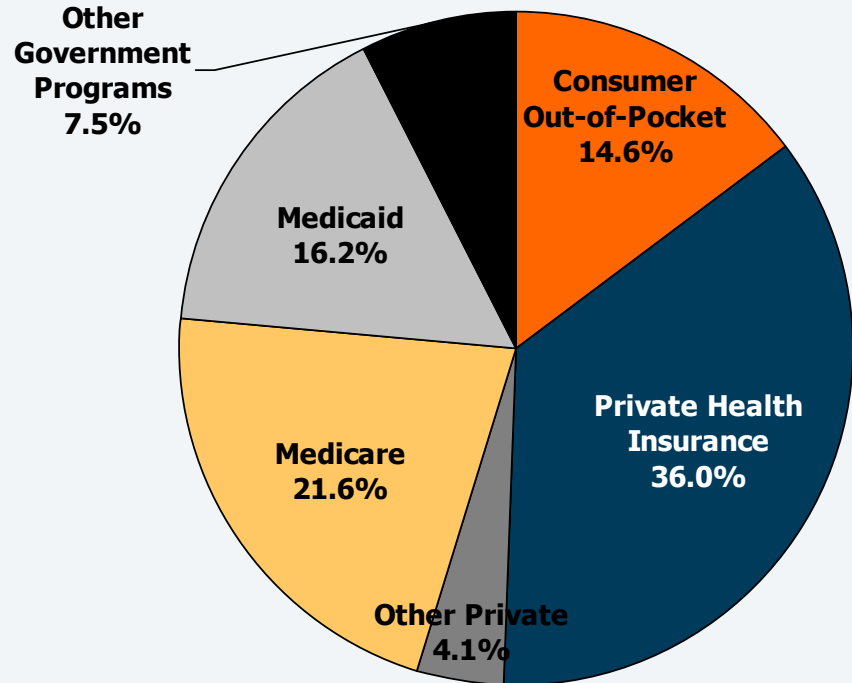
1996

Public 44.9% Private 55.1%



2006

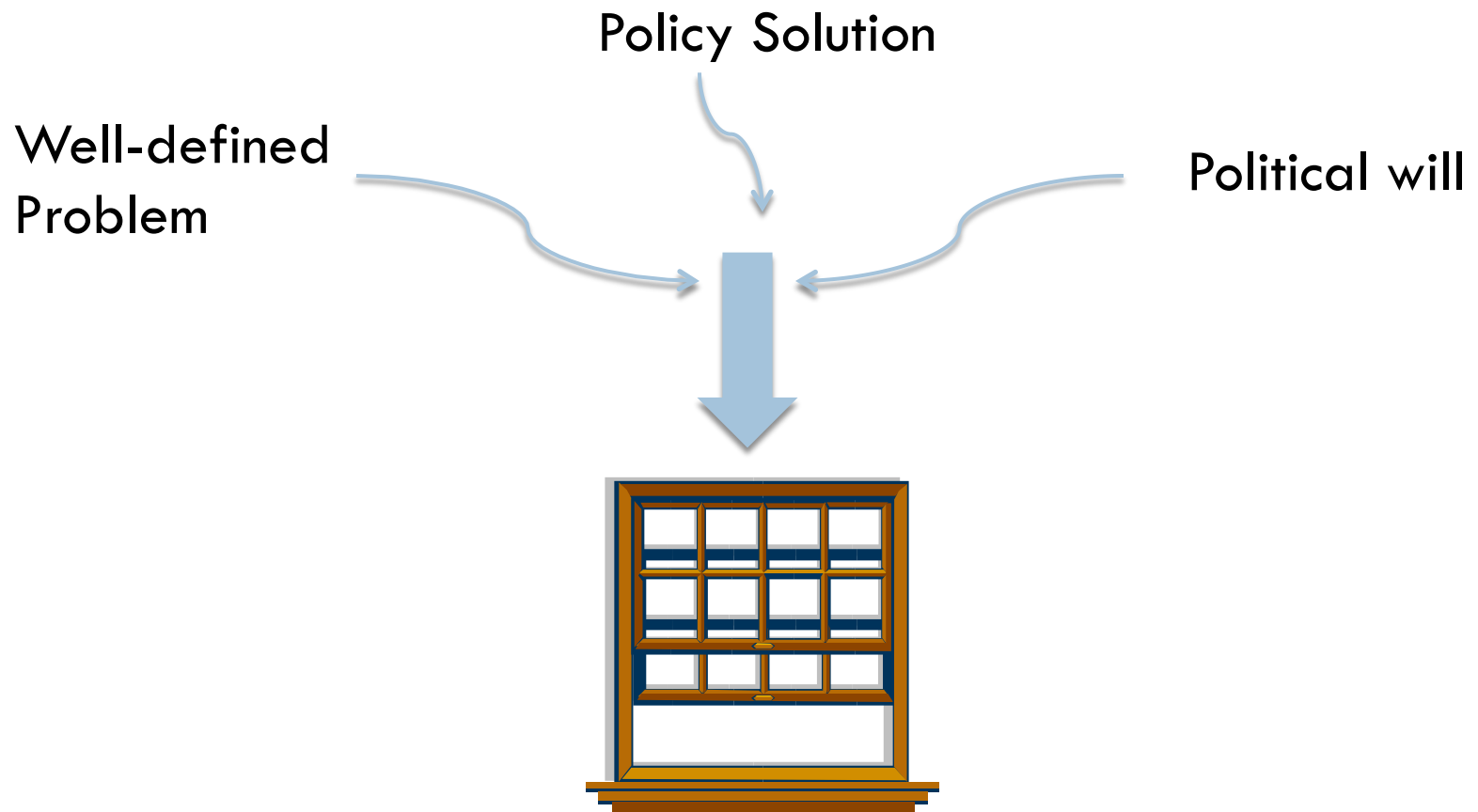
Public 45.3% Private 54.7%



Notes: Personal health care expenditures are spending for health care services, excluding administration and net cost of insurance, public health activity, research, and structures and equipment. Out-of-pocket health insurance premiums paid by individuals are not included in Consumer Out-of-Pocket; they are counted as part of Private Health Insurance. Medicaid spending for the State Children's Health Insurance Program (which began in 1998) is included in Other Government Programs, not in Medicaid.

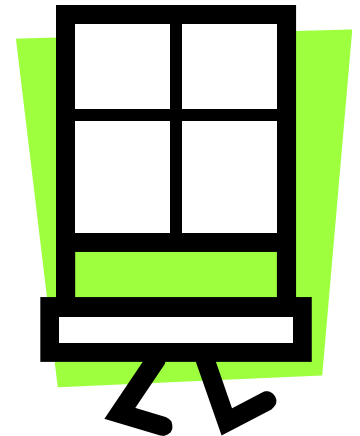
Source: Kaiser Family Foundation calculations using NHE data from Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group, at <http://www.cms.hhs.gov/NationalHealthExpendData/> (see Historical; National Health Expenditures by type of service and source of funds, CY 1960-2006; file nhe2006.zip).

Health Care Reform



1992

- The last time that the window was open
 - ▣ Well defined problem: Rising costs & number of uninsured
 - ▣ Political will: President Clinton committed to the issue
 - ▣ Policy solution:
 - Complicated
 - Developed in secret
 - Lacked consensus-building among stake-holders
 - Ultimately failed....



Questions about the policy solution

Philosophical
& Practical

Major part of
the 2008
Presidential
Campaign

- ❑ Is health care a privilege or a right?
- ❑ Are costs best controlled by market based solutions or increased role for Federal government?
- ❑ Individual responsibility or societal responsibility?
- ❑ Cover American citizens only or undocumented persons too?



Prying open the window....

Two very different policy solutions

- Health care is a right
- Increase role of government
- Shared responsibility
 - ▣ Individual mandate?
 - Must be affordable
 - ▣ Employer mandate?
 - Pay or play

Political Interest



The First Ten Months

- What President Obama learned from President Clinton
 - ▣ Articulated principles then told Congress to write the bill
 - ▣ Enabled all sorts of “strange bedfellows”
- House of Representatives
 - ▣ 3 Committees of jurisdiction (W&M, E&C, Ed&L)
 - ▣ Affordable Health Care for America Act (HR 3962)
- Senate
 - ▣ 2 Committees of jurisdiction
 - ▣ HELP Committee – Affordable Health Choices Act
 - ▣ Finance Committee – “Gang of Six”

Gang of Six

Democrats

- Max Baucus – MT
- Jeff Bingaman – NM
- Kent Conrad – ND
- Just over 1% of Americans

Republicans

- Charles Grassley – IA
- Mike Enzi – WY
- Olympia Snowe - ME
- About 1.6% of Americans

Areas of agreement

- Greatly increased regulation of private insurance companies
 - ▣ Pre-existing conditions / Dropping those that are sick
 - ▣ Eliminate annual & life-time caps
 - ▣ Eliminate anti-trust exemption (HR 3962)
- Expanding coverage for preventive medicine
 - ▣ Primary care
 - ▣ Public Health
- Incentives for small business to provide insurance
- Creation of an “exchange”
- Support for health IT

Areas of disagreement

- Individual Mandate – will be included
 - ▣ Hinges on affordability (10% vs. 13% of income)
 - Eligibility level for subsidy
 - 300% *versus* 400% FPL (\$66,150 vs. \$88,200)
 - Eligibility for Medicaid
 - 133% *versus* 150%
 - Role of States to cover cost?
 - Insurance premiums – ↑ cost for age, smoking, family size
 - 7.5 : 1 *versus* 2 : 1
- Employer “pay or play” or almost nothing....
 - ▣ Will they “pay” enough?
 - \$750 *versus* 65% of policy cost, or 8% of payroll

Areas of disagreement

- Comparative Effectiveness Research
- Physician pay and participation
 - ▣ House bill 3962
 - Negotiate rates, voluntary participation (opt out)
 - ▣ Senate HELP & Finance framework
 - Negotiate rates, voluntary participation
- Public plan provider (Hospitals & Physicians) reimbursement
 - ▣ Medicare + 5% - scores a savings of \$110 b
 - ▣ Negotiated rates – scores a savings of \$25 b

Areas of disagreement

- Public Health Insurance Plan
 - Guarantee access to health insurance
 - Inject competition
 - Pennsylvania— “concentrated” market
 - Independence Blue Cross: 26% market share
 - Highmark Blue Cross Blue Shield: 27%
 - Aetna: 11%
 - 2000 – 2007
 - Premiums rose 86% (\$6,721 to \$12,513)
 - Avg employer share rose 76%
 - Avg employee share rose 128%
 - Median wages rose 13% (\$24,834 to \$28,155)

Areas of disagreement

□ Public Health Insurance Plan

▣ Inject competition

■ Reduce cost of policies

■ 2008 CEO compensation (SEC filings)

■ Aetna: \$24.3 million

■ WellPoint: \$9.8 million

■ 2008 Net Income

■ Aetna: \$1,384 billion

■ WellPoint: \$2,491 billion

▣ Drive system reforms

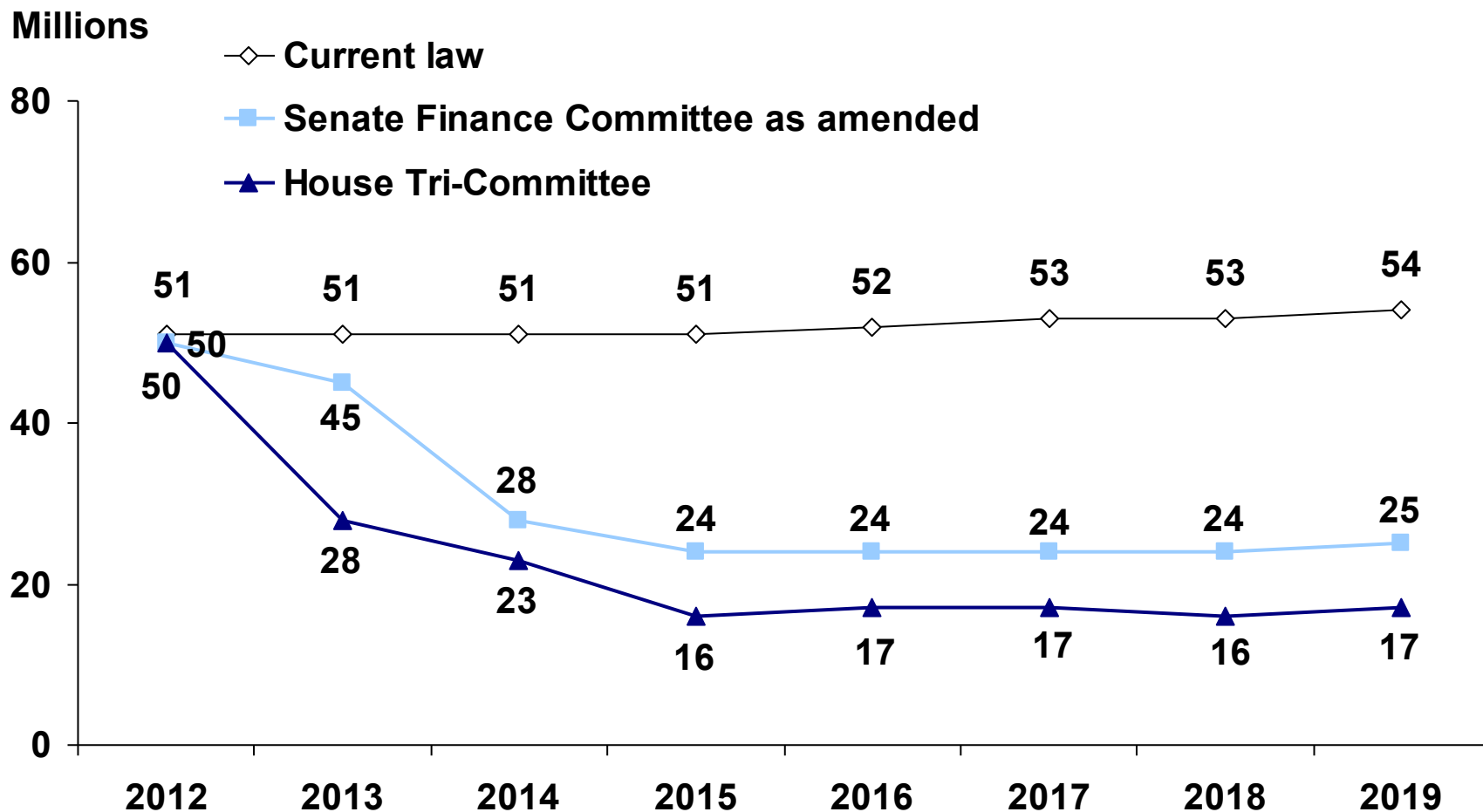
■ Creates incentive to emphasize prevention

■ Care delivery reforms

Areas of disagreement

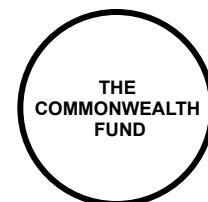
- Co-ops
 - ▣ Non-profit, member run health insurance companies
 - One or more states
 - ▣ Non-group and small group insurance markets
 - ▣ Federal loans for start-up costs, Federal grants for state solvency requirements (\$6 billion)
 - ▣ At least one in all 50 states
- Trigger
- Opt-out

Trend in the Number of Uninsured, 2012–2020, Under Current Law and Senate Finance and House Tri-Committee Proposals



Note: The uninsured includes unauthorized immigrants. With unauthorized immigrants excluded from the calculation, nearly 94% and 97% of legal nonelderly residents are projected to have insurance under the Senate Finance and House proposal, respectively.

Data: Estimates by The Congressional Budget Office.



The Speech

- “Well, the time for bickering is over. The time for games has passed. Now is the season for action. Now is when we must bring the best ideas of both parties together, and show the American people that we can still do what we were sent here to do. Now is the time to deliver on health care.”
~President Obama, September 9, 2009

National Survey of Physicians

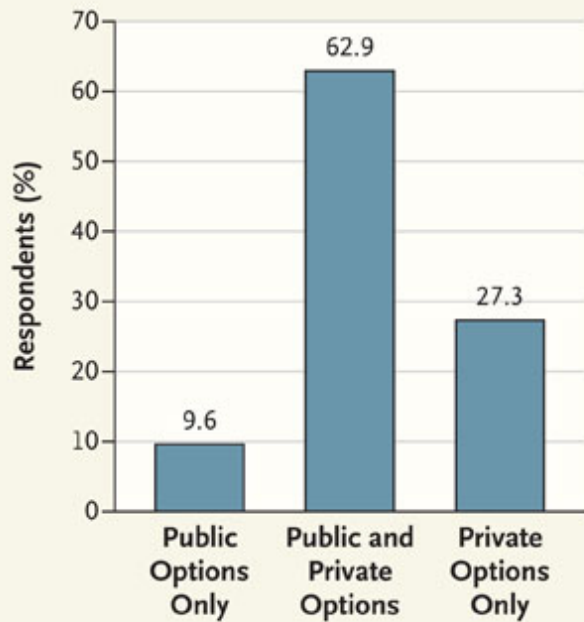
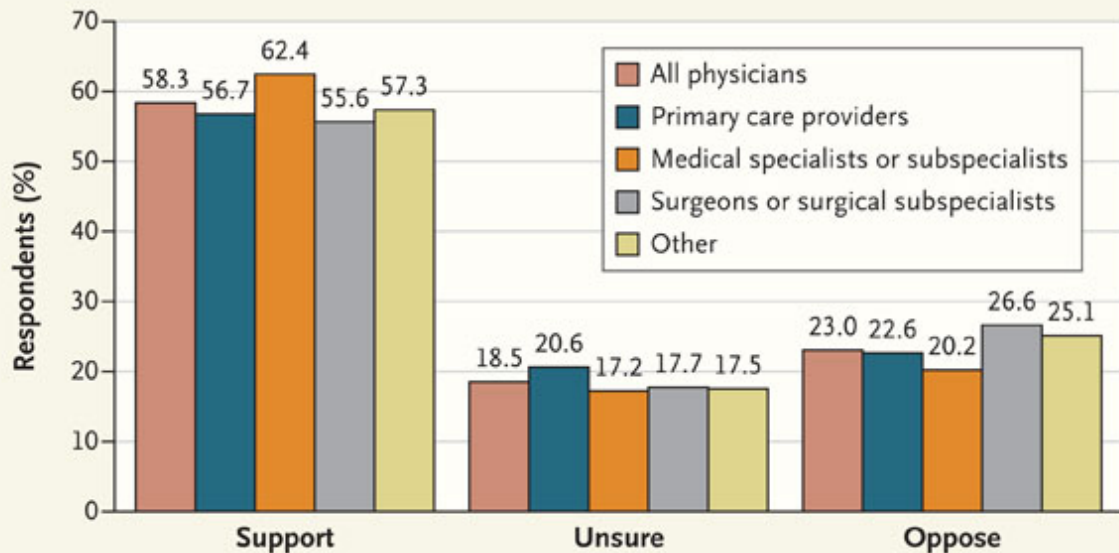
- Survey of sample of 5,157 physicians
 - ▣ Conducted between June and September 3, 2009
 - 43.2% response rate
 - No difference between responders and non-responders
 - What would you most strongly support to expand coverage?
 - Choice of a new public plan (like Medicare) or private plans
 - Private plan options only
 - Public plan option only (like Medicare)
 - Support for proposal that would enable adults 55y to 64y to buy into Medicare?

Audience Question #2

- What would you most strongly support to expand coverage?
 - ▣ A) Choice of a new public plan (like Medicare) or private plans
 - ▣ B) Private plan options only
 - ▣ C) Public plan option only (like Medicare)

Audience Question #3

- Do you support a proposal that would enable adults 55y to 64y to buy into Medicare?
 - A) Support
 - B) Unsure
 - C) Oppose

A**B**



The American Academy of Family Physicians, the American College of Obstetricians and Gynecologists, the American Osteopathic Association, The

DID YOU KNOW?

American Academy of Pediatrics, the American College of Physicians, the American Medical Association, the American College of Surgeons, the

HALF A MILLION DOCTORS

American Medical Student Association, Doctors for America, the National Medical Association, the National Physicians Alliance and SEIU: Committee

SUPPORT

of Interns and Residents, Doctors Council, and National Doctors Alliance stand together for quality affordable health care for all.

HEALTH CARE REFORM

Because our patients can't wait.

Sept 22, 2009

DON'T CUT US, CUT THEM!

DON'T TAX US, TAX THEM!

DON'T MANDATE US, MANDATE THEM!

DON'T FINE US, FINE THEM!

DON'T CAP US, CAP THEM!

DON'T TAX US, TAX THEM!



GOOD NEWS...WE'RE SEEING A GROWING CONSENSUS IN POSITIONS ON THE HEALTH CARE DEBATE!

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ALBUQUERQUE
JULY 14

How do we pay for this?

- Premiums paid by every policy holder
- Waste: 700 b annually
 - \$250-325 b on Unnecessary care
 - Overuse of antibiotics; diagnostic tests to protect against malpractice
 - \$125-175 b on Fraud
 - Kickbacks for referrals for unnecessary services; Medicare claims
 - \$100-150 b on Administrative inefficiency
 - Paperwork; 3 weeks/yr engaging with private insurance companies
 - \$75-100 b on Provider errors
 - \$25-50 b on Preventable hospitalizations
 - \$25-50 b on Lack of Care Coordination
 - Duplication of tests and inappropriate treatments

How do we pay for this?

□ New taxes

- High income earners (HR 3962)
 - 5.4%, >\$500,00 (single) or \$1 million (married)
- Medical devices (HR 3962)
 - 2.5% excise tax
- High value health insurance plans

□ Negotiate drug prices in Medicare Part D: \$75 b

- Closes donut hole (HR 3962)

□ Other Medicare payment reforms

- Reduces Medicare Advantage payments (HR 3962)

□ Delivery reforms: Accountable care organizations, Medical homes

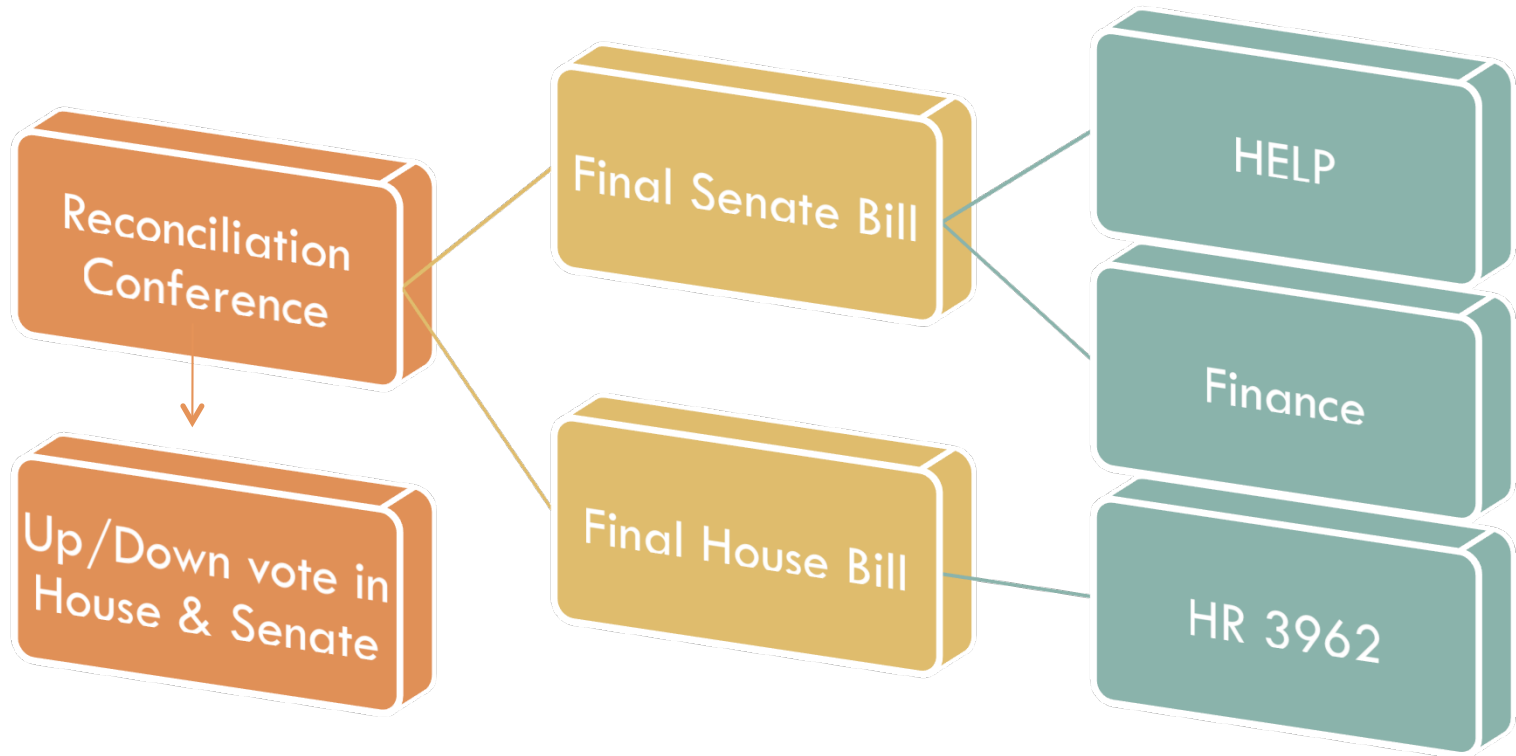
Malpractice Reform?

- Pilot Projects - \$25 m
- Health Court system
 - ▣ Judges and neutral experts
 - Written rulings
 - For preventable errors
 - Lost income and medical costs
 - Pain & suffering based on a set schedule
 - Information about each incident would be compiled and disseminated
 - ▣ Common Good – nonpartisan legal reform coalition
 - <http://commongood.org>

Today's vote?

- Need 218
 - ▣ 258 Ds
 - 23 solid “no”
 - 20 of 23 from districts won by Senator McCain
 - 2 of 23 from districts that just flipped Democrat
 - 1 of 23 running for Gov in Alabama (a McCain state)
- President Obama speaking to the caucus at 11:30
- Anti-abortion Democrats
 - ▣ Amendment that would bar insurance companies from covering abortion in any policy in the Exchange

What is next?





... THE MOST FRUSTRATING
THING ABOUT HEALTH CARE
REFORM IS ASKING FOR
A SECOND OPINION!



Resources

- <http://npalliance.org/>
 - Health Care 101
 - Tools for physician Engagement
 - Resources for patients



Resources

- Henry J. Kaiser Family Foundation
 - KaiserEDU.org
 - <http://www.kff.org/healthreform/sidebyside.cfm>
 - Statehealthfacts.org
 - NEJM
 - <http://healthcarereform.nejm.org/>

If you always do what you've always done, you'll always get what you've always got.

Author unknown

