Health Care Reform
Through The Looking Glass

Dannette Coleman
Medica – Vice President, Public Policy
and Government Relations
Never Let A Crisis Go To Waste?
98 Years Of National Health Reform Debate
Why is health care reform so hard?

• It’s HUGE — U.S. spends more on health care than China spends on ... everything

• Some see “Win-Win”; Many see “Win-Lose’
  – Are you a payer? (Employer, government, insurer)
  – Are you a provider? (docs, hospitals)
  – Are you a manufacturer (device & drug makers)
  – Are you the patient?
  – Are you Uninsured?

• Your Perspective May be Based on Who you Trust? (government, private market, doctor)
No Easy Solutions

How do you get “more” for “less”? 
• More people insured 
• More quality 
• Less expensive 

Societal Questions 
• Government responsibility? 
• Individual responsibility? 
• Who/when to say “No”? 
War of the Words
Through The Looking Glass

When I use a word," Humpty Dumpty said, in a rather scornful tone, "it means just what I choose it to mean - neither more nor less."

"The question is," said Alice, "whether you can make words mean so many different things."

"The question is," said Humpty Dumpty, "which is to be master - that's all."
“Truthiness”

Steven Colbert

"Truthiness is what you want the facts to be as opposed to what the facts are. What feels like the right answer as opposed to what reality will support."
Reform ... Through The Looking Glass

- Premium Subsidy
- Public Option
- Evidence-Based
- Advisory Committee
- Welfare
- Socialism
- Death Panel
- Rationing
Two Very Different Approaches: Treat The Cause Or The Symptom?

Then: “Health care reform”
Now: “Health insurance reform”
Who Do You Trust About Health Insurance Reform?

Amidst all the noise over health insurance reform, Vice President Joe Biden asks the important question. Who do you trust? Lori Heim, M.D., (President, American Academy of Family Physicians) and Rebecca Patton, MSN, RN, CNOR (President, American Nurses Association) explain why doctors and nurses are calling for reform. November 30, 2009 (Public Domain)
Hard Sell: “We’re Creating a More Efficient System”
Insurers Have A Credibility Gap

Payees

Payers
What do consumers Want?

• High-quality, affordable health care
• Pre-paid healthcare
• Lots of choices (doctor, treatment, hospital, health plan)
• Access (fast, convenient care)
• Best/newest technology
## Experts vs. The Public

*Source: Kaiser Family Foundation, May 2009*

<table>
<thead>
<tr>
<th></th>
<th>Experts</th>
<th>Public</th>
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<tbody>
<tr>
<td><strong>UNNECESSARY CARE</strong></td>
<td>Up to 30% of care is “unnecessary”</td>
<td>67% say Americans don’t get the tests and treatment they need Only 16% say they personally have received unnecessary care</td>
</tr>
<tr>
<td><strong>QUALITY</strong></td>
<td>Big differences in care quality</td>
<td>70% say no big difference among docs in their area</td>
</tr>
</tbody>
</table>
Consumers On Payment Reform

Here Are Two Ways Insurance Companies Could Pay Doctors. Which Way Do You Think Is Better?


- Your doctor gets paid a fee each time they see you
- Your doctor gets paid a yearly amount for your care
- Don’t know
- Wouldn’t matter

Pie chart showing the percentages: 71% wouldn’t matter, 25% believe in yearly amount, 3% believe in fee each time, and 1% don’t know.
Consumers On Consumerism

In The Past Two Years, Have You Ever Asked Your Doctor What Would Be Charged for a Medical or Lab Test?


- Yes, I asked 22%
- No, I did not ask 78%
What do Insurers Want?

- High-quality, affordable health care
- Transparency of quality/outcomes and cost
  - To encourage patient use of high-efficiency providers
  - To better engage and activate consumers in their care
- Appropriate care
- Comparative effectiveness (is a new drug or technology better/more efficient?)
The Cost/Spending Crisis Is Real

2009: Medicare, Medicaid and SCHIP grow beyond 21% of the Federal budget

$34 trillion: Unfunded Medicare liabilities

Tsunami warning: Baby Boomers begin turning 65 next year
We Need To Focus On Cost
(Combination of Unit Price and Utilization)

Average hospital + physician cost by selected procedure

Source: International Federation of Health Plans, as reported in Citigroup Global Markets 2010 Healthcare Outlook

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Europe Average</th>
<th>U.S. Average</th>
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<tr>
<td>Normal Birth Delivery</td>
<td>$2,336</td>
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<td>Appendectomy</td>
<td>$2,699</td>
<td>$11,997</td>
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<tr>
<td>Hip Replacement</td>
<td>$8,360</td>
<td>$32,093</td>
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<td>Bypass Surgery</td>
<td>$13,515</td>
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7 Factors Driving Overutilization


<table>
<thead>
<tr>
<th>By Physicians</th>
<th>By Patients</th>
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</thead>
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<tr>
<td>Physician culture</td>
<td>More-is-better (tests, technology, specialists, prescriptions)</td>
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<tr>
<td>Fee-for-payment system</td>
<td>Third-party payments (morale hazard)</td>
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<tr>
<td>Direct-to-physician marketing</td>
<td>Direct-to-consumer marketing</td>
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<tr>
<td>Malpractice laws/defensive medicine</td>
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The Massachusetts Experience

2006: Increased Access Without Addressing Cost

- Uninsured rate is down
- Costs are over budget
- Massachusetts insurance premiums have become highest in the nation
- Governor wants healthcare wage/price controls
  - Rate control over hospitals, physician groups
  - Premium control over health insurers
In Polls, Growing Opposition To House/Senate Reform Bills

<table>
<thead>
<tr>
<th>Poll</th>
<th>Date</th>
<th>Sample</th>
<th>For/Favor</th>
<th>Against/Oppose</th>
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Questions?

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