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Health care reform: 3 perspectives

Idaho sets good example

By John Sellmon

In reforming health care, the federal government could take a lead from what is happening right here in Idaho. Gov. Butch Otter and his team have done an outstanding job in assessing the underlying problems and seeking resolutions.



The Idaho example demonstrates how government can effectively and appropriately influence reforms in the private, market-based health care system, rather than trying to compete against it. When Gov. Otter convened a health care summit nearly two years ago, the participants envisioned that every Idahoan would have access to quality health care. This care would be offered through a coordinated system that would bring competition to the market and jobs to the health care industry. It would also encourage individuals to make good lifestyle choices and maintain their health.

For patients, the best support comes when insurers, hospitals, doctors and caregivers work together to provide low-cost, high-quality health care. It also comes by giving consumers user-friendly tools and information about the cost and relative quality of what they're buying. That way, they can make health care choices informed by value, just as they do with other purchasing decisions.

After many public hearings and summits across our state, the Governor's Select Committee on Health published a variety of recommendations to address the real culprit — the high cost of health care — and seek realistic, free-market solutions. The recommendations cover many important areas, including:

- Supporting the already-established Health Care Quality and Data Commission to encourage the use of the latest technology in sharing of medical information and developing quality data;
- Establishing medical homes to better coordinate community health;
- Recommending numerous insurance reforms;
- Promoting transparency of cost and quality information;
- Supporting initiatives to encourage greater personal responsibility.

Without a doubt, reform is urgently needed. The number of options under consideration is substantial, including an option to create a government-operated health plan. With this, as with all reforms, we strongly question any proposal that trades one set of tough problems for another. It's unclear, for example, how any such government program could ensure a level playing field for private industry, especially given the overwhelming advantages inherent to a government-run plan. Issues like cost-shifting, the erosion of employer-sponsored coverage and skyrocketing costs are very real and must be addressed as part of any reform package. As we've

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seen here in Idaho, our elected officials can bring focus and leadership to this difficult issue. At its best, government can:

- Gather the stakeholders to solve the complex issues surrounding cost and quality of care;
- Set direction with regard to the social objectives to be delivered, such as universal access, rating and underwriting reforms, and participation requirements;
- Ensure existing government programs run smoothly and efficiently, setting a strong example of offering quality, affordable health care.

We have a rare opportunity to achieve effective, sustainable and affordable care for all. To do so, we must preserve the options people value now, and create others to ensure no one goes without coverage. We must collaborate and support efforts like those of Gov. Otter, which truly advance reform of our system.

We pledge our participation in this effort and encourage others to do the same.

John Stellmon is the president of Regence BlueShield of Idaho.

Current proposal falls short

By Walt Minnick

Over the last several months, the arguments over health care have become so heated that many folks have forgotten why we all wanted reforms in the first place. Put simply, the system is too expensive and leaves too many without coverage of any kind. Parts of our system work well. For example, when a good doctor makes time to really talk to a patient and get to the bottom of an illness or problem, a life is improved and the system works. However, other parts of health care do not work and can leave folks totally frustrated and financially devastated. Most of today's insurance is not portable, which means you lose your insurance if you lose your job.

Costs are out of control — premiums and deductibles are beyond what most people and small businesses can afford to pay. And the care itself, while excellent in some respects, is lacking in others. For example, there is little incentive for people to take more personal responsibility for their health choices, or for better management of chronic diseases. Everyone has a horror story, from parents who cannot afford child-wellness checkups exams to couples who must pay for a baby's delivery when the family loses its insurance. Others are working two jobs while not being able to afford insurance for their families. For many people, a serious illness or accident means unpaid medical bills and bankruptcy.

The horror stories — and the escalating costs of our insurance system and medical procedures — have caused the vast majority of my constituents to demand change. They are right to do so. Our nation spends \$2,000 more per person on health care than any other industrialized nation, yet there are 30 countries where people's health is better.

Reforms will force accountability and cut hundreds of billions of dollars in waste from government health programs, including over payments and sweetheart deals for drug and insurance companies.

We can – and must – do better. I have crafted five core principles to use as a guide while evaluating proposed legislation in the coming weeks and months.

First, to avoid worsening our out-of-control budget deficit, any reforms must be fully funded.

Second, comprehensive, affordable health insurance must be made available to all Americans.

Third, like most Idahoans, I oppose “socialized medicine,” so our health care system of insurance must be private – not run by the government.

Fourth, insurance companies must be required to make insurance available to everyone, regardless of age, employment status or preconditions.

And fifth, reforms must reduce costs, not just expand coverage. That means focusing on helping people live healthier lifestyles and making better, more informed medical decisions.

Unfortunately, the most recent proposal — put forward by Democratic leadership in the House — falls short of these principles. The free-market principles and cost-control suggestions made by my fellow fiscally conservative Blue Dog Democrats and many Republicans were almost all rejected.

The bill also has a flawed “public option” which would make “big government” our dominant health insurance company — something I simply do not support. And the bill does nothing to train more doctors, while at the same time raising taxes and adding billions to our national debt, something Idahoans rightly will not stand for in these tough times.

However, the House bill is only a first step. I am hopeful that other proposals will take a fiscally sound, bipartisan approach to the problem of health care form. I look forward to working with my colleagues and eventually pass a more balanced bill supported by the wide majority of my constituents.

Walt Minnick is Democratic Congressman for Idaho’s First Congressional District.

Don’t penalize Idaho for low costs, utilization

By Gary Krouth

Our nation has reached the point where all of us, including hospital and physician organizations, believe that significant reform of our health care system is needed. Most appreciate there is no silver bullet solution, but rather a need for both compromise and change across the spectrum, from government and private payers to providers, suppliers, pharmaceutical manufacturers and individuals.



Numerous reform ideas are being proposed. There are aspects of these proposals with merit: coverage for the uninsured, liability reform, physician self-referral limitations, payment for outcomes, payment bundling to address the fractured payment system, attention to primary care services, insurance simplification and regulatory reform.

Most of these proposals have not yet been fully developed. Without further, detailed study of the components, implementation could well lead to unintended consequences.

All of the proposals being considered, however, do have a common theme: reduce payments to providers. This is a tool employed by government (and private) payers for the last 30 years, with history showing that it has exacerbated many of the current issues we face:

- 1) Per-service underpayment has led to increased utilization of health services
- 2) Underpayment from government payers has caused providers to shift costs to the private sector
- 3) Underpayment for nonprocedural work has contributed to the shortage of vital primary care providers

The research on utilization is startling. Areas of the country with more doctors, more hospitals, more free-standing facilities like imaging centers and limited service, physician-owned surgery centers and hospitals,

places like Florida and Texas, have dramatically higher utilization rates and health care costs per person than states like Utah and Idaho.

What does this mean? Does higher utilization, or in other words, “more” health care services, mean “better” health care?

Researchers at Dartmouth say “No.” The problem isn’t that lower utilization means lower quality care; it is that higher utilization means more costly care for the same quality.

For Idaho, this is critical, given that current reform proposals would cut reimbursement rates, or the perservice amount paid for care, by the same percentage for every area of the country.

The net effect for Idaho, a low utilization and low per-capita-cost state (a 2007 Kaiser Family Foundation study ranked Idaho third-lowest in the nation), would be dramatically reduced dollars coupled with the same demand for high-quality care. Compare this to states like Florida, where utilization and costs are high, and thus there is more opportunity for expense reduction.

To address this underlying inequality, Congress needs to account for the impact of utilization. In other words, don’t penalize Idaho for having some of the lowest costs per capita and utilization in the country.

Two other areas that must be addressed in order to achieve significant reform are administrative costs and our tremendous regulatory burden.

The U.S. Congressional Research Service estimated administrative costs of private insurance and government programs in 2004 at about \$154 billion. The American Hospital Association estimates another \$400 billion is spent by hospitals and medical practices in complying with the thousands of rules and regulations that apply to health care providers. Simplifying administration and the resulting exorbitant cost of compliance and reporting will reduce health care costs.

Administrative costs include the cost of “defensive medicine”. The threat of lawsuits causes health care providers to order more tests and procedures than are medically necessary. Reforming the way our society adjudicates injuries from medical malpractice will result in cost savings by reducing this practice of “defensive medicine.”

Everyone agrees we must stop our health care system from devouring our economic future. To achieve real reform — the kind that reduces cost and increases the quality of care — Congress needs to do better than the current legislation.

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