THE 360 How much should government be involved in health care? *Part 4*

LIMITED GOVERNMENT INVOLVEMENT: A BETTER CURE FOR WHAT AILS HEALTH CARE

Jeff Gingold, Shareholder, Lane Powell PC

The views expressed are those of the author and do not represent the opinions of the law firm or its clients.

Emerging from the July Fourth recess, Congress confronted at least 10 "major" health care reform proposals including legislative drafts and white papers.[1] Each of these proposals would dramatically expand government's role in financing and delivery of health care through methods ranging from completely replacing the current system with a government-run health insurance program for all Americans,[2] to mandating that everyone maintain health insurance coverage and funding expanded access through various taxes and penalties. The cost of these reforms has been estimated to be somewhere between $1 trillion and $3.5 trillion over 10 years.

As we have seen with other well-meaning attempts to reform the health-care system, what starts as a promise to deliver greater access and affordability invariably confronts simple reality: Covering more people costs more money—a lot more money.

Government should be involved in health care only to the extent that citizens are willing to fund it. In July 2009, surveys measuring willingness to pay more to cover more Americans showed roughly even support for this general concept. However, support fell to between 20 percent and 43 percent willing to pay "as much as $500 a year or more in taxes" to cover more people.[3] As concrete reform proposals begin to emerge from Congress, transparency of real costs to individuals and businesses will be very important, understanding that projected government costs generally go up, not down, over time.

Government has an important and appropriate role in health-care reform: Establishing and communicating national health care goals and objectives, and aligning incentives among insureds, institutional and professional providers and carriers to achieve these goals. For example, the Obama reform principles appropriately call for measures proven to reduce cost drivers such as obesity, sedentary lifestyles and smoking.[4] However, the insurance rating methods contained in pending health-care reform proposals do very little to meaningfully reward healthy behavior. Instead, the rating methodologies effectively mandate subsidization of unhealthy and expensive behavior. Provider reimbursement and carrier financial performance rarely connect with achievement of maintaining or improving the health of insured patients. Systemic alignment should be the primary focus of reform and it does not require the establishment of another government bureaucracy whether it's called a "connector," "gateway" or "public option."

The largest drivers of health-care costs are the frequency and cost of medical treatment. Arbitrarily cutting Medicare reimbursement,[5] however, simply reduces access to providers,

[1] (1) Senate Finance Committee, (2) Senate HELP Committee, (3) House Tri-Committee, (4) Senators Coburn and Burr with Representatives Ryan and Nunes, (5) Rep. Conyers, (6) Rep. Dingell, (7) Sen. Sanders, (8) Rep. Stark, (9) Senators Wyden and Bennett, (10) Former Majority Leaders Baker, Daschle and Dole.

[2] Rep. Conyers "U.S. National Health Care Act" announced Jan. 26, 2009.

[3] "Data Note: Footing the Bill," Kaiser Public Opinion, The Henry J. Kaiser Family Foundation, July, 2009, pp 1-2.

[4] President Obama, "Principles for Health Reform."

jeopardizes quality of care and shifts provider costs to private programs. At least three key reform proposals appropriately focus on strengthening primary care and chronic care management through incentives, outcomes assessments, dissemination of best practices and coordination of care.[6] Government can play a meaningful role in also providing reasonable liability protection to providers adhering to best practices, which in turn, can be expected to reduce costs attributable to defensive practice of medicine.

Strengthening primary and coordinated care without further fueling health-care costs requires more primary care professionals. That requires changes in the way we train medical professionals in the United States. It is unreasonable to expect doctors who incur huge medical education debts to choose primary care practice when they can make significantly more money practicing in specialty areas that do not depend upon public reimbursement. Several reform proposals include appropriate focus on reform of graduate medical education to increase the number of primary care providers[7] and the number of community health centers and school-based health centers.[8] It would be an appropriate role of government to establish a national system of health-care service in return for tuition assistance.

Jeff Gingold, Shareholder, Lane Powell PC

It is appropriate for government to facilitate administrative savings through standardization of health care claims forms and related rules designed to increase electronic exchange of administrative and clinical data. This has been ongoing for several years and should be continued. It is a component of several health reform proposals.[9]

Government has an important role in providing a "safety net" to help protect against catastrophic healthcare events, particularly if they are unavoidable. One of the reform proposals contains a limited reinsurance program which may be worthy of development.[10]

The so-called "public option" is not an appropriate role of government in health care. It is either subject to all the same rules and requirements applicable to the private sector in which case it will not provide anything that is not already available, or it will be exempt from requirements that drive costs up and will have an unfair and predatory advantage. The appropriate role for government is to determine what characteristics, standards, and behaviors could make the health-care system more affordable and incentivize their implementation within the existing private and public health-care system. WB

5 "Plan may mean cuts to hospitals. . . officials say President Obama intends to cut more than $200 billion from hospital reimbursements to help pay for a system overhaul. . ." *Seattle Times,* June 14, 2009, p. A5.

6 Senate Finance Committee, "Policy Options"; Senate HELP Committee, "Affordable Health Choices Act"; House Tri-Committee, "Health Reform Proposal."

7 Including: Senate Finance Committee, "Policy Options"; Senate HELP Committee, "Affordable Health Choices Act"; House Tri-Committee, "Health Reform Proposal."

8 Senate HELP Committee, "Affordable Health Choices Act"

9 House Tri-Committee, "Health Reform Proposal."

10 See, for example, Senate HELP Committee "Affordable Health Choices Act."