'Major League, Middle Class Anxiety': Is the U.S. Closer to Universal Health Care?

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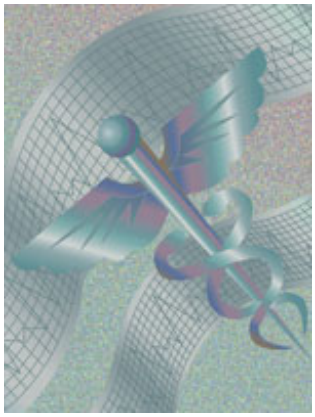

The doctor. The insurance executive. The economist. The industry consultant. What was perhaps most striking about the health care panelists at the recent Wharton Entrepreneurship Conference was that they all seemed to be pretty much in agreement. Forget about what happened last time health reform was high on a new president's agenda. Under the Obama administration, health reform is coming, the panelists said, and in fact, it's already begun.

"You have major league, middle class anxiety," said Len Nichols, a health economist and director of the Health Policy Program at the New America Foundation, a non-profit public policy think tank in Washington, D.C. It no longer appears to be an option for elected officials to say, "We decided to do nothing." Unlike in 1993-94 when the Clinton health reform attempt failed miserably amid a chorus of criticism, the current economic slump has "helped to make the case [that] we are indeed in one boat."

The conference and its panel on health care reform, titled, "Catalyzing Change: Accelerating Health Care Advancement," was held just days after President Obama signed into law a $787 billion economic stimulus package that contains significant health care spending, including more money to the states for Medicaid, federal subsidies to help laid-off workers purchase insurance coverage, funding for "comparative effectiveness research" to help determine whether medical treatments and devices are worth the money, and an outlay for health care IT, among other things.

Nichols offered a statistical backdrop for the panel's discussion: 42 million Americans uninsured, another 40 million under-insured, about 16% of the nation's GDP spent on health care. "Health insurance now costs 17% of family income," Nichols said -- up from about 7% in the early 1990s, according to his foundation. Despite all those dollars, though, "a third of what we spend on health care right now adds no value."

That Americans are feeling the squeeze of health care is becoming more and more evident. According to a poll released on February 25 by the Kaiser Family Foundation, which tracks health policy issues, 53% percent of American households cut back on health care last year because of cost concerns, 27% had put off getting needed care, 20% had not filled a prescription, 15% had cut pills in half or skipped doses, and 34% said they had not gone for dental care. With the ranks of the unemployed growing and many workers being forced to take unpaid furlough days, people may think even harder about spending what money they have on health services. At the same time, employers are shifting more of the cost of insurance onto their workers.

'Cash, Choice, Change'

Panel member J. James Rohack, a Texas cardiologist who is president elect of the American Medical Association, said he believed that health reform needed to be about "cash, choice, change." By cash, he meant giving income-related tax credits so individuals could purchase health insurance; by choice, he meant preserving options for coverage and care that have been the hallmark of the American system. And change? "We have to fundamentally change the current waste we have with redundancies and processes that add no value to health care delivery," Rohack said.

According to Steven Udvarhelyi, senior vice president and chief medical officer for Philadelphia-based Independence Blue Cross, health reform can't simply entail "changing the name on the check," or the "ratcheting down of programs" one by one. All pieces of the health care system -- Medicare, Medicaid and private payers and providers -- need to be part of a comprehensive strategy that expands access, and embraces sensible and effective cost-reduction strategies. In addition, "Everyone has to be in the system ... or reform will fail," he noted, warning against the pitfalls of "opting out" provisions for businesses and individuals.

Kevin Gorman, managing partner and founder of Putnam Associates, a Boston-based consulting firm that advises biopharmaceutical companies, pointed out that the industry wants universal access to be a hallmark of health reform -- no surprise since more insured people means a bigger market for products -- but he said there remains a fundamental and unanswered question: "Where does the money come from" to pay for all the added coverage? Also, while the stimulus package contained $1.1 billion for "comparative effectiveness research" to determine which treatments, procedures and devices are best from both a quality and cost standpoint, Gorman wasn't sure how that initiative would play out. "How will clinical-effectiveness data be utilized?" he asked. "Well-done analyses will be useful," he said, but cautioned that "People don't want to be told this is the only way to be treated."

An overhaul of the federal Food and Drug Administration should also be part of any reform effort. The FDA "desperately needs funding [and] leadership," Gorman added, noting that the agency needs to be the global leader in the evaluation and approval of new cutting-edge treatments.

The panel also addressed the question of what would happen if tens of millions of people were suddenly added to the health care system. Such a change would greatly increase the need for primary care physicians. That demand would be hard to meet because medical students today are migrating toward higher-paid specialties, while general practice training slots are already hard to fill.

Family Doctor Gap

"We are not in short supply of hospitals and specialists," said Udvarhelyi, driving home the point. A survey reported in September in the *Journal of the American Medical Association* found that 2% of graduating medical students said they planned to have a career in primary care internal medicine. They cited concerns about paperwork and the high demands of primary care practice. According to an Associated Press report on the survey results, family medicine doctors had an average salary of $186,000 in 2007, compared to $436,000 for orthopedic surgeons.

Rohack said that if Americans want to have doctors spend more time listening to them, then someone has to be willing to pay for it. Right now, if physicians spend more time on appointments, they see fewer patients and make less money. "If you don't do a procedure, you don't get any money."

The panelists -- led by Michael Conway, director of the Philadelphia office of McKinsey & Co. -- noted that a lot of power for change rests in the hands of patients and the everyday choices they make. But unfortunately, while everyone talks about eating right, exercising more and losing weight, no one has figured out how to motivate people to adopt healthier lifestyles as a means to ward off heart disease, cancer, diabetes and other illnesses. Also, while health plans offer members preventive services such as flu vaccines, routine checkups and cancer screenings, many people don't see the value in them or simply don't take the time to seek out care unless they are feeling sick.

According to Udvarhelyi, Independence Blue Cross's experience shows that only about 50% of people who should be getting colon cancer screenings do so, even though colonoscopies can catch cancer in an early and highly treatable stage. Health plans are trying all sorts of strategies to motivate patients to take better care of themselves -- from assigning people with chronic diseases to a "health manager," to providing incentives, such as cash back on gym memberships or gift cards for getting certain preventive care.

It is hoped that the implementation of electronic health records -- for which about $19 billion was included in the stimulus plan -- will help make sense of the disparate care that Americans receive. But the panelists said that electronic records will be of limited use unless hospitals and providers can all talk among themselves, reaching across hospital systems and even health plans. Udvarhelyi worries about

patients who land in the emergency room of a hospital that does not have access to their electronic medical records stored at another hospital.

"How do we wire together and, at the same time, protect patient privacy?" asked Rohack, echoing a concern of not only providers but many consumer groups.

Ready for Rationing?

Gorman noted that the panel seemed to be dancing around two of the toughest issues: Rationing of services and price controls. Rohack said that physicians are already working under price controls, though payers don't describe their fee schedules in such terms. Nichols contended that American consumers won't stand for rationing, at least not rationing in any obvious sort of way. "At the end of the day, the United States is not going to ration care the way they ration care across the pond," Nichols stated. "We're always going to allow you to buy what you want, but we may allow you to buy it with your own money."

Still, Gorman said he was optimistic that "for the first time in a long time, all the stakeholders seem willing to compromise."

That attitude, of course, could change. A few days after the panel discussion, Obama released his $3.6 trillion budget for the coming fiscal year, which included a $630 billion reserve fund that would, in effect, become the seed for universal coverage. The outcry has already begun among Republicans who oppose the plan's provision to pay for part of the fund with a tax increase on the wealthiest Americans. "Every stakeholder has to give something up ... to find a more durable solution," Udvarhelyi told the conference audience. And among those stakeholders, whether they like it or not, will be health care consumers.