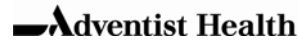


Ukiah Valley Medical Center



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Local Health

By Terry Burns, UVMC President/CEO

Even More on Coming Health Care Changes

We all continue to hear ideas from Washington, D.C., and Sacramento about how to fix our health care system. This column is the third in a series in which I'll discuss the changes that may be coming why we should all stay informed. This time, I'll mostly focus on challenges at the federal level and how they may affect us locally.

In Washington, D.C., "health care reform" is being discussed in many quarters. As I've indicated in earlier columns, some of the characteristics which differentiate this cycle of reform from that of the 1980s include

1. more transparency;
2. a growing but still rather voiceless uninsured population;
3. an additional 20 years of health care's increasing impact on our national Gross Domestic Product (GDP); and
4. the simultaneous involvement of congressional and presidential leadership.

Transparency

Lack of transparency seemed to be one of the key reasons health care reform failed to materialize during the Clinton years. Today, while there are likely some secret discussions occurring, most of the key points are being openly discussed. While each of the sub-industries that together compose our health care system would like to protect individual special interests, all the industries know that they must either play ball or become a target for heavy reform.

In June, a fairly definitive proposal emerged from the House, and the Senate is releasing information about its proposals, too. There are some in Congress demanding ultimatums – reform must include this or that. However, many in Congress are exploring options to keep the process moving toward the consensus needed for success.

Uninsured

I know that many in Congress look at the large uninsured population as non-voters, but there is genuine concern nationally about those with no coverage. There is a vocal minority who see uninsured and illegal alien as synonymous. This simply is not correct. Today, a majority of the uninsured are simply those who are not provided health insurance through their employer or are unable to secure insurance on their own. When they need care, it is most frequently not cost-effective preventative care.

Most recently, a proposal is being discussed in Congress to reduce the number of uninsured people by about 18 million. That is only about one third of those currently uninsured. The projected cost for this single step of health care reform is nearly \$1 trillion! The only formula possible that can move this incremental progress forward requires significant cost reductions to

current health care programs and revenue increases (read “taxes”!) This is likely the largest pill we can swallow at present, as a nation. I’m not sure that we have the capability to swallow it. This will be an important step toward universal health care!

Many ask me about “single payer” or “universal” health care. This would replace our current system of individual and group health insurance and replace it with a single solution, perhaps similar to Medicare for all. A true single payer system (everyone has the same health care coverage) may be a good solution, but it seems unlikely in the short term. A lot of individuals (more than 50% of those surveyed) support universal health care--right up to the point where they hear the price.

Some have proposed universal health care using a tiered system which would allow different groups to receive different coverage (notably **Shelia Kuehl**, former state senator here in California, and now **Max Baccus, US senator from Montana**). As soon as we have tiers, I don’t think we can call the coverage “universal.” I recall President Obama saying that what was good for the populous should be good for the President and Congress. I agree. Time will tell whether we see a national single payer system. I wouldn’t hold your breath.

GDP and Congressional/Presidential Leadership

The White House and some members of Congress are targeting at least \$400 billion in strategic expense reductions. Hospitals and post-acute care providers (like home health care agencies and skilled nursing facilities) are going to contribute \$200 billion through a system of penalties on hospital readmissions and mandated quality performance measures which have been shown to improve outcomes and efficiencies through better integration of care. The health care supply industry is committing to \$300 billion in cost reductions over the next 10 years.

I expect that other components of the multi-faceted health care industry are also on the hook to reduce health care costs over the next 10 years. These are going to take many shapes and affect most aspects of the current system.

I’m pleased that there has not been a lot of discussion about reducing physician payments. However, the government may try to better integrate the health care delivery system across the continuum of care; more tightly linking hospitals, clinics and other care providers. Our current health care system did not get in its current condition overnight. The problems are multi-dimensional and will require purposeful change.

Revenue! Even with at least \$400 billion in cuts, reform is still not possible without some type of significant tax change (read “increase”). This is where we’ll see the real political challenges. During the past year, our government has far outspent its revenue. While much of this was a bipartisan agreement to save the nation from another Great Depression, it is likely that government overspending’s first cousin – inflation – is on the near-term horizon. Regardless of whether we hit an inflation spiral, it appears that worries about inflation have really sunk in – today Congress and the President are insisting that health care reform cover its costs – either with cuts or new taxes or more likely both!

No one has the formula for taxes that increases them enough – say by \$600 billion over 10 years – in a painless way! The size of this increase requires that taxes be raised through some mechanism on the vast majority of Americans. If the tax is placed on business, there are valid concerns that our world-wide competitiveness will be further jeopardized. If the tax is just on individuals, it is likely that a majority of those who pay federal taxes today will see significant

increases. Taxes seem to be the biggest obstacle in health care reform, and could derail the entire process.

There are some who have suggested that there is no urgency to the debate on health care. I think this is a misguided conclusion. I know of surveys showing many citizens quite content with our current system. However, when people discuss health care in forums with me, everyone who is familiar with the surging growth of health care expenses realizes health care is a major, if not the main long-term economic problem today! It has the ability to steal the future from our grandchildren if we don't deal with it. My grandkids are too precious to me to do nothing.

I'm always interested to hear your thoughts. I can be reached at 707.463.7360.