

The background of the slide features a stylized American flag with stars and stripes. The title "Understanding Health Care Reform" is centered over the flag.

Understanding Health Care Reform



- The health care reforms proposed by President Obama and some Members of Congress would nationalize nearly 20 percent of the U.S. economy, and would eliminate individual health care choices and delay or even deny access to health care.

Understanding Health Care Reform

The world over, the left only knows two ways to control health care costs

- SQUEEZE THE DOCTORS
- DENY PATIENTS CARE

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- In countries like Canada and Britain, the government decides how much doctors are paid. The average doctor earns less than a good plumber.
- In countries with nationalized health care, the government uses waiting lists to ration care. The government decides how long you must wait for treatment.
- People can wait months for a hip replacement or cancer therapy. The most effective drugs are not available because they are too expensive.
- Older patients and the disabled are often denied treatment.
- Those who can't wait can go to United States for care – and pay for it themselves – or they can die waiting for care.

Understanding Health Care Reform

What they don't believe in:

- ECONOMIC INCENTIVES
- MARKETS
- ENTREPRENEURSHIP

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- Advocates of this type of health care reform don't believe that health care costs can be controlled by giving people the right economic incentives.
- They don't think doctors should be paid for outcomes, not the amount of services they provide.
- They don't believe health care consumers should be rewarded for shopping for better prices or questioning unnecessary tests.
- They don't believe hospitals, insurers or drug companies should be allowed to make profits for their investors.
- They don't believe market competition and pricing controls costs, even though the real price of laser eye surgery and medical imaging has fallen due to competition.
- They don't believe innovative entrepreneurs can find more efficient ways to deliver health care, such as over the Internet or through walk-in clinics.

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So the only thing left is:

- SQUEEZE THE DOCTORS
- DENY PATIENTS CARE

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- U.S. government health programs also pay providers much less than private insurers:
 - Medicare pays hospitals 30% less than private insurers.
 - Medicare pays doctors 20% less than private insurers.
 - Medicaid is even more stingy.
 - The result is fewer doctors will treat Medicare and Medicaid patients, and you will have to wait longer for appointments.

Understanding Health Care Reform

But ...

- They cannot do anything until they
NATIONALIZE HEALTH INSURANCE

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- This requires getting people out of their private health insurance plans into a government plan.
- The government already covers about 100 million people, mostly in Medicare, Medicaid and the State Children Health Insurance Program (S-CHIP).
- The government already pays 45 percent of health care costs. The left wants the government to take control of the remaining 55% of health care economy.
- Most people who have health insurance coverage through their employer will lose it.

Understanding Health Care Reform

What the special interests will do:

- GIVE OBAMA WHAT HE WANTS SO LONG
AS TO GET THEIR SLICE OF PIE

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- In 1993 the various stakeholders in the health care geared up to fight the proposed upending of their industry.
- This time the stakeholders have the view that some type of change is inevitable and they all are going along in hope that a seat at the table will allow them their own slice of the pie.

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Who are the special interests who are ready to sell out?

- Medical associations
- Hospitals
- Drug companies
- Large health insurers
- Large companies & business roundtables

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- They are all meeting in behind-closed-door sessions – carving up the spoils that will flow from health care reform.

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All are negotiating the terms of their surrender.

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- That's why it's up to you to sign the petition and make your voice heard.

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Who is not participating in those behind closed door negotiations?

- PATIENTS

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- No one is representing the interest of patients in these deliberations.

Understanding Health Care Reform

PROMISES: To make the case for reform, Obama again and again refers to the problems of:

- COST
- QUALITY
- ACCESS

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- **Cost** is too high.
 - Medical spending is rising at twice the rate of national income
 - Medical prices are rising at three times the rate of inflation
 - The US is spending \$2.3 trillion annually 17% of GDP

The U.S. spends twice as much per person on health care as other developed countries – but it delivers more advanced treatment to more patients than any other country.

- The **quality** of health care in the U.S. is inconsistent because providers do not have economic incentives to improve care. But the quality of care is actually worse in countries with nationalized health systems.
 - Nearly 100,000 die from medical errors—Institute of Medicine
 - Drug errors injure 1.5 million each year
 - Two million hospital-acquired infections
 - Little safety-enhancing technology
 - Success is often not emulated
- The uninsured have difficulty getting **access** to care because of its cost as do many Medicare and Medicaid enrollees. By law, hospital emergency rooms cannot deny care and \$1,500 per uninsured individual is spent on free care each year.
- 46 million people currently lack health coverage—15.3% of the population – the same proportion as lacked coverage in 1993.

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Likely results:

- HEALTH CARE COSTS WILL BE HIGHER not lower
- QUALITY OF CARE WILL BE LOWER not higher
- CARE WILL BECOME LESS ACCESSIBLE not more

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Current proposals coming out of Congress will solve none of these problems:

- **Costs** will rise because there are no realistic cost control proposals and spending will increase by \$100 billion to \$150 billion a year.
- **Quality** is unlikely to be improved because health insurers competing in a government-created health insurance exchange will have incentives to underprovide to the sick.
- **Access** will be worse:
 - Medicare and Medicaid patients and enrollees find they often have to wait weeks for an appointment.
 - In the past, when Medicaid and S-CHIP were expanded, up to 60% of new enrollees dropped private coverage to enroll. In these cases, enrollees' access to care got worse.

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The 2% Solution

- Un-insurance is like unemployment – it affects a lot of people for short periods of time
- Less than 10% of the uninsured (less than 2% of the population) will be uninsured for longer than two years
- To solve the problem of this 2%, Obama and Congress want to nationalize insurance for the other 98%
- When they are through, there is no guarantee they will have done anything to actually help the 2%

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- According to a 2002 Census Bureau report, three-quarters of uninsured spells are over within 12 months. Only 2 percent of the population is insured for two years or longer.
- The Kennedy proposal would only cover one-third of the uninsured. The more costly proposal by Senator Max Baucus would cover less than two-thirds.
- According to Census Bureau figures, 40% of the uninsured live in households that earn more than \$50,000 annually (half of those earn more than \$75,000). And 12 to 14 million of the uninsured already qualify for coverage by public programs but have not enrolled.
- One-in-five of the uninsured have turned down employer-sponsored coverage at work. This suggests that nearly two-thirds of the uninsured theoretically have access to coverage but have chosen not to enroll.

Understanding Health Care Reform

The Kennedy Bill is the Blue Print

- \$1 Trillion in New Taxes
- You will be required to have insurance
- Your employer will be required to contribute
- Washington will decide what type of plan you must buy

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- Sen. Kennedy's plan would require individuals to have health coverage and compel employers to provide coverage or pay into a fund. Workers bear the cost in terms of reduced take home pay.
- If there is a mandate that everybody must have health coverage, then some governmental body must necessarily have the authority to decide when the mandate has been met. This body and Congress will be the target of lobbyists and special interests – trying to get coverage for everything from acupuncture to in vitro fertilization.

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What this means for you: Insurance

- You will likely lose the coverage you now have
- You will be required to buy insurance in an “exchange” created and regulated by government
- Ultimately, you will not be able to buy insurance anywhere else

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- Congressional Democrats are advocating a system where individuals who must purchase their own insurance but everyone will pay similar premiums. This means some people will be forced to pay more so others can pay less. In the few states where this has been tried premiums have risen to double or triple the premiums in states that have not adopted these regulations.
- The market for individually owned insurance will either be abolished or regulated out of existence.
- People who don't get insurance from an employer will be required to buy it in a "health insurance exchange."
- For most people, government subsidies in the exchange will be higher than tax subsidies for employer provided coverage.
- Eventually, most people will lose their current coverage, as employers drop their plans and send their employees to the "exchange."

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What this means for you: Quality

Since everyone will be paying the same premium:

- Health plans will face perverse incentives to attract the healthy and avoid the sick
- Health plans will face perverse incentives to over-provide to the healthy and under-provide to the sick
- A federal health board will give them cover

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- Insurers are often accused of “cherry picking” the healthiest patients who have lower health risks.
- Yet, under the current system most insurers can adjust premiums to compensate for higher risk.
- Under new proposals insurers will have no recourse other than to avoid the sick altogether.
- Once people have enrolled, health plans will be tempted to overprovide to the healthy (on whom they make a profit) and underprovide to the sick (on whom they lose money).
- A federal health board will give health plans an excuse not to provide expensive drugs and other costly care.

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What this means for you: Quality

- Every health plan will be forced to implement managed care
- Washington, not doctors, will decide which treatments are effective
- Eventually, a national health board will decide which treatments are worth the cost

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- If everyone is required to have health coverage and health care is largely free at the point of service, medical prices will rise and health care utilization will increase.
- Health plans and government will be forced to find a way to reduce costs. A way that is often touted is *pay-for-performance* and *evidence-based medicine* – new names for an old idea: *managed care*.
- Managed care, in turn, is another name for rationing .
- Britain does this by specifically excluding some costly treatments to save money.

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Britain's Health Board

- Tom Daschle cited it as the model for US health reform
- Rule: Spend no more than \$35,000 to save a year of life
- World Health Organization: 25,000 Britons die every year because they do not have access to cancer drugs available in the US and on the European continent

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Understanding Health Care Reform

The “Public Plan”

- In the health insurance exchange, one of the plans will be a “public plan”
- “Public plan” means Medicare for young people
- Because Medicare pays doctors and hospitals well below market prices, it will be able to charge the lowest premiums.
- LEWIN: 120 MILLION AMERICANS WILL LOSE PRIVATE COVERAGE AND ENROLL IN A GOVERNMENT PLAN

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- The public plan would have many unfair advantages over private insurers. It would not pay property taxes, income taxes or sales taxes. It could dictate provider reimbursements that are 20% to 30% below market rates that private insurers must pay.
- A public plan could undercut private insurers (and ultimately gouge taxpayers) – crowding out private coverage.
- A study by the Lewin Group estimates that 120 million people would lose their private coverage and enroll in the public plan (most would get dumped into the public plan by employers).
- When this number is added to Medicare, Medicaid and S-CHIP, the percentage of Americans in a government-run health plan would approach 75% to 80%.

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What this means for you: Cost

- There are no serious cost control measures in the Kennedy bill
- There will be at least \$100 billion a year in additional spending
- So, health care inflation is bound to get even worse

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- With only a 20% market share, private health insurance as we currently know it would cease to exist.
- In countries with a nationalized health care system, only the rich (and government officials) can afford to bypass long waiting lines by having private insurance.

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What this means for you: Access

- Doctors offices and hospital emergency rooms are already full
- More health insurance without better economic incentives means: longer waits, more health care rationing

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- Enrollees in public plans already have less access to care than those with private coverage. Primary care is especially limited.
- Medicare and Medicaid enrollees have to wait longer for an appointment. They have fewer doctors from which to choose. In a very real sense, this is a form of rationing by waiting.

Understanding Health Care Reform

Even without reform, we are becoming more and more like Canada:

- Nearly half (45%) of physicians nationwide do not accept Medicaid patients.
- The average wait time to see a doctor across all specialties is three weeks (21.5 days). This has increased an average of 9 days in the past 5 years.
- If your plan pays doctors below-market rates, you are the last patient doctors will want to see
- All these reform proposals (Obama, Baucus, Kennedy) would put millions more into Medicaid – paying below-market rates

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Consider these reforms from your doctor's perspective.

- More and more doctors are refusing to accept Medicaid patients.
- Wait times are increasing.
- Doctors, like anyone else, don't like to accept less than their services are worth.

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The Kennedy plan is modeled on the Massachusetts plan:

- Waiting to see a new doctor in Boston is twice as long as in any other US city
- The number of people going to the emergency room for non-emergency care is as high today as three years ago when the reform was enacted
- Although Massachusetts has cut the number of uninsured in half, it is not clear access to health care has improved at all!

Understanding Health Care Reform

What is the real goal of health care reform?

- The Kennedy bill will cost \$1 trillion over 10 years
- It will only insure 1/3 of the uninsured (16 million people)
- That's \$62,500 per newly insured person
- That's \$250,000 for a family of four

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- The real goal of health reform is to nationalize the health care industry.
- The public plan option is a backdoor way to move to a single-payer system – what the political left has wanted all along.