

Stakeholders Talk About President Obama's Healthcare Plan

Universal healthcare is a hotly debated issue. Few would argue that America's current system is flawed, but finding a solution remains controversial.

Since taking office, President Barack Obama has pushed for a new, universal healthcare system with the mission statement: "It will provide more security and stability to those who have health insurance. It will provide insurance to those who don't. And it will lower the cost of healthcare for our families, our businesses and our government."

The Obama administration has argued that healthcare expenditures in the United States are currently 18 percent of the gross domestic product; without reform, this figure could reach 34 percent by 2040. Healthcare expenditures have dire implications for government budgets since federal, state and local governments cover nearly half of current healthcare spending. Additionally, an estimated 46 million Americans are without health insurance, and White House reports say that this number will rise to 72 million in 2040 without reform.

In November, Obama's healthcare plan took steps forward as the House of Representatives approved the Democratic healthcare legislation. The issue is now before the Senate, whose bill is 2,074 pages – 84 more pages than the House version. If the Senate passes a bill, then a conference committee of House and Senate members would need to find consensus on merging the two bills into one. Once, and if, that occurs, the final version would be presented to President Obama for his signature.

Seeking local and national opinions about the healthcare plan, Business Journal Staff Writers Ashleigh Oldland and Tiffany Rider compiled guest columns from healthcare leaders and stakeholders who will be impacted by the legislation. ■

BARRY ARBUCKLE

President/CEO

MemorialCare Health System and

DIANA HENDEL

CEO Long Beach

Memorial Medical Center And Miller Children's Hospital Of Long Beach

Long Beach is home to world-class hospitals, physicians, nurses and health professionals. Our technologies and treat-



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MARK KORTH
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ments detect diseases earlier, provide scores of treatment options and offer best-practice medicine that improves, extends and enhances lives.

But like all American communities, we are facing a crisis. As a result of California's 14 million uninsured and underinsured, nearly half the state struggles to access services. California hospitals lost \$11 billion last year from nonpayment of medical bills and government payers reimbursing less than the cost of care. Businesses witnessed 138 percent increases in premiums over 10 years. Annual family premiums top \$13,000. Single coverage nears \$5,000.

We are witnessing remarkable progress toward insuring more Americans, expanding Medicaid eligibility, guaranteeing coverage for pre-existing conditions, offering subsidies to purchase insurance and more. Additional imperatives should:

- Address the underinsured and uninsured. Limited coverage restricts access to care, placing tremendous burdens on patients, physicians and hospitals. About 75 percent of those facing bankruptcies attributable to medical problems had insurance when they entered the health system. Unpaid bills shake the stability of hospitals, limiting improvements and acquisitions of life-saving technology. Subsidized public-private partnerships with sliding scales costing a fraction of traditional plans could make a difference.

- Make everyone responsible for the solution. Employers, hospitals, physicians, patients, health plans and government must collaborate to cover the uninsured, protect hospitals' long-term viability, offer quality incentives and make coverage affordable for small businesses and all Americans.

- Encourage health coverage. One-quarter of workers who can afford coverage opt out because they believe they won't need care. This rarely happens. Another 30 percent of uninsured eligible for government-subsidized programs do not access them. We must demonstrate how health coverage is an investment in everyone's future.

- Teach our children wellness. Fifteen percent of California's children lack health insurance. One in three is overweight. Every three hours, a child dies before a first birthday. Without a plan embraced by schools, parents and communities, unhealthy children become unhealthier adults, and businesses lack a productive workforce.

- Promote prevention. Health costs of a high-risk worker nearly triple that of a low-risk worker. Healthier lifestyle programs that could save the state \$1.7 billion annually are as simple as on-site exercise, prevention and screenings and making costs of nutritional food less than unhealthy offerings.

- Address bureaucratic costs. Hospitals and doctors face inexplicable regulations and bureaucracy. Red tape, administrative requirements and barriers to government programs and private coverage must be minimized.

- Embrace technology. Investing in health information technology, infrastructure and interoperability remains critical to advancing seamless, coordinated services.

The best reform model focuses on prevention, expands affordable education for tomorrow's clinicians, encourages patients and providers to contain costs, improves medical outcomes and ensures access to quality healthcare close to home. ■

DONALD CRANE

President/CEO
California Association
Of Physician Groups

Last week, Congress passed landmark health reform legislation that would make health care more accessible and affordable for millions of Americans, including 7 million Californians, by enhancing coverage, promoting preventive care and improving delivery of care through Accountable Care Organizations. As providers of health care to more than 15 million Californians through the accountable care organization model, the California Association of Physician Groups (CAPG) is pleased by many of the elements in HR 3962.

However, this measure will now head to the U.S. Senate where the Senate Finance Committee has its own version of health reform legislation that could ultimately have a negative impact on Californians.

While California's physician groups fully recognize the challenge in balancing the interests of expanded coverage and the cost to do that, the proposed \$6.7 billion tax on health plans in the Senate Finance Committee bill will be extremely concerning because it will ultimately result in higher costs for consumers and lower reimbursements for California's providers.

The tax would be levied only on state-licensed, insured plans and not on coverage through self-funded plans. As a result, states such as California, which have the vast majority of their commercially insured population in fully-insured plans, will end up shouldering a significantly disproportionate share of the tax burden.

In California, 77 percent of the commercially enrolled population is enrolled in fully-insured health plans. Many states have a much lower percentage of the commercially enrolled population in fully-insured plans. The national average is only 48 percent. As a result, if the tax is enacted, California would pay at least one-third more than the average state on a per-capita basis – therefore, driving up health plan rates for consumers and lowering reimbursement rates for hospitals and physicians.

California's physician groups support efforts to expand coverage to all Americans, financed by broad, equitable funding sources, but the costs of health reform should not be unfairly borne by Californians. If the tax is enacted in its current form, more large businesses will opt for self-funding, exacerbating the impact on the state and local government purchasers for which self-funding is problematic, and for the small businesses and individual purchasers for whom self-funding is not an option at all.

CAPG is committed to working with the California congressional delegation to ensure increased coverage, shared responsibility and meaningful reform advances without compromising the quality of care delivered by California's health providers. ■

DAN DANNER

President/CEO
National Federation
Of Independent Business

employers are struggling to make payroll, many on Capitol Hill want to force employers to provide expensive health insurance.

Our elected officials should know better than to impose a job-killing mandate on small employers. It's a bad idea in good times. It's a really bad idea during a recession, and it has no place in healthcare reform.

Simply put: employer mandates destroy jobs and fail to increase choice and competition. A mandate is ultimately a tax on low-income workers, depressing the wages of some and putting others out of work. It doesn't reduce healthcare costs and, instead, substitutes a hefty and direct penalty on the very people struggling to pay for insurance. Furthermore, a mandate does nothing for the unemployed, self-employed or early retirees. This is particularly destructive in the current economic environment, when hiring is stagnant and unemployment is more than 10 percent.

Mandates lay especially heavy burdens on small firms, increasing administrative burdens and causing cash-flow problems, particularly during their first five years. A mandate gives employers strong incentives to cut wages, replace full-time employees with machines and/or turn to outsourcing.

By focusing on coverage and ignoring cost, current reform efforts will leave thousands of small employers and their workers on the same road they were when this debate began – with unsustainable premium increases, new taxes and no relief in sight.

Make no mistake, small-business owners need and want reform. That's why NFIB supports market reforms that will increase access to insurance plans, drive more competition and lower costs. That's the only way we'll get more Americans the affordable coverage they want. Small-business owners, their workers and families need the power to negotiate rates and the flexibility to design plans that give employees the benefits that best suit their needs. An employer mandate gets us nowhere closer to those goals.

Supporting job-killing proposals like an employer mandate is simply not a solution small businesses can live with. It will not help to lower healthcare costs, and it should not be part of any federal reform plan.

It's time for our elected leaders to wake up and realize that taxing small businesses with more things they can't afford is not "reform" – it's a death sentence for jobs here in Florida and across the country. ■

Small-business owners are scratching their heads trying to make sense of the recent House healthcare vote in Washington. While American jobs are disappearing and

CHRISTOPHER DiCICCO

President/CEO
St. Mary Medical Center

St. Mary Medical Center and the Catholic Healthcare West (CHW) system align themselves with the healthcare reform goals of President Obama. Significant work is being accomplished to make healthcare affordable and accessible to the underinsured or uninsured. Obama is committed to a comprehensive system with quality, affordable healthcare for every American. With escalating healthcare costs, increased unemployment and a growing homeless population, the need for healthcare reform is evident. Clearly hospitals are part of the issue and must also be part of the solution. The longer we wait, the bigger the problem will become. Now is the time to build a strong foundation for our healthcare system to help strengthen and stabilize our fragile economy. St. Mary is on the front lines of the healthcare reform debate. Every day we experience the sad consequences of countless families and individuals who lack health insurance coverage.

A reformed system should be patient-centered, transparent and connected through clinical information systems that measure and track outcomes. Investing in an electronic health records system and technology – to decrease errors, reduce expenses, enhance privacy and save lives – is a goal that President Obama is making a reality. Innovative efforts to find a cure for cancer, which has touched nearly every American during his or her lifetime, inspire hope. Obama's healthcare reform makes the largest investment ever in preventive care, which is key to maintaining a healthy society and keeping costs under control.

CHW hospitals have a strong voice in the policy discussions at the national level. In addition to direct advocacy with our nation's leaders and leveraging that work through partnerships and grassroots activity, many of the CHW hospitals recently hosted town hall meetings to listen to the issues faced by the millions of people who struggle to access and pay for care. Tremendous work by organizations across the country is being done to provide free or low-cost healthcare to the needy. St. Mary held a town hall meeting in July, and it was an opportunity for Long Beach residents to voice their concerns about healthcare reform and get their questions answered by political leaders, physicians and healthcare workers.

President Obama's commitment to healthcare reform is long overdue and has been lacking in previous administrations. Granted, there

are differing opinions about how to achieve reform, but one thing is for sure – we must continue the work, despite the laborious process, because it must be done. ■

JEANNINE ENGLISH

AARP California
State President

After a lifetime of hard work, no older American deserves to spend their later years struggling with medical bills. That is why AARP has been fighting so hard to ensure older Americans are getting the healthcare coverage they deserve.

After carefully reading the Affordable Health Care for America Act and the Medicare Physician Payment Reform Act (HR 3962 and HR 3961), AARP has endorsed these bills because they meet the critical needs of older Americans and future generations.

For the more than 45 million Americans in the Medicare system – 4,122,000 in California alone – the House plan makes prescription drugs more affordable by completely closing the dangerous gap in prescription drug coverage known as the “doughnut hole,” and by allowing Medicare to negotiate prescription drug costs. It also adds preventive benefits like cancer screenings, cracks down on waste and fraud, protects traditional Medicare benefits and ensures seniors get access to the doctor of their choice and can find a new doctor when they need one.

For all Americans – including our younger members who often struggle to find affordable insurance (an estimated 1,033,000 in California between the ages of 50 to 64 are uninsured) – the House plan makes coverage more affordable by strictly limiting how much more insurance companies can charge based on age. Americans will also no longer be denied coverage based on health history or be discriminated against because of gender, and those who still cannot afford insurance on their own will receive help to purchase affordable coverage.

In addition, the House plan begins to repair the country's outdated system of long-term care with new provisions to help people prepare for their long-term care needs and live in their own homes as they grow older. The plan does this by creating a voluntary insurance program to help people pay for those needs.

AARP is pleased to see that HR 3962 and HR 3961 include many of the proposals most critical to protecting Medicare and ensuring Americans 50 and older have access to stable, affordable healthcare. But we know the fight isn't over.

That's why we're going to keep working with members of the House and Senate to ensure our priorities are included in any final healthcare reform bill. We will fight with the strength of our nearly 40 million members against any proposal that would weaken Medicare or diminish older Americans' access to affordable, quality healthcare.

It's time we had healthcare worth fighting for. ■

RAY JANKOWSKI

President/CEO
Community Hospital Of Long Beach

With the passage of the Affordable Health Care for America Act of 2009 (HR 3962) by the House of Representatives on November 7, attention has turned to the U.S. Senate. In fact, as I write this article, I've just received a news flash that the Senate Democrats have proposed their own healthcare reform legislation. Without knowing the details of the Senate bill at this moment, I turn my attention back to HR 3962, which narrowly passed along party lines, thus epitomizing the challenges our nation faces in implementing healthcare reform.

HR 3962 is an ambitious piece of legislation, nearly 2,000 pages in length, which addresses a myriad of complex issues currently challenging our healthcare delivery system. In its more than 350,000 words, there is something for nearly everyone to like – or dislike for that matter. I suppose one's perception of whether this is good legislation depends upon the relative proportion of “likes” and “dislikes” that one personally finds in the bill.

For my part, I'm heartened that HR 3962 attempts to ensure greater access to healthcare for millions of Americans who currently are uninsured or underinsured. With the economy continuing to take a toll on families, communities and healthcare providers alike, no serious attempt at reform can ignore this issue, which has rightfully grabbed the attention of many. Like those who oppose the legislation, however, I acknowledge the price tag associated with the proposed enhancement in coverage.

As a hospital leader, I'm concerned that the benefits achieved by increasing access to healthcare coverage could be more than offset by proposed reductions in other areas. While the formula for determining negotiated rates through the insurance exchange has been modified by using Medicare rates solely as a floor for such payments, even a partial relationship to Medicare rates could be detri-

mental to providers and ultimately to ensuring access. Enhanced coverage through the proposed expansion of Medicaid (“Medi-Cal” in California) could be equally troublesome since there are planned reductions to both Medicare and Medicaid provider payments over the next decade. California hospitals and physicians are already suffering from the inadequate payment rates of both Medicare and Medi-Cal.

Clearly, I don't envy the task facing our lawmakers. Nonetheless, I remain hopeful that those charged with shaping healthcare reform will acknowledge the rather daunting trade-offs between what we want and what we can afford so that the final product – imperfect as it might be – promotes the greatest good. ■

R. BRUCE JOSTEN

Executive Vice President
Government Affairs
U.S. Chamber of Commerce

The U.S. Chamber of Commerce strongly supports healthcare reform and shares President Obama's stated goals of getting costs under control, covering the uninsured and making the market more stable. Unfortunately, none of the proposals being considered by Congress come close to meeting those goals.

The nonpartisan Congressional Budget Office (CBO) states that each of the proposals before Congress would increase health spending, not control it. The Senate bill's \$500 billion in government handouts would be financed by hundreds of billions in new taxes on prescription drugs, medical devices and health insurance. In addition, a new surtax on employees is disguised as a Medicare tax that will lower wages.

The CBO also says that existing proposals would cause millions of Americans to lose their current coverage and force people out of employer plans and into a government-run exchange. In fact, a recent study by Obama's Department of Health and Human Services found that the House proposal would cause 12 million people to lose their employer-sponsored insurance.

So what is the best approach on healthcare reform? The chamber has a simple three-point plan:

First, we need to control spiraling healthcare costs. There are a number of cost-reducing initiatives that have broad bipartisan support – medical liability reform, pay-for-performance, widespread adoption of health information technology and allowing small businesses and

individuals to band together to negotiate with insurers and deduct the costs of their insurance.

Second, we need to make the insurance market work. Insurers should be prohibited from denying coverage based on pre-existing conditions, turning people away or rating based on health status. However, insurance reforms must be paired with personal responsibility for all Americans to get health insurance.

Third, we need to create real choice and competition through a health insurance exchange. Consumers should be able to visit a Web site to compare health insurance options in a way that is easy to understand.

This simple three-point plan would enjoy wide bipartisan support and would truly meet the goals of the president and the business community. Congress is missing an opportunity to create a truly bipartisan bill to reform our nation's healthcare system. Increasing premiums, raising taxes and creating a new entitlement that will add to the nation's growing deficit is NOT reform. ■

MARK KORTH

CEO Lakewood
Regional Medical Center

Nearly one in five Californians lacks healthcare insurance. Add healthcare spending that has risen about 2.4 percent faster than GDP since 1970, and the magnitude of our current situation should come into focus. Hospitals are the front lines of this crisis, trying to provide care for the insured and uninsured alike within a fragmented, often irrational healthcare system. As such, we have become leading advocates for health reform.

Expanding coverage to virtually all Americans should be the cornerstone of comprehensive health reform. Efforts to create a rational system that delivers high-quality care at a reasonable price are doomed to failure if millions of Americans lack access to the regular care that comes with insurance coverage. The House of Representatives recently took a major step in this direction by passing its version of a healthcare reform bill, which would provide coverage for 96 percent of legal American residents. Hospitals have concerns about many aspects of HR 3962, but its passage is a critical step in the legislative process, and we look forward to working with the Senate on a bill designed to achieve this same goal.

The requirement that individuals assume responsibility for maintaining insurance coverage is critical to reform. Personal choice is a core value in our democracy, and health-

care reform should preserve the right to choose from a wide variety of insurance options and providers. Likewise, personal responsibility is a value, and the choice to forego coverage – and to shift the costs of your care onto hospitals and taxpayers in the unfortunate event that you become sick or are injured – is not an ideal that any policymaker should be defending.

Hospitals have also committed to taking steps to reduce costs to their patients. The health reform legislation contains payment reforms that will reduce Medicare and Medicaid expenditures by billions of dollars to help finance coverage expansion, as well as reductions to current government payments that partially cover the cost of caring for the uninsured. Reduced reimbursements to California hospitals alone will be counted in the billions of dollars. Some have expressed concern that these cuts may result in providers refusing to care for those with Medi-Cal or Medicare. While this has occurred at some less-than-charitable providers, I feel that the majority of hospitals will join Lakewood Regional Medical Center in continuing to serve these fragile populations.

It is critical that our country take decisive action to move our healthcare system toward a more rational design and a more sustainable future. We are heading in a positive direction by addressing these issues in a manner that will balance the need for coverage with the costs of providing care to our nation. I encourage our elected officials to continue to be active in the debate as the bill moves to the Senate and, hopefully, soon to the president's desk. ■