

Notes on Three Health Care Reform Meetings in Early March 2009

By George Faulkner, March 18, 2009

I recently attended three meetings in the area on health care reform. Like most of the public meetings on this topic, they started with the often-told theme – the desperate need to cover the uninsured, reinforced with stories of individuals who died or ended up with a condition such as kidney failure, due to lack of treatment for their diabetes (but once dialysis is needed, the costly treatments are covered by Medicare). Sad as these stories are, they also should be extremely embarrassing for Americans, since no other “advanced” country seems to have the survival-of-the-fittest values that we have which perpetuate this.

The first meeting took place at the Northampton Library on March 4th. Dr. Henry D'Silva, who organized this program and two others on March 7th (see below), opened the program by pointing how our economy is contributing to the health care crisis. For each percentage point increase in unemployment, another one million become uninsured (and a second million either sign up for the temporary COBRA law continuation of coverage from their employers or are “lucky” enough to become eligible for Medicaid). Almost 2/3rds of the uninsured do work, but they don't get or can't afford any employer medical coverage.

Three other speakers, Dr. David Damsker, Brian Duke, and Cathy Georgio, reviewed a number of services and resources that Bucks County residents can take advantage of, including the Bensalem Free Clinic for those without insurance and the free services (such as screenings, vaccinations, some minor care and even dental care) available at most of the major county health care facilities (dental is available at a Bucks dental school). The Bucks County Area Agency on Aging (Brian Duke is the Executive Director) provides all sorts of free counseling and referral services on issues associated with older persons, ranging from property taxes, to home meal delivery and information on county long term care and adult day care facilities and care-giver support. *Courier Times* health care reporter, Jo Ciavaglia, described how her shining (or threatening to shine) a spotlight on insurance companies when they deny medical claims often miraculously causes them to rethink their decisions. Her examples made us all wonder how many individuals there are who have claims wrongly denied but don't have the energy or expertise to fight back, and end up paying out of pocket.

Finally, District 31 State Representative Steve Santarsiero noted some state health care initiatives to help the uninsured have recently been passed and more are proposed, including future legislation to allow schools, municipalities, and small employers to get into a state insurance pool. But he said any consideration of sweeping health care reform legislation at the state level is not likely until they see what the Obama administration proposes nationally. Plus, newly tightened state budget restrictions limit any attempts to fund expanded coverage for the uninsured. Rep. Santarsiero did emphasize a message that others at the subsequent meetings noted below also conveyed: public officials are indeed open to hearing from their constituents and clearly influenced by what we have to say. And individual meetings or personal letters/e-

mails are more effective than canned statements forwarded on from interest groups (which just goes into the tally pile).

The second program (Saturday, March 7th at the University of Pennsylvania Newman Center, with an identical session earlier that day at Thomas Jefferson University and Medical Center), focused on a particular proposal for solving the nation's and Pennsylvania's health care crisis, the "single-payer" approach. This is sometime called "Medicare for all," and it's reflected in a bill proposed in the US House of Representatives (HR 676) and in bills submitted in 2007 to the PA House as HB1660 and PA Senate as SB300 (the state bills are being modified and will be reintroduced this year). The lead sponsor of HR 676 is Rep. John Conyers, D-Michigan, who was the keynote speaker at the Jefferson and Penn meetings. Also speaking were Dr. Walter Tsou, a professor at Penn and a leader in the Physicians for a National Health Program (www.PNHP.org), and Chuck Pennacchio, former candidate for US Senate and now Executive Director of Health Care for All PA (www.HealthCare4AllPA.org).

The single payer reform proposal has been around at least since the late 1980s and is often dismissed as not "practical," regardless of its merits. Many politicians have little appetite for totally restructuring the health care system in the US, eliminating the role of powerful insurance companies (including Blue Cross and Blue Shield organizations) and substituting a federally financed and administered system that conservatives see as socialism. (Hypocrisy alert! Everyone wants the best for those in the active military and our veterans. So why aren't Newt and Rush pushing the dismantling the TriCare and VA systems and replacing them with hundreds of insurance company plan options?)

But the single payer proposal has a growing and very vocal following, including numerous organizations with extensive web sites and local activist networks. While this article isn't the place for an analysis of the single payer proposal vs. other reform schemes, here are two of the key arguments for a single payer system, variously expressed by the speakers:

- Numerous studies have shown that the current mostly insurance-based system has high overhead costs and profit margins, compared to single payer systems like Medicare and the Canadian system. Estimates for the former range from about 25% to 31% of total coverage costs, with 16-26% going to insurance companies and another 5-10% due to all of the administrative overhead that doctors offices and health care facilities need in order to get approval for many services and to collect payments from a large number of insurance companies -- each with different negotiated rate schedules and plan designs. Dr. Tsou showed a chart comparing the growth in the number of physicians and the number of administrators since 1970. While the physician growth rate doubled (a little faster than the US population), the growth of health care administrators was 2500% (not a typo), much occurring with the advent of managed care networks in the early to mid 1990s. Additional evidence: other advanced countries pay half to two-thirds the costs that we do (and their populations are in many cases older, so it's not necessarily because they are healthier).

In this economy, more than ever, saving costs is critical, to support covering more individuals and providing better benefits for the 46 million uninsured and 100+ million underinsured (e.g., no prescription coverage). If we can find a savings of 15-30% on a \$2.5 trillion dollar system, why would we leave it on the table in the name of individual choice (*of insurance plans*, not of doctors or hospitals, since insurance plans have limited networks and the Medicare-for- all approach allows full choice of doctors and hospitals)?

- Despite their shift to various managed care controls and networks, single payer advocates claim insurance companies have not been successful at limiting the steady annual growth rate in health care costs (typically 2-4 times other inflation measures). Instead, as Dr. Tsou charged, the health plans mainly act as middlemen, targeting their marketing to enroll the healthy and leaving the government or indigent care services to cover many of the 20% responsible for 86% of the costs. Plus, they have a profit incentive to deny care and micromanage physicians. As a result, instead of supporting patients, they create huge hassles for them, at a time when their first priority should be their health and not their bills.

Single payer proponents say the approach also should better manage the annual rise in costs by providing for more centralized planning and budgeting of resources (like MRI machines and primary care physician training), centrally conducting rate negotiations and implementing new reimbursement systems (hospitals and physicians would be privately employed and compete for patients), and promoting quality of care improvements. In these ways, they hope to prevent a situation in the not too distant future where a prospective employer might say to you, you mean you want a salary *in addition to* your health benefits?!

According to Dr. Tsou, a Dec. 2007 survey found that 54% of Americans want a single payer system (and the PNHP web site indicates that most physicians are also in favor of it). Chuck Pennacchio added that a May 2008 Quinnipiac poll found that 68% of Pennsylvanians also want single payer.

The key messages from both Pennacchio and Rep. Conyers were:

- It's not too late to push for a single payer system. Even if it is not enacted in the first round of the Obama reform program, it may be inevitable, as other efforts fail to control costs and its value becomes more apparent. We're in it for the long term. Chuck cited the reforms achieved during the progressive era of US history, and Rep. Conyers noted the lengthy fight against long odds to enact the national Martin Luther King holiday during the Reagan administration, no less—all due to citizen grass-roots action.
- We all have to be active, spreading the word to our friends and neighbors, and reaching out to our local and national representatives, who do listen to us.

Where the single payer issue comes to focus currently in the US Congress is in the debate over a potential element favored by the Obama administration, Sen. Max Baucus, and other key

democrats: whether there should be a “public” Medicare-like option included among the insurance carrier options offered by employers and by a national health “exchange” (for those not getting coverage through an employer). While Democrats favor this, Republicans and insurance companies are fighting to expunge it as an option. In an interview, one Republican Senator even said with a straight face, that we have to prevent this option in order to preserve everyone’s freedom of choice. Their fear is that the public plan option will have built-in advantages and draw too many enrollees, so that eventually most of the other insurance plan options will fade away, leaving a single payer program after all. So single payer advocates are strongly pushing to have a public plan option included, even though under this multiple-options scenario it will not have much chance to prove how well it could reduce provider administrative overhead and control future cost increases as it might under a single payer system.

The third meeting took place on Monday the 9th in Harrisburg, and sponsored by the PA chapter of the AARP, Health Care for America Now (HCAN), and PA Health Access Network (PHAN). The keynote speaker was the long time advocate for health care reform, Ron Pollack of Families USA, and the closing speaker was Gov. Rendell. In between them, state representatives and others panelists led a series of workshops on activities occurring primarily in PA regarding insurance reform, covering some of the uninsured through the state’s Adult Basic Care program, quality initiatives, and so forth. While many may not know it, Gov. Rendell’s administration has achieved a lot at the margins to try to limit the impact of lack of insurance. Here are the highlights:

Ron Pollack

- Health care reform *of some sort* is likely to be enacted by the end of this year, since all sides want it.
- The obstacle to reform has always been Americans’ distrust of the federal government, more recently aggravated by the performance of the Homeland Security Dept. such as during Hurricane Katrina, and justification for the Iraq war. By contrast, as Pollack noted, the most conservative leader in Canada is far more liberal and pro-government than most US liberals.
- Advocates for reform need to be as unified and on-message as possible and not nit-pick too many details. A focused minority opposing a change usually has an advantage over an unfocused majority. So advocates should have a “Plan B” and be willing to settle for it.
- As with the recently passed federal stimulus bill, the pivotal figures will be the three moderate republicans in the Senate, especially our own Sen. Arlen Specter (the other two are Senators Snow and Collins of Maine). Senator Bob Casey is already in our camp, so Pennsylvanians should focus efforts on Sen. Specter. (I happened to be sitting next to a part-time staff person of Sen. Specter, who agreed with all this, and actually encouraged me to contact the senator).

A panel which included a representative from Senator Casey’s office (Charlie Lyons), someone from the AARP, and others also made the same point as Pollack. They also noted the following:

- The Obama administration’s proposal is similar to the approach adopted 2 years ago in Massachusetts, which included an employer pay-or-play mandate, an individual coverage mandate, subsidies for low income households, and regulated insurance options. (Note: the PNHP website has several papers and analyses claiming the MA program has failed in many ways, such as not providing affordable coverage and only covering about 95% of citizens.)
- Besides whether or not to include a public plan option in the mix, the other key debate issues for national health care reform include:
 - Where to get the \$150-250 billion estimated to be needed to cover the uninsured—will the program reduce enough administrative waste and unnecessary care to provide saving to offset these costs?
 - Should there be an employer pay-or-play mandate (i.e., either the employer offers and pays for most of the cost of coverage for its employees, or else it must contribute the money into a fund to cover them under the federal insurance exchange)?
 - Should there be, and how do we enforce, an individual coverage mandate, which most experts and the insurance companies claim is needed in order to eliminate the pre-existing conditions rules. (You can’t allow people to sign up for health insurance only when they need it, just as you can’t allow them to sign up for fire or auto insurance when they have a fire or accident.) Also, will coverage be affordable that you can really force people to sign up and contribute to the premiums?
 - How will coverage be subsidized for low- and no-income people: use a sliding scale subsidy (but everyone over a certain threshold pays the full flat dollar cost), or require individual (and perhaps employer) contributions based on a percentage of pay (like Medicare Part A contributions)?
 - Returning to the public plan option issue, during the Q and A session I asked that the AARP at least advocate for a public plan option in the form of lowering Medicare eligibility down to age 50 or 55. After all, their membership starts at age 50, half their members are under 65, older workers who are laid off have the most difficulty getting affordable coverage, and so far the AARP has not promoted any specific reform measures beyond their vague “Divided We Fail” campaign. This step could be a compromise that the Republicans might accept (if we get to that stage of needing to compromise).

Other speakers summarized upcoming events, such as a walk for health care reform in Philadelphia in April and a big protest for reform in Washington DC in late June.

Margarida Jorge, an activist for HCAN, said we have the two ingredients necessary for a successful mass movement for health care reform: anger at the status quo and hope that change can be achieved. We need to capitalize on this energy and direct it to public venues, such as marches, letters to the editor, community meetings to spread the word, and contacts with our representatives. As part of this effort, we have to show people that government is indeed necessary and can perform well when given the right authority, accountability, and

funding—to set standards, regulate markets, and take on certain functions that are not appropriate for capitalism

Another panel of state officials featured Rep. Tony DeLuca, chairman of the House Insurance Committee, Ann Torregrossa, director of the Governor's Office of Health Care Reform, and Senator Ted Erickson, Chairman of the Senate Public Welfare Committee. All agreed on the need to work together to achieve universal care in PA, expand the Adult Basic Care (ABC) program to cover more uninsured, establish more community-based clinics to serve the poor, etc. Some of the potential bills they expect to consider this year:

- Insurance rate reform (which most other states have), to limit the ratio of the highest age-based rates to the lowest age based rates (rates for individually purchased and small group insurance are usually age-based, since health care claims generally are as well). Currently, rates at the highest age bands, such as ages 60-65, are perhaps 5-times higher than for the lowest age band (e.g., 19-25). The reform would limit the highest age band rate to a ratio of 2-times the lowest one, effectively increasing cost for younger individuals to help pay for older ones.
- A “mini” COBRA program to require and subsidize employers with fewer than 20 employees to offer continued health coverage options if an employee had group coverage with the employer before leaving the firm. (The federal COBRA law only applies to employers with 20 or more employees and who provide health benefits).
- Requiring covering of dependents up to age 30
- Allowing small employers to form pools to purchase insurance.
- Requiring health care providers to eat the costs for preventable adverse events, rather than getting paid for them by the carrier or the patient.
- Covering the cost for participating in cancer clinical trials at any age
- Requiring a “certificate of need” in order for health care facilities to make certain investments

DeLuca and Erickson both repeated earlier themes that constituents have to speak out about what they want and how badly they want it, both to their representatives and to the media. DeLuca strongly objected to an audience member's accusation that politicians are “in the pockets” of the insurance lobby. He replied that, as with any organization, 90% of the members really want to do the right thing as they see it. Their main problem at the state house is lacking a longer term vision of what they want for PA, since everything is so short-term focused and subject to budget constraints. To address this problem, DeLuca said he will be forming a stakeholders committee of people representing all viewpoints to provide input on what their longer term vision should be for health care (assuming there will be a lot that the states still can do beyond any federal reform program).

Two audience members advocating for the state single payer bill (HealthCare4AllPA) challenged the representatives to consider this bill when reintroduced. But DeLuca said flat out that is not feasible in PA and will go nowhere. He seemed to think that it would require net cost increases for individuals and employers in the form of “new taxes,” even though Dr. Walter Tsou

attempted to point out that the income and payroll based contributions would be *in place of* current insurance premiums paid by employers and individuals, resulting in a substantial net savings for most. But DeLuca doubted any savings would materialize and worried about potential job losses, even though Dr. Tsou tried to cite a Connecticut study showing a likely net gain in overall jobs in the state under a single payer program, due to more health care workers and employers spending less on health care.

Closing the formal meeting, Governor Rendell made the following points:

- According to conversations he's had with the Obama team, health care reform realistically will take about four years to fully implement, even if enacted this year (which he too expects will happen). So PA will still need to do things in the interim to help the uninsured.
- Thanks to the initial Obama legislation expanding states' "S-CHIP" programs, all kids will have health coverage by 2010.
- Thanks to their recent efforts in PA, malpractices costs are now dropping or at least no longer increasing as they had been.
- Citizens need to press state Republican legislators, especially those serving on Sen. Erickson's committee, to adopt some legislation that will expand the Adult Basic program and become eligible for a federal grant.

The day closed with an informal session on efforts to expand local grass-roots organization. So...watch this space! Look for announcements of local meetings, call-ins, marches, and ways to reach your representatives. Please sign up for alerts from this web site and from Health Care for All Now, the PA Health Access Network, and other local and national organizations. Citizen action really works. (Just pretend you're in the NRA of health care reform.)