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An Analysis and Response to President Obama's Health Care Reform Address to the American Medical Association Part III

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Throughout President Obama's address to the AMA, he makes the assumption that it is the Federal government's responsibility to provide healthcare for every person in the United States. He declares, "...we need to do a few things to provide affordable health insurance to every single American." As of the date of the preparation of this article (June 19th), there are two bills in the process of development in the Congress. The Senate version is referred to as the Kennedy bill and the House Version is referred to as the Tri-Committee bill (there are three House committees which have healthcare responsibility and they have been charged by the Speak of the House with presenting one unified bill).

The Congressional Budget Office, which is non-partisan, priced the cost of each bill. The Senate version is estimated to cost \$1,000,000,000,000 (1 Trillion Dollars) over the next ten years AND it provides health coverage for only 1/3 of the uninsured. The House version was priced at \$1,600,000,000,000. As a result, the House has refused to release a copy of the bill. Even those who are philosophically committed to the proposition that "it is the government's responsibility to provider health insurance for all Americans" don't know how to pay for it.

The President also told the AMA, "...if you like your health care, the only thing reform will mean is that your health care will cost less." It is improbable that anyone, in any circumstance, can fulfill a promise premised on the proposition that they will provide "more for less" without sacrificing "quality" and/or manipulating those who are providing and/or producing whatever it is that is in question. This is true of health care. There are legitimate changes which need to be made in healthcare, but the structural changes which the President has identified will not result in those changes being made and will certainly not result in the savings that he is counting on in order to pay for his plan.

The President told the AMA, "You will have your choice of a number of plans that offer a few different packages, but every plan would offer an affordable, basic package." This is an interesting statement and it provides the loop hole which the Congress is going to need in order to fulfill their promise for universal healthcare without bankrupting the country. The key phrase is "an affordable, basic package." I suspect that is going to mean something very different from a "bumper to bumper, life-time warranty" for every American, which is what I think most people imagine is going to be "given" to them by the government.

The President attempted to assuage the fear of physicians that, as the President phrased it, "...our cost savings are coming off your backs." Actually, I think that is exactly what the President expects to do. *The New Yorker Magazine* article referred to an earlier part of this series about the excesses of the healthcare system in McAllen, Texas, is viewed by the President as so widespread and so prevalent that simply eliminating those abuses will pay for most of his plan. I suspect that that is not the case. At present, Medicare is proposing a 37% reimbursement decrease in provider payments over the next three years. If that happens, even the majority of physicians who have a social consciousness will find it impossible to treat Medicare patients.

The President believes that "best practices" and "focus on patient care, not the current piece-work reimbursement" will solve all health care finance problems; again, that is probably not the case. The President promised the AMA that "...there is no denying that it (universal health insurance coverage) will come at a cost – at least in the short run. But it is a cost that will not – I repeat, not – add to our deficits." This is easy to say, but someone will have to pay for the cost and there is no question that the President and his advisors expect hospitals, physicians and other healthcare providers to bear the lions' share of this cost in reduce income.

The President appears to believe in extensive government control over the personal choices of Americans. It should not be a surprise that politicians who want to "give" Americans everything, also want to "require" Americans to make certain choices. The President said, "I am open to a system where every American bears responsibility for owning health insurance." For the President to establish an ideal for everyone to have health insurance is fine; however, when he establishes this as a mandate, he creates as many problems as he is trying to solve.

There are Americans who refuse to wear seatbelts when riding in a car and helmets when riding a motorcycle. They argue that they have the right not to do so. The government argues that it is the public which bears the expense of treating the crush injuries and head injuries which could have been avoided by the use of these simple devices. The question is not a medical one but a philosophical one. Many of the issues which we must deal with in order to solve the health care reform debate are not medical questions; they are ethical, moral, philosophical and often religious questions.

At the root of the President's plan to provide health insurance is an unstated and subtle re-definition of terms. Insurance has always been founded upon "shared risk," that is, a group of people determine to make provision for future costs by pooling their resources so that if anyone of them develops a problem, they will all share the cost.

In his address, the President turned this concept on its ear by saying "Changing the current approach to preexisting conditions is the least we can do..." The President is going to extend health insurance to all Americans by telling insurance companies that they will no longer accept "risk" – potential future costs of healthcare – but they will be required to accept "liability" – existing, current known costs of healthcare. Here is the problem, the entire insurance industry, good or bad, is built on actuarial tables which

calculate risk and enable a company to charge premiums and create reserves to support and manage that risk. No one knows, however, what it means to premiums and to reserves for insurance companies to change from “risk takers” to “liability payers.”

Here is an example, not in healthcare, but in casualty insurance. If your neighbor came to you and said, “I would like to give you \$100 a month and in the future if I wreck my car, I want you to repair it.” You might, based on the driving record, personal habits related to alcohol and “road rage,” and history of accidents, think, “OK, that’s a good idea, I can accept that risk.” However, if your neighbor came to you and said, “Yesterday, I wrecked my car, I would like for you to pay to have it fixed.” You would probably said, “That is your liability and I will not accept it.”

The President, by fiat, wishes to make insurance companies morph overnight from assuming risk to accepting liability. In his philosophy of government control over private industry, he has the right to do that, but in the American philosophy and history, he does not. The President said, “...it is important for us to build on our traditions here in the United States;” his plans abandon or abrogate our traditions.

Unfortunately for the healthcare industry, I believe that Americans have the right to be unhealthy. They have the right to overeat, smoke, not exercise and even to drink alcohol. I also believe that as a healthcare provider I have the responsibility to warn them about the harm of all of these destructive lifestyles. As a private physician, I even have the right to tell those people that if they do not make a good faith effort to change, I will not treat them. However, I also think that an insurance company can say, "Your habits increase the cost of our accepting of the risk of your future health care and therefore we are going to charge you a higher premium." I believe that the patient has the right to either change their behavior to lower the cost of their risk, or not change and pay a higher premiums, or personally to accept the inevitable liability of their choices.

I also believe that children are an exception. A child cannot make an informed decision about their health and I believe our society has a responsibly to make sure that regardless of the risk or liability, society has a moral obligation to make certain that children have health insurance coverage. The same is not true for adults. Again, there are exceptions such as the mentally challenged, who would be treated in the group with children. Also, the elderly will be treated in the same group as children, even though their condition may be the result of wrong choices, they can no longer take care of themselves.

The President proposes to pay for his system with, what he calls “a Health Reserve Fund.” He claims that his new budget “sets aside,” half of the Health Reserve Fund or \$300,000,000,000. In actuality, he intends to raise taxes to produce this money which cannot be “set aside” as it presently does not exist except on government money-printing presses. The problem is that these new taxes will have a trickle-down effect of fewer jobs, decreased revenue, increased deficits and an inability to sustain the growth of government which is the result o fan effort to stifle the growth of healthcare costs.

Currently millions of Americans receive their health care through a program called Medicare Advantage. The President's advisors have told him since his campaign that this program is an easy one to criticize and he has. He has indicated on many occasions, during his campaign for President as his one specific healthcare reform, the elimination of this program. The only problem is that the sickest senior Americans in the nation are getting excellent care through this program. It is hoped that the President might listen to those physicians who actually work in this program before he dismantles it.

The President hopes to save \$25,000,000,000 over the next decade by "us(ing) Medicare reimbursements to reduce preventable hospital readmissions." The frail elderly are the patients the President is talking about. He has been convinced that "...cancer, cardiovascular disease, diabetes, lung disease and strokes – can be prevented." And, he has been convinced that patients are readmitted to the hospital because they were inadequately or incompletely treated previously. That is often not the case. I can guarantee no readmissions, but it will be at the expense of very long "lengths of stay." When the attempt is made to transition a patient to home or other out-of-hospital facility in a reasonable amount of time and with a reasonable stability of their chronic, incurable, and continually deteriorating conditions, there will always be the risk and the reality of readmission either due to real issues or imagined ones. The imagined savings will not materialize but then we can print more money.

The President also expects to pay for his plans, "...by saving another \$313 billion in Medicare and Medicaid spending... by adjusting Medicare payments to reflect new advances and productivity gains in our economy." I am not sure what all that means but I am sure that it means that physician and hospital reimbursement from these programs will be decreased. Remember the promises about "not on your back?" Well, the real effects of the President's changes are "back" and physicians should be experiencing some aching symptoms in the lumbosacral areas already.

The President has another way of saving money. He will "reduce payments to hospitals for treating uninsured people." He is counting on \$106,000,000,000 of savings from his decrease in hospital reimbursement, even though the Kennedy bill leaves 2/3rds of the uninsured, and no one yet knows about the House bill.

As an overarching principle, I do not believe that the President intends that healthcare will remain a part of the private sector. I believe that he wants a publicly funded, publicly administered and a publicly run program. I believe that the President truly believes that it is the government's responsibility to direct, control and dictate most choices that the American people make about their life-styles and consequently about their health care. I believe that the President really believes that it is a legitimate government responsibility to provide all of the needs of each American.

These are philosophical positions which should be the subject of vigorous debate, but they must be openly acknowledged and then debated. If we have to continue to read between the lines as to what the President really means, it will delay the resolution of the debate. Next week, I will detail what I think healthcare reform should look like.