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Healthcare Reform: What Must Be Involved?

Part II -- Honesty

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Your Life Your Health

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Our discussion of healthcare reform in last week's *Examiner* concluded with the following statement:

“True healthcare reform will decrease cost per patient but will not decrease cost as an aggregate for the entire population. True healthcare reform must include:

- “A commitment to scientific, evidence-based medicine
- “A contractual statement of what will and what will not be included
- “A consensus on patient responsibility and what it will include.”

Without these elements, no action by the Congress will result in a decrease in the “unit cost” of healthcare. “Unit cost” refers to the cost of each procedure, test, evaluation or point of care received by a patient.

Escalating Cost of Healthcare Partially Driven by Technology and Public Policy

The one reality which is honestly being discussed in the public arena is that healthcare costs are going up. But it is potentially much worse than is being discussed. Technology is expanding rapidly. Already, people who smoke, drink excessively, overeat, refuse to exercise and have neglected their health for decades look to the government to have heart by-pass surgery, carotid endarterectomy, femoral-popliteal by-pass surgery; in other words, total revascularization of their cardiovascular system. And, of course, if the first surgery fails, there are “re-dos” to be paid for by my favorite “Uncle,” whose name is “Sam.” Any suggestion that it is unrealistic to expect the government to fund these hundreds of thousands of dollars of care, caused by intentional acts of health neglect by patients, is met with accusation of our not caring, or worse.

The Federal government and its staffs create industries with the stroke of a pen. Electric scooters are a case in point. Government staff wrote regulations – not legislation but regulations – which increased Medicare coverage to pay for electric scooters. Was anyone surprised by the fraud and abuse which immediately developed as unscrupulous entrepreneurs began selling scooters to everyone who didn't want to walk any more? No one would object to amputees, or paraplegics, or quadriplegics using an electric scooter, but marginal physicians began signing prescriptions so that more and more and more scooters could be sold to people for their convenience rather than for their need.

Some people complained that they could not qualify for a scooter because they can walk. No problem; governmental staff expanded coverage to include patients who stated that they were subject to falls. Thus, tens of thousands of people, previously ineligible for a

scooter; read the regulations and changed their story, declaring that they were “falling.” Viola! They are now eligible and will file a lawsuit if they are not “given” their scooter. And the cost; \$2-5,000 per scooter; but, don’t worry, the government has lots of money, or if they don’t, they can print (i.e., borrow) some more.

As will be seen, a great deal of our healthcare-cost problem is not just the cost of healthcare; it is public policy being written by congressional staffs who are responding to lobbyists, whether it is the AARP, AMA, or others. Congress, faced with shortfalls in revenue and escalating healthcare cost, faces the dilemma by saying, “Let’s reduce reimbursement to healthcare providers so more people can have their scooters.” OK, they don’t think that out loud, but functionally that is what they are doing.

Now that the human-genome mapping is complete and we increasingly know where the defect is which makes a person susceptible to an illness, preventive measures will soon not be immunizations or screening tests, but gene splicing or genetic alterations. This is going to be very expensive and everyone will want it. The question is who is going to pay for it? Can a person determine to spend their money on a second or third car, a beach cabin, or a vacation and then say to the government, “I need, or I want, or I need and I want this healthcare but I can’t afford it, because ‘I want to hold on to my money,’” and then expect or demand that universal healthcare provide this care for them?

Even if we could agree that such an expectation, or demand, is justified, are we willing to close schools, colleges, bridges, post-offices or eliminate other governmental services to pay for it? A perfect example of antiquated and unnecessary entitlement services is Saturday-mail delivery. The cost savings for eliminating this unnecessary and costly service would be huge, but Congress is terrified of addressing this issue. It seems so simple but it is complicated by public expectations and the political price representatives would pay if they proposed and voted for discontinuing Saturday mail delivery.

There are other aspects to the healthcare debate which are not being addressed honestly and forthrightly. Some of these are:

1. The unilateral reduction of reimbursement to healthcare providers for the care they provide without the cost of that care being understood.
2. The effective demonization of insurance companies as being greedy because of restrictions on the coverage of pre-existing conditions.
3. The continued adding of “unfunded mandates” to coverage benefits without any consideration of the cost.
4. The delusion that everyone can get all of the care they want and/or need, that that care can be expanded to all citizens and some non-citizens, and that it can be done without raising the total cost of healthcare to the government.
5. The unspoken ideal that you can layer government-run healthcare on top of a private medical system and thereby achieve cost savings without compromising access to or quality of healthcare.

Rather than have the hard discussion which alone will result in reducing the cost of healthcare, politicians continue to promise that they will:

- Increase your care
- Decrease your cost
- Eliminate any limits to your care
- Allow no restrictions to your care
- Give you access to every technological advance known to man, with the mantra, “Remember at voting time, I proposed to give this to you without it costing you anything.” Of course, as they say this, the members of Congress look at one another and “wink,” so that no one thinks they are so stupid as to believe what they are saying. (Sad that we are at the point in society where dishonesty is tolerated and even rewarded but no one who is being dishonest wants anyone to believe they are stupid enough to believe what they are saying.)

Reduction of reimbursement without regard to cost of care

What about the areas of deception in the healthcare debate? The first is the continued reduction of reimbursement without regard to the cost of care. At present Congress is proposing to pass legislation which will freeze Medicare reimbursement at 2009 rates for five years and in 2015, reduce Medicare reimbursement by 30%. If we assume a 2.5 to 3% inflation rate with compounding, that would mean almost a 50% decrease in Medicare reimbursement by the end of 2015.

Congress has not studied whether or not the current reimbursement rate for Medicare is excessive, or that “excessive profits” are being realized by healthcare providers. Congress has not studied what the cost of providing a unit of care is at present so as to know if a 50% decrease in reimbursement would drop it below reasonable levels. Congress has not studied whether or not such a draconian decrease in reimbursement would cause any healthcare provider who can to retire. Congress has not studied whether or not such a cut would result in severe decreases in access to care by those covered by Medicare. Congress just “counts” the savings they can achieve by passing legislation without realizing that they will be marginalizing the access to care by our most vulnerable citizens and would essentially return them to a pre-1965, i.e., a pre-Medicare, style of healthcare access.

Unfunded mandates – increasing the demand upon providers without compensation

As a healthcare provider who mostly takes care of the elderly, I worry about whether I will be able to keep my practice open through 2015. Once again, as the government is increasing demands on healthcare providers, they want to pay for the cost of the services by decreasing the reimbursement to healthcare providers. Worse than that, of course, is that often the government or other oversight groups increase the demands upon providers without providing any resources to meet those demands. For years, Medicare demanded that providers give immunizations, but would not pay for those immunizations.

As we all look for ways of improving healthcare and as oversight agencies define more services which are required to provide optimal care, the cost of care increases. For instance, in meeting the standards for Patient-Centered Medical Home recognition, SETMA has begun calling patients following their visit to the hospital or to the office. SETMA has two full-time nurses who do nothing but call patients. All patients who leave the hospital are called the day after they are discharged. And, all patients who are fragile or who would benefit from a call following their office visit are called by these nurses. Who pays for this service? The patient does not. The government does not. No one pays for it; but, you know that is not true. The partners of SETMA pay for it. And, we expect the cost to go up as more and more patients are called for follow-up. We expect at some point to employ four or five full time nurses who do nothing but make these un-reimbursed calls. The annual cost to SETMA will be between \$250,000 and \$300,000. Unlike the payments to the scooter stores, the government has no plans to pay for this “unfunded mandate,” i.e., a requirement for a service for which there is no reimbursement.

As technology expands, the Federal government, by regulations not by legislation, routinely adds “covered benefits” to Medicare and Medicaid without appropriating funding for meeting the costs of those new benefits. It is easy to give something to others when the one who is “giving the benefit” is not committing any resources or revenue to the gift.

Insurance Companies are the Problem

I do not own stock or interest in any insurance company. However, I have been the beneficiary of automobile, residential, health and life insurance. In a remarkable book, *Against the Gods: The Remarkable Story of Risk*, (John Wiley & Sons, Inc., 1996) Peter L. Bernstein states:

“This book tells the story of a group of thinkers whose remarkable vision revealed how to put the future at the service of the present. By showing the world how to understand risk, measure it, and weigh its consequences, they converted risk-taking into one of the prime catalysts that drives modern Western society.”

Bernstein will argue, effectively I think, that “risk taking” is what defines us as humans and it also defines the ultimate significance of freedom. Now the United States Federal government, for political purposes and, as a tool of public policy, legislates and regulates that the ideal of risk for insurance companies will be stood on its head such that an industry which was built upon actuarial tables must now have liability artificially imposed upon its risk taking.

Insurance companies are painted by a candidate for president who is now the President as the evil enemy of the people. That evil nature will be absolved, the President declares, by the imposing of unlimited liability – i.e., no exclusions for pre-existing conditions (write that “present liability”) and no life-time limits to benefits -- upon an insurance formula which calculated the “potential for liability” which is defined as “risk”. The President

has been so successful in demonizing insurance companies that no one is saying, “Wait a minute, does anyone understand what they are talking about?” How successful the President has been was driven home to me when I heard a physician stand up in a public meeting and say, “We should take the ‘excess profits’ of insurance companies and give them to physicians.” How quickly entrepreneurs give up entrepreneurship when there is the possibility of economic gain to be had.

Insurance companies cannot accept liability; governments, with their taxation power and with their power to print money, can accept liability. Any company which has to live within its means in order to survive cannot assume liability on the basis of premiums calculated for the taking of risk. Only the government which can spend more than it makes can assume liability and survive, for a while.

The American people can vote to assume the liability created by the bad health choices of its citizenry, but politicians must be honest, open and clear about what they are asking the American people to accept. Thus far, neither party has been honest about this discussion. The problem is much larger than is being admitted and the solution is much more complex than the 2,000-page congressional bill. In fact, no government may be large enough to assume the liability which is being proposed and certainly the United States government is not large enough to do so, if we are to retain our democratic republican form of government.

The American people have the right to change the nature of their government. We have the right to vote to nationalize corporations – we can’t do that legally but we have the right to vote to do so – but when we vote to do that, we have to know what we are doing. In the short run, we may like the promised results; in the long run, we will not like the reality we have created.

Like the Beaumont physician who proposed confiscating the “excessive” profits of the insurance companies, the only way the government can honestly produce what is being proposed is to nationalize healthcare and to place all healthcare providers on a government-determined salary. Unfortunately, while this solves one small set of problems, it creates another and much larger set of problems. However, if that is the discussion we are to have, we should at least have the honesty and decency to admit it. Thus far, Congress has used the insurance companies as a stalking horse to impugn all participants in the healthcare field. While some would want to impugn “doctors,” they do not want to impugn “their doctor.” Congress knows that. So rather than a frontal assault on all healthcare providers, the insurance companies are the enemy. Healthcare providers who do not recognize that they are next, are not paying attention.

Healthcare reform deserves an honest debate. Vocabulary needs to be defined. Fundamental changes in the nature of our nation need to be admitted when those changes are the foundational principles of the proposed reforms. Costs and responsibilities have to be identified. And, the government must recognize its limitations. Don’t ever forget that the reason the Chinese have so much to loan to us is because of how little they promise to or give to their own citizens.