

A Sensible Approach to Reform

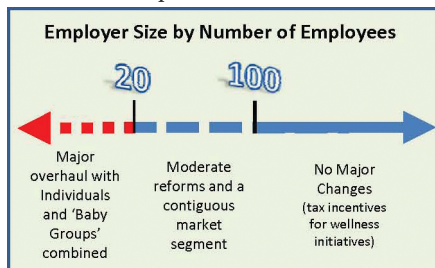
Part 2

By Joe Torella



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Last month I sifted through disparate sands blowing between the House and Senate and suggested the initial six parts of my plan for reforming 'healthcare'. The goals are simple: reduce healthcare spending and cover the uninsured (both noticeably deficient in current legislative proposals). I ended Part 1 with my recommendation for minor changes to the employer-based system, as shown below, and I'll use it to introduce part 2.



My seventh recommendation: Tweak the employer-based system and leave the 200+ million it protects alone. In addition to the subsidies and tax incentives outlined in part 1, limit the role of government to what the commercial system is unable to do on its own – help those who are 'truly' uninsured and fund medically challenged individuals. Lest we forget, government's role is to compliment not compete with commercial markets. Any Government entity (call it exchange, co-op or public option) must interface only where there is deficient market access.

Eighth, stop guessing at the number of Uninsured and right-size the problem and solution. The press has incorrectly reported everything from 46 to 50+ million. It's like guessing at jelly beans in a jar when we can simply open the jar and count the beans.

The Congressional Budget Office's estimates will be accurate after the number of "Uninsured" includes only

those *unable* to access insurance. It should not include: those who don't accept assistance they are already entitled to, school/college students, those with annual incomes of more than \$75,000 who choose not to purchase insurance and non-citizens of the US. (By the way, this last category speaks to an issue much broader than healthcare and it should be debated accordingly.) With these and other adjustments, a more accurate projection of Uninsureds is between 15 and 20 million.

Ninth, coverage from birth would be driven through an individual/employer mandate on a guaranteed-issue basis. This requirement would follow an individual into Medicare with access to schools and providers denied without proof of coverage; federal tax filings would be amended to monitor coverage status.

Tenth, eliminate pre-existing condition limitations for all new enrollees. To ensure a more homogenous risk pool, the effective date of this change will trigger a mandatory open enrollment period for those identified as having no insurance. Those with a pre-existing illness will be covered for that illness by the government for the first 6 months then all conditions will revert back to the carrier. There must be zero tolerance for missing this open enrollment window. Loopholes or small penalties for entering the system, once you're sick, can't be allowed. That's akin to allowing the purchase of homeowner's insurance while the house is burning.

Eleventh, Government-sponsored high risk pools are necessary for catastrophic exposure above a standardized commercial limit, say \$5 million. This would reduce costs to the commercial system, bring down rates and attract younger healthier participants.

Twelfth, drug companies will be prohibited from 'advertising' to consumers; coupled with mandatory non-biased education for doctors who prescribe the drugs. Consumers generally don't know enough about drug efficacy to self-prescribe (and doctors should).

Thirteenth, the connection between internet-based communication and record keeping, improvement in medical error rates and overall administrative simplification must be designed, mandated and implemented at a national level, with Government oversight and funding to ensure more consistency in the delivery and quality of care. However, the focus of every action must be on its impact to claims cost, rather than administrative expense because claims represent the bulk of our national healthcare expenditure; ~87% of the problem we're facing.

Fourteenth, fraud and abuse (estimated at \$60 billion for the Medicare population alone), would be aggressively targeted. Outcomes would define quality of care, current and future network reimbursements would be re-balanced and every part of the system would be subject to accountability standards.

I know this last paragraph sounds like a catch-all, but that's only because it is. In 2010, many of my articles will focus on additional strategies for attacking the claims portion of the equation (one of my two stated goals for reform). It's taken 50 years to create the problem and it will take a lot more than three months, several hundred legislators and 1400 pages from the Government (or 1400 words from me) to fix it.

Best wishes for 2010.

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