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POLICY NOTE

2009 Health Care Conference

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Washington Policy Center hosted its 7th annual health care conference on June 3rd in SeaTac with a crowd of over 300 people. The event provided a thorough discussion with various perspectives represented on every panel. The conference opened with a panel discussion about the 2009 legislative session and then explored health care solutions more thoroughly with speakers from the health care industry. The panel before lunch discussed current facts about the uninsured, as well as updates on successful current heath care policies.

At lunch, the audience heard from keynote speaker Dr. Steven Eastaugh, a health care advisor to President Obama and a professor in the Department of Health Services Management and Leadership at George Washington University. Dr. Eastaugh reviewed the current health care policies that are being discussed in Congress and in the Obama Administration.

The following is a summary of the day's activities.

Legislative Briefing Panel

Moderated by Allen Schauffler, host of *Up Front* on KING 5 TV.

Panelists

- Rep. Eileen Cody, Chair, House Health Care & Wellness Committee (D-Seattle)
- Rep. Doug Ericksen, Ranking Minority Member, House Health Care & Wellness Committee (R-Whatcom County)
- Steven Hill, Administrator, Washington Health Care Authority

Allen Schauffler began by reminiscing about the health care debate at the beginning of his career as a news anchor and the importance of where it is now. He asked each of the panelists to review the previous legislative session and provide some strengths and weaknesses of the outcomes.

Rep. Eileen Cody reminded the audience that policies last session were largely budget based due to the current budget situation. She gave an overview of the policy decisions that were passed and named cost transparency and the flexibility lawmakers gave to the Health Care Authority as important improvements. Rep. Cody expressed regret at the cuts made to the Basic Health Plan and pointed to budget constraints as the reason for decreasing the number of those enrolled in the state program.

Rep. Doug Ericksen gave a brief power point presentation about those without health insurance. With that data he outlined specific problems associated with covering that segment of the population. He pointed to state regulations and

mandates as major reasons for escalating health care costs in the state. Concern over cuts to the Basic Health Plan this session produced nine bills that would have fixed these problems; unfortunately these did not pass. Additionally, he commented that since the state created the Basic Health Plan, it is expected to fund or reform it rather than cut the number of those insured. He proposed offering more cost effective plans for those within the ages of 18-34 or matching them with a private plan that better suits their needs rather than decreasing the rolls.

Steven Hill promoted the success of the Governor in previous years to provide health care coverage for children and to keep health care affordable. He highlighted the passage of the generic prescription bill and the flexibility given to the Health Care Authority as two points of success this session. His approach for looking at the state budget situation is that we should take this opportunity to become more efficient and provide better health care for less money. He was optimistic about state and federal health care reform in the future.

Finally, the moderator, Allen Schauffler, asked some questions about the recent legislative session. The panelists repeated their previous positions but added a more partisan twist to their responses. When asked who provided the biggest obstacle to success and reform, Rep. Ericksen said that the Speaker of the House blocked any attempts at reform that were made by the Republican Party. Rep. Cody stated that since Democrats have the majority no one provided any obstacles to their proposals. Steve Hill worried that the biggest obstacle to reform is that in a democratic society "people just don't know how horrible the system is" and that Congress is wrongly reacting to an "uniformed public" that believes the health care system is perfectly fine. He believes it is imperative that this administration "make a speedy down payment this year on the health care system." Rep. Ericksen reminded him that speed led to the bailout of GM and TARP funds which lacked accountability. He asked what the end outcome of a down payment like this would be. He also asked how in this economic downturn we could fund a speedy down payment and wondered who would end up in charge of personal health care decisions if such a payment were made.

The panelists strongly agreed that health care costs are becoming unaffordable but disagreed on everything from exactly what the problem is to how to begin fixing it.

Summary Points

- Rep. Cody: The legislative session was budget-focused and accomplished some reform in order to conform to the budget. She was disappointed in the cuts that were made to the state Basic Health Plan but offered flexibility for the Health Care Authority as a means of addressing that problem.

- Rep. Ericksen: Health care reform must be non-partisan and focused on how best to fix the problem of rising health care costs. He advocated identifying the people who are unhappy with their coverage or in need of insurance and then creating plans to fit their needs.

- Steven Hill: Highlighted the success of the Governor's office in insuring children and keeping costs down. He suggested that the best way to look at the current economic crisis is to think of it as a way to make health care better and more efficient. He applauded the legislature for giving the Health Care Authority more flexibility in the current economic situation.

New Trends in Healthcare

Moderated by Sheila Rege, M.D., Tri-Cities Cancer Center and WPC Center for Health Care Advisory Board.

Panelists

- Suzanne Spencer, M.D., retired, Group Health Cooperative - **Medical Home**
- Erika Bliss, M.D., FAAFP, Director of Medical Care, Qliance Medical Group - **Direct Primary Care Practice Model**
- Twila Brase, R.N., President, Citizen's Council on Health Care - **Evidence Based Medicine**
- Kevin Overbey, Managing Director and Executive VP for Clearpoint, An Alliant Company - **Wellness**

The second panel introduced some new trends in health care which are cost effective and patient centered. The first speaker, Dr. Suzanne Spencer, highlighted how the **Medical Home program** joins primary principles of care with the patient relationship to give better and more effective care. This model focuses on the patient by eliminating barriers to patient access for immediate care and keeping an electronic record of previous care. This model, she explained, is designed to effectively fight the five chronic care problems: coronary artery disease, chronic lung disease, diabetes, depression, and asthma.

In order to combat these problems, the program is dedicated to longer appointment times. It also builds a team between doctors, nurses and pharmacists to catch problems sooner. They use tools like email and phone to do follow up checks and answer patient questions.

Dr. Erika Bliss discussed **primary care practice**. She explained the Qliance model as an example of how frequent primary care can limit the need for critical care. Continuing primary care can address up to 90 percent of current health care problems before critical care is needed, and therefore can lower the total cost of health care.

Dr. Bliss showed how the Qliance model is paid for directly by the patient through a monthly membership fee. She explained that her practice does not accept Medicare because it would raise costs for the program. She highlighted the benefits of this type of program as a way to lower the costs for everyone.

Dr. Bliss also discussed how insurance and primary care are needed for very different reasons. Those differences relate to the needs of the current population and the rising costs of providing health care. She categorized insurance as something that you use rarely, in times of difficulty or crisis, when there are high financial costs attached. Primary care therefore is not compatible with insurance because it is frequently needed and costs very little. For these reasons primary care is best administered in a setting where the patient can pay for routine services out of pocket as needed.

She reviewed some problems with the current system and highlighted issues that are problematic to the industry, such as the fact that forty cents of every dollar is spent on processing patient records and billing. Her system works well, she says, because it controls those costs through lower overhead, advanced IT and by generating personal relationships.

National health care policies were discussed next and Twila Brase, R.N. gave information about the use of **Evidence-Based Medicine**. She expressed concerns about how evidence-based guidelines could create a one-size-fits-all approach to medical problems. She also questioned what evidence would be acceptable and whether this would result in financial incentives for doctors who used those guidelines.

Her second concern was that a single-payer approach to health care is related to evidence-based medicine. She gave several examples of health care systems that used this approach and posed the question of whether this kind of a system would allow flexibility to other approaches. She equated evidence-based medicine to politically-based medicine.

The final speaker was Kevin Overbey who explained the importance of **wellness** as a way to lower health care costs and stay healthy. He began by explaining how the current system works for employees with health benefits. Current employee heath rates are established by combining the behaviors of all of those in the work population and dividing that rate by the number of people in that population to get the health insurance rate. He suggested employer influence in promoting better health to lower costs for those in the work place. The importance of financially tying each individual person to his own cost contributions is crucial to lowering overall costs for everyone. He showed this can be done by providing incentives for employees and employers to lower costs.

He explained the benefits for employees and employers who practice wellness. Employees have more effective services for the money paid and learn about their own personal health. Employers benefit from lower costs and more productive employees. He recommended some on-the-job measurement activities such as biometric testing to encourage workers to stay on track. This approach adds only a small upfront cost to the employer.

The panel concluded with questions about how current policies could work with the options presented. Several important facts came out during questioning about how the government currently pays for Medicare patients. Panelists explained that a Medicare patient cannot pay cash unless his primary doctor has decided not to accept Medicare. This was explained by Dr. Bliss as the reason why Qliance does not accept Medicare.

In conclusion, Paul Guppy asked the panel how these ideas would be affected by the national trend towards a more government controlled system. The panel had resounding agreement that these ideas do not work well with government systems. Kevin Overbey responded that more government control would not work with his plan for wellness because it would take the competitive element out of his model. He said they would have to find another method of incentivizing and encouraging wellness. His fear was that if health care were provided by the government, employees and employers would have little reason to promote and provide wellness opportunities. Ms. Brase said that it would put mandates on Health Savings Accounts and therefore ruin the benefits that HSA's provide. She believes a policy similar to a report card will be issued for physicians who do or do not conform to evidence-based medicine and care. Dr. Bliss said that her option would still exist but it would lose its affordability and would mostly be available only to the wealthy. She believes mandating certain insurance coverage will severely divide the rich and the poor.

Summary Points

- Dr. Suzanne Spencer advocated for the benefits that home vision provides for the patient relationship through a medical team. She promoted the utilization of accessible tools and electronic record keeping as a way to achieve patient centeredness.

- Dr. Erika Bliss focused on the patient health and cost benefits of regular access to primary care. She suggested that the Qliance model of a low monthly fee is the best method for achieving regular primary care objectives. She advocated for insurance plans which provide for difficult and rare circumstances that come with high cost, but not for primary care service which is neither rare nor high in cost.

- Twila Brase explained the problems with evidence-based medicine and what they could mean in a single-payer health system. She showed how a one-size-fits-all approach is not flexible for patients and may not provide the best care.

- Kevin Overbey gave a proven approach to wellness that engages the employee and the employer as a team in lowering health care costs and increasing effectiveness.

The Uninsured, the Insured

Moderated by Scott Taylor, former Senior VP of Symetra Financial and WPC Center for Health Care Advisory Board.

Panelists

- Merrill Matthews, Ph.D., Executive Director, Council for Affordable health Insurance - **The Uninsured**
- Roger Stark, M.D., Center for Health Care Policy Analyst, Washington Policy Center - **Health Savings Account Update**

The third panel reviewed currents facts associated with the health care population and the problems that are occurring within that population. Dr. Merrill Matthews is the author of *The 10 Things To Know About The Uninsured.* His main focus was that there is a large discrepancy in the health care debate between the uninsured and the uninsurable, and he clarified the facts about the health care population to show the difference between the two.

He cited Census Bureau numbers to show that 15% of the population has always been without health care and growth in the number of people without insurance is consistent with population growth. He also explained that the numbers usually do not account for the fact that most of the uninsured are only without insurance for short periods of time. Of those without healthcare, he pointed out, only six percent are chronically ill and unable to receive or are having difficulty getting insurance. Of the uninsured population, 83% work full time and are largely young and healthy. The percentage of uninsured with incomes that exceed $50,000 dollars is 30%. He also pointed out a quarter of those without insurance are not U.S. citizens. These facts explain that being uninsured and being uninsurable is not the same thing. He showed that these figures merely explain how many of these people have chosen not to have a third party payer manage their health care.

He explained that state mandates on health insurers drive up the costs of health care and therefore become a primary factor for the number of uninsured. He cited the fact that Idaho has only 15 mandates on health insurance while Washington state has over 50. He pointed out how mandating that a health insurance company cover various practices raises the costs for everyone and provides benefits to only a few. Legislating mandates gives the government an excuse to blame the industry for the high cost. He explained that if the government allowed people to shop for insurance plans in other states, there would be more alternatives for less cost.

Dr. Roger Stark highlighted the financial problems with the current insurance system and the benefits of Health Savings Accounts (HSAs). He explained that 17% of GDP is spent on health care because 87% of medical bills are paid by someone other than the patient. The past objections to HSA plans were that they would primarily serve the healthy and wealthy and would make all other

plans more costly. Those who had HSA plans would horde their money in those savings accounts and not get preventive care. In response to these criticisms, he cited the fact that over 50% of enrollees are over 48 years old and almost the same percentage have incomes of less than $50,000. He also showed that contrary to previous objections, HSA holders do seek preventative care and some HSA plans actually pay for it.

Dr. Stark promoted HSA plans as a way to decrease the number of uninsured. Currently 4.5% of the U.S. population is enrolled in a HSA. The popularity of these accounts rose by over 25% in one year in Washington State. Employers who utilized this option saved $21 million for every 10,000 employees enrolled in HSAs. Because of these savings, he recommended that HSA plans be introduced into the Washington State Basic Health program and also into Medicaid as a way of reforming a failing system.

Summary Points

- Dr. Merrill Matthews gave an explanation of who the uninsured population really is. He offered solutions to lower the cost of health care for that population as well as for those in the current market. He highlighted the problems with the Washington state system and offered solutions for that system. Finally, he reminded us that the uninsured and the uninsurable are not the same people. The difference in these two categories is that while some have chosen not to have insurance pay for their health care costs, only a small percentage cannot get coverage.

- Dr. Roger Stark gave an update on the current and future possibilities of Health Savings Accounts. He provided results on how HSA plans are working for a large segment of the population and offered innovative ways of including them as a solution to the current failing government systems.

Keynote Lunch

Introduction by Gubby Barlow.

Speaker: Dr. Steven Eastaugh, Sc.D., health care advisor to President Obama and a Professor in the department of Health Services Management and Leadership at George Washington University.

At lunch Dr. Steven Eastaugh gave a presentation of the history of health care and possible reforms being discussed now by the Obama Administration. Dr. Eastaugh has taught health finance and economics for more than 32 years and is a health care advisor to President Obama.

Dr. Eastaugh opened his presentation with the statement that while looking for the perfect answer to reform we have neglected to institute some very good proposals in the past. He explained that for the first time in history health care reform is not just a moral necessity but also an economic one.

His presentation gave a brief overview of the history of health care reform proposals. He highlighted some of the current proposals for reforming the health care system. According to Dr. Eastaugh, President Obama is interested in a program of consumer exchange that combines the public and private sector. Many members of Congress want to mandate adult health care coverage and some advocate for the single payer approach. Also, the more conservative members are pushing for market-based approaches through consumer driven health care.

He explained the current Obama plan as one that combines the best aspects of these plans and will provide transparency and accountability. The

highlights of the president's plan are:

- Mandate coverage of children
- Create insurance exchanges for affordability
- Include one public plan and one private plan that would cover all applicants
- Private plans must have benefits at least as good as public plans
- Government provided subsidies to those at or below 300% of the poverty level
- Large employers who do not contribute to lower premiums will be required to pay into the national plan
- Requires the use of information technology and electronic health records
- Greater access to primary care
- Negotiation of drug prices
- Evidence-based medicine and outcomes based care

He highlighted the idea of paying for performance and gave five principles for a better system: get the best treatments for the money, give incentives to stay healthy, start mega-pooling programs, cover more people, and encourage prevention. He said that we should strive for quality that is determined by the outcomes it produces.

The question and answer section showed audience members were concerned about how to pay for such a plan and who would be responsible for the cost. Dr. Eastaugh was also asked how private insurance companies receiving no price breaks on services could compete with government operated programs which, if operated like Medicaid, would receive public subsidies. He repeated his previous comments that a public and private partnership would lower the cost and would allow the system to remain competitive.

Twila Brase raised questions about how to define "quality health care". She explained how the World Health Organization Study manipulated outcomes to favor certain single payer systems around the world. She questioned how this affected the United States ratings. She noted that the U.S. had high ratings in areas of patient-centeredness. While Dr. Eastaugh denied that such a rating category existed, he took the position that if such a category did exist, it was not an important one. He did not address her concerns that the other ratings were biased. He defined quality health care as focused on system structure, process and outcomes.

Summary Points

- The health care problem is no longer simply a moral debate; it is an economic one which requires bipartisanship because it is affecting many aspects of our daily lives.

- Paying for performance would increase effectiveness and provide better outcomes.

- The Obama plan would create public and private partnerships to offer health care coverage to all Americans.

Abby Burlingame is a research assistant with Washington Policy Center, a non-partisan independent policy research organization in Seattle and Olympia. For more information contact WPC at 206-937-9691 or visit washingtonpolicy.org. Nothing here should be construed as an attempt to aid or hinder the passage of any legislation before any legislative body.