



The State of Health Care – 2009 and Beyond

By Lloyd H. Dean, President and CEO, Catholic Healthcare West

All of us today, whether we are employers, employees, providers, public officials or patients, have a vested interest in the health care system. And all of us, as participants in today's system need to ask ourselves two very important questions:

- *Do we agree with health policy experts and President Obama that American health care today is a drag on the economy?*
- *Do we agree that it is time to seize the opportunity we have today and improve our health care system?*

The way all of us as Americans answer those questions will determine the future of health care reform in the months and years ahead.

Washington is buzzing with the potential for health care reform. Our nation has a very rare opportunity to achieve a more equitable and just health care system for America. And it's ironic that it's been brought to us at least in part by the economic crisis we're all experiencing.

John Fitzgerald Kennedy famously said, "When written in Chinese, the word 'crisis' is composed of two characters. One represents danger and the other represents opportunity."

Today we have a crisis that has brought with it a chance for change, and I am optimistic that with the support of the American people our nation's leaders will make the most of it.

A Broken System

Today, nearly sixteen percent of those living in the U.S. go unrecognized by our health care system because they are not part of it. Health care is simply out of reach for too many of our neighbors, friends and community members.

A recent Harris poll found nearly half of adults with health insurance are "very" or "extremely" concerned about health care.

Our own CHW Health Security Index – which measures perceptions of individuals' confidence about their health and health care across the nation – found that Americans are nearly twice as concerned about the rising cost of health care as they are about losing their jobs. Overall, one-third of respondents said affordable health care for all is the most serious health care challenge facing the U.S. today, up from 22 percent in the 2007 survey. And for the first time, in this year's survey, more than half said they believe the health care system in America is getting worse.

Clearly, change is overdue.

Catholic Healthcare West has been advocating for comprehensive health care reform for more than two decades. We believe expanding access, improving quality and constraining costs must be achieved so that health care is no longer a barrier, but serves to enhance lives and ensure opportunities for prosperity.

Reform and Recovery

Senator Ron Wyden of Oregon calls the story of health reform a story of unrequited love. He points out that regularly over the past 60 years Americans have seen their hopes rise with the possibility of passing health reform, then have had their hearts broken when legislation fails.

While that may be true, what makes this moment truly unique is that this is the first time there is widespread recognition of the undeniable link between the economy and health care system. To strengthen our economy we must reform the system.

Today we spend more than twice as much per person on health care than any other industrialized nation. The total cost is well over \$2 trillion per year – about one-sixth of our economy.

Yet our results are often unsatisfactory for the investment we make. And it puts us at a disadvantage with other industrial powers that have lower costs and more efficient health financing systems.

We've all heard about how U.S. auto companies are at a \$1400 per car disadvantage to the Japanese because of the health care costs baked into each car that's sold.

Small businesses are even more affected. According to the National Small Business Administration, almost half of small business owners they surveyed cited health care costs as the single largest threat to the wellbeing and survival of their business.

Our long-term economic prosperity – and global competitiveness – depend on reforming our health care system.

What's Been Done So Far

President Obama, upon taking office, moved quickly to provide a safety net for those who lost their jobs, creating a tax credit to help them keep their health insurance through COBRA. These steps are estimated by the Joint Committee on Taxation to help provide coverage for approximately seven million Americans.

He also signed the reauthorization of the children's health insurance program to help families whose kids were at risk of losing their coverage in the weak economy. Catholic Healthcare West and the Catholic Health Association of the United States strongly supported the reauthorization.

What's Being Proposed

Now, the President's health care reform approach contains a number of key elements to reduce the cost of health care and expand coverage for the uninsured, including:

- Computerizing all health records within five years to help prevent medical errors and improve quality. The current paper-based system is time consuming and wasteful. Electronic health information systems will help caregivers understand how well they are providing care to individuals and populations, and better understand the costs associated with their services.
- Providing physicians with the latest information on most effective treatments to help deliver the highest quality care for patients. The amount of scientifically sound information about methods of diagnosing and treating illness is immense and beyond the ability of a single person to remain current. Clear and regularly updated guidelines would remove the burden of information overload.
- Investing in prevention and wellness programs. More than one third of all illness is related to poor nutrition, smoking and lack of exercise. Obesity is linked to chronic conditions such as high blood pressure, diabetes and heart disease. The President proposes funding for programs that promote good behaviors and screen for diseases that, if caught early, increase the cure rate at less cost.

What will this approach mean for each of us as consumers of health care? First, it builds on our existing health care approach that provides a choice of health plans and physicians. People will keep their employer-based health plans.

It aims to make health coverage more affordable by reducing inefficiencies and eliminating unnecessary tests and services that do not improve patient outcomes.

It provides portability of coverage so that people are not locked into their current jobs out of fear of losing their existing health plan, or being denied coverage because of pre-existing conditions.

The goal of the President's approach is to ultimately provide health care coverage for all Americans.

The Question of Cost

But it comes at a cost. The budget sets aside a reserve fund of more than \$600 billion that is dedicated toward implementing these reforms over the next decade. And estimates are that it could take another trillion dollars to fully accomplish the reform plan.

That's a formidable amount of money – even by Washington standards! But the objective of a reformed system is ultimately to reduce the rate of growth of health care spending while improving care.

The plan calls for a number of cost-cutting measures that, taken together, could result in \$300 billion in savings by:

- Reducing Medicare overpayments by promoting more competition among private insurers.
- Reducing drug prices by promoting more availability of generic alternatives.
- Incenting physicians and hospitals to improve quality and efficiency by rewarding the delivery of high-quality care rather than just reimbursing providers for the quantity of services performed.

It may seem ironic to talk about spending hundreds of billions of dollars to fix a system that costs too much for the services it is delivering. But if we are going to make the system accessible to everyone and improve the quality of care that is delivered, we must start making that investment now.

The President's reforms align closely with Catholic Healthcare West's principles. We believe that every person has the right to high quality health care – and that right includes being treated with dignity and compassion.

Ultimately, successful reform depends on the growth of expanded systemic care. We must effectively meld hospitals, physicians, financing and reporting into a unified system that can span the continuum of care – with accountability for results – to achieve the health care system that America needs and deserves. That is our aim for the family of hospitals and care centers that make up Catholic Healthcare West and we hope to see it realized across our nation.

Can We Make Reform a Reality?

What are the prospects for reform this year?

First, I'm heartened that there is widespread consensus on the need for reform. About a year ago, I had the privilege of co-chairing CHW's Healthcare Leadership Summit with Leon Panetta. We asked him to participate because of his wide experience as federal budget director and White House chief of staff.

I was struck by the consensus at the summit – which featured more than two dozen of the nation's health care thought leaders representing different views – on the need to rebuild our broken health care system.

And I was also struck by how much everyone there wanted to work toward a solution.

Today, I believe the trend toward consensus has become a rising tide that is lifting many competing interests toward consensus around health care reform.

Right now, both houses of Congress are advancing health care reform legislation that reflects the principles of the President's plan. The next few months will be critical if legislation is to pass and become law this year.

That said, we're going to see a lot of twists and turns on the road to reform. You may have read about a recent case in point. Last month, a group of six major health care organizations – including the American Hospital Association – agreed to reduce the growth of health care spending.

The Department of Health and Human Services estimates that health spending will grow an average of 6.2 percent a year in the coming decade. Cutting that rate of growth is not only critical for overall health care affordability, but also necessary to fund quality and access initiatives.

But confusion followed the announcement about the pledge. The groups said they only told the President they would use the 1.5 percentage point as an eventual target, not a commitment.

Over the next several weeks, we will likely see a series of two-steps forward, one-step back developments. I hope and believe that in the end we will stay in step and move in the right direction – towards consensus.

So the million – make that trillion-dollar question is: will these reforms be enacted as part of President Obama's and Congress' health care reform initiatives?

I am an optimist. Even though time is short, health reform legislation must be introduced in Congress this summer in order to pass this year.

I think we will see significant legislation enacted this year that incorporates the major principles of reform. But passing a health care reform measure this year won't create a magic wand that will instantly fix our system. We will need continued effort and vigilance to overcome the challenges to implementing the changes.

I believe that the reforms that are now on the table in Washington are an important first step in slowing the rising cost of health care – and providing better outcomes for all of the people of our country. Lowering the cost of care will mean less of a burden on the bottom line for employers. In the long run that will mean more growth, more prosperity and more jobs.

At the beginning of this essay I asked if you think it is time to improve our healthcare system.

Now I'd like to ask you another question:

- *Will you get involved to help make reform a reality?*

We've seen what will happen if we don't improve health care. We'll have a future of continuing higher costs with fewer people covered. So I hope you will watch the reform efforts in Congress closely and offer your support for improvements in our health care system.

Our long-term prosperity depends upon reining in the spiraling cost of health care and improving the overall health of people across the country.