

HEALTH CARE REFORM 2009: How Will Georgians Fare?

August 25, 2009

Georgia Association of Women Lawyers

with

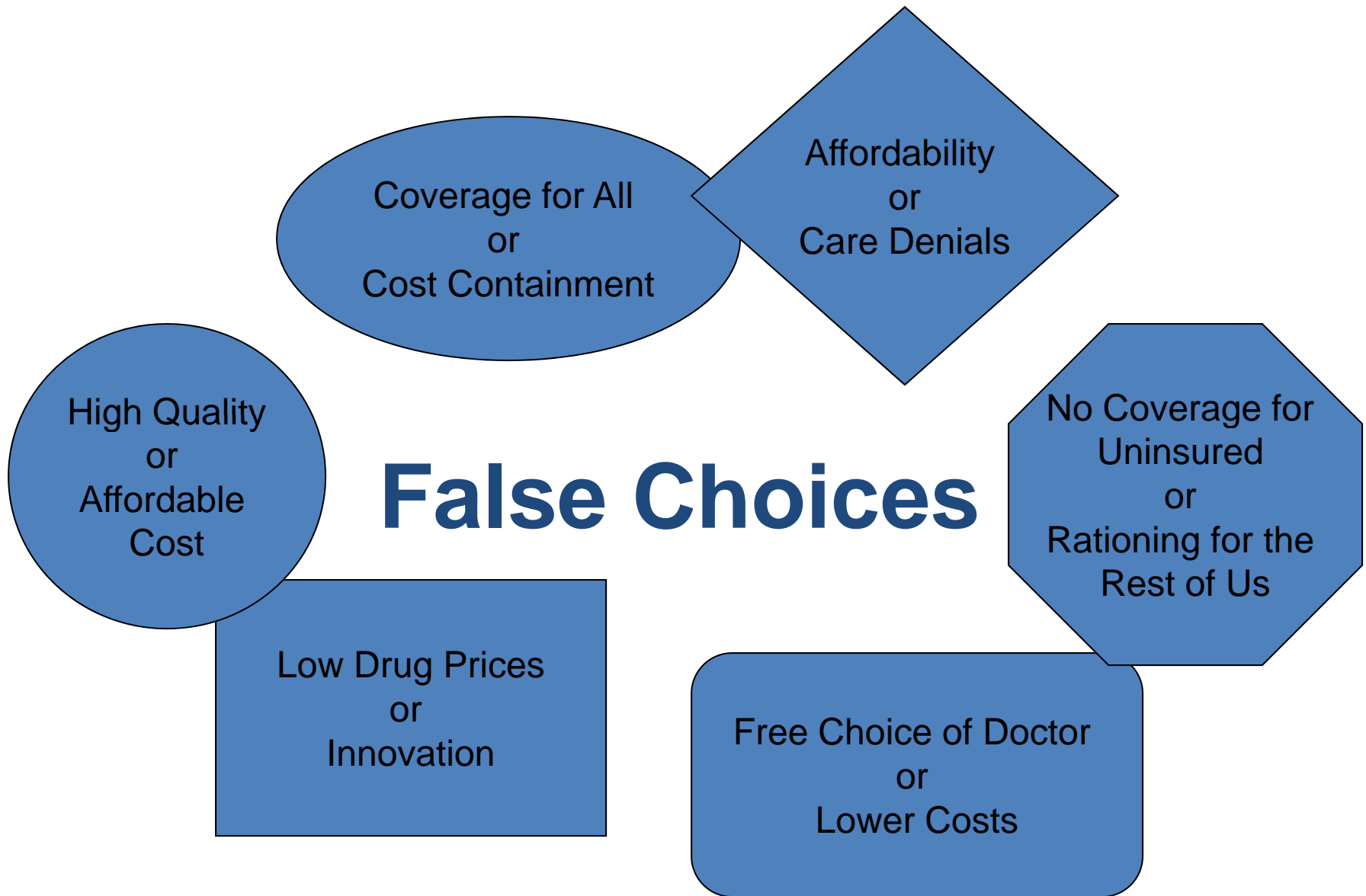
Families First, Georgians for a Healthy Future,
Atlanta Regional Health Forum, Georgia CURB, and
Georgia Women for a Change



What Georgians Need

Quality, affordable health care coverage that can never be taken away

It is possible!



False Choices

High Quality
or
Affordable
Cost

Coverage for All
or
Cost Containment

Affordability
or
Care Denials

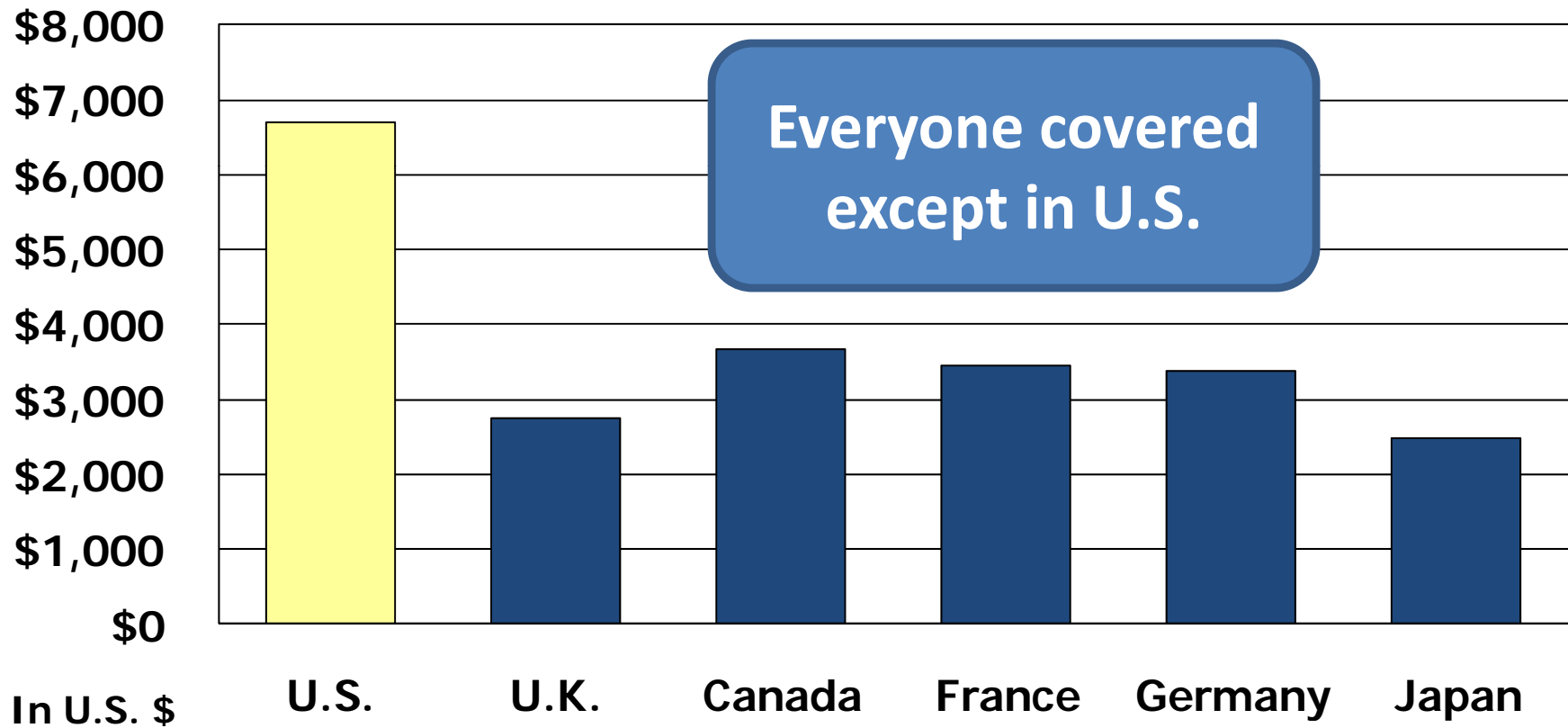
No Coverage for
Uninsured
or
Rationing for the
Rest of Us

Low Drug Prices
or
Innovation

Free Choice of Doctor
or
Lower Costs

Health Expenditures

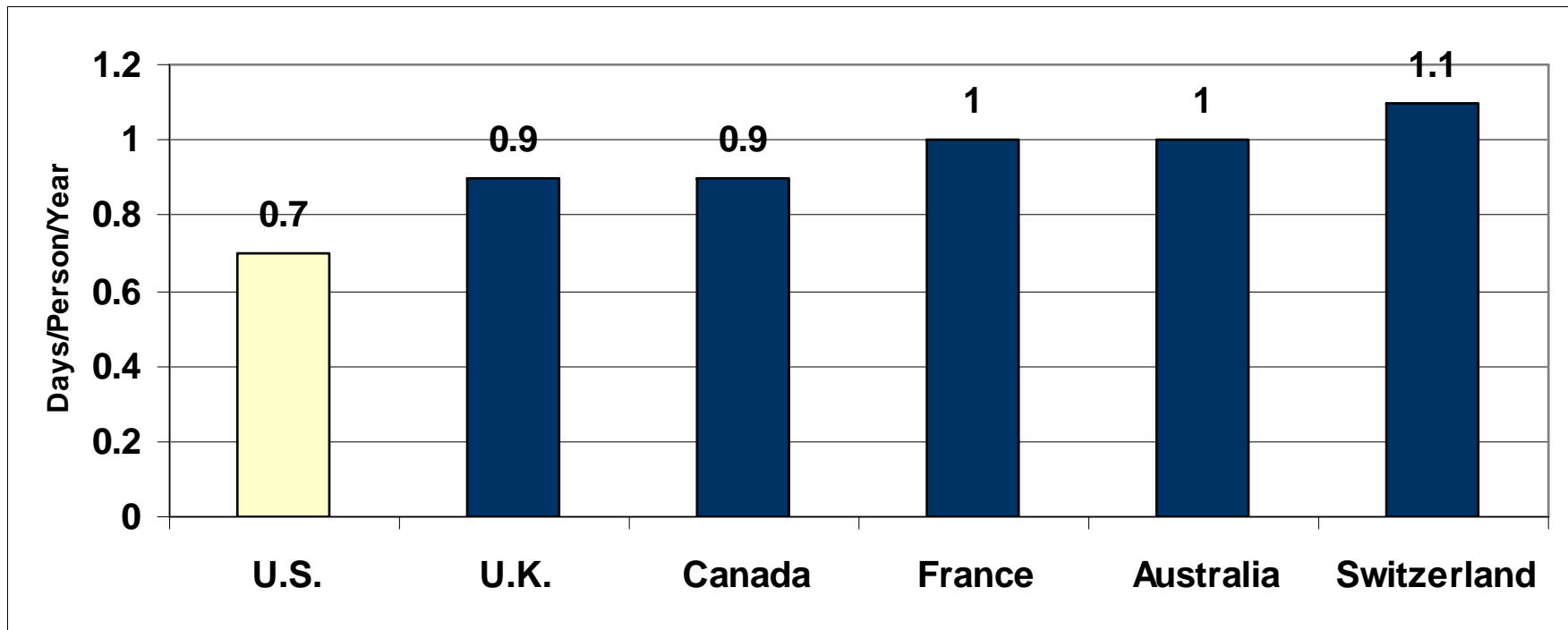
Per Person/Per Year



Source: OECD 2008

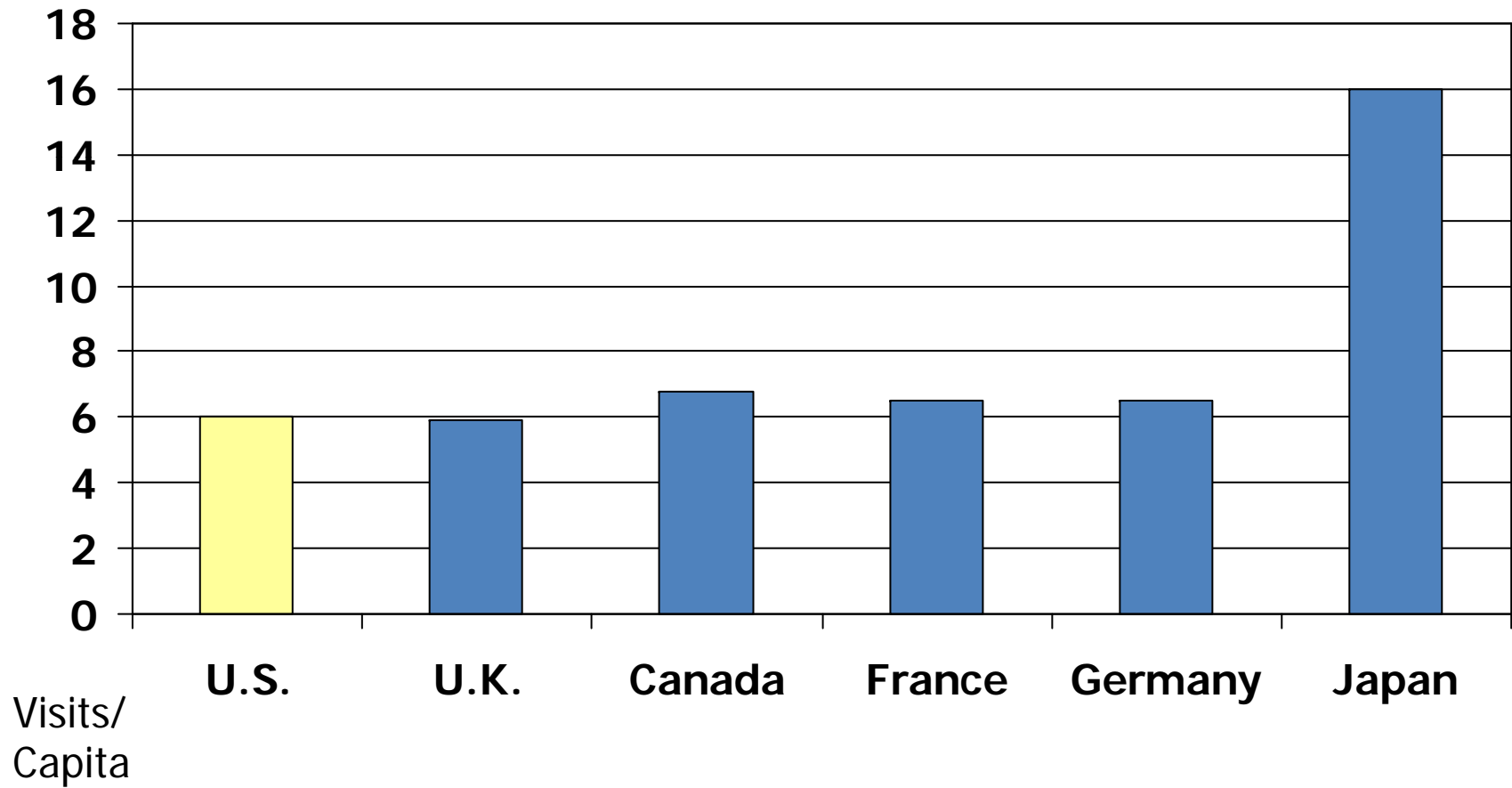
Hospital Days

Per Person/Per Year

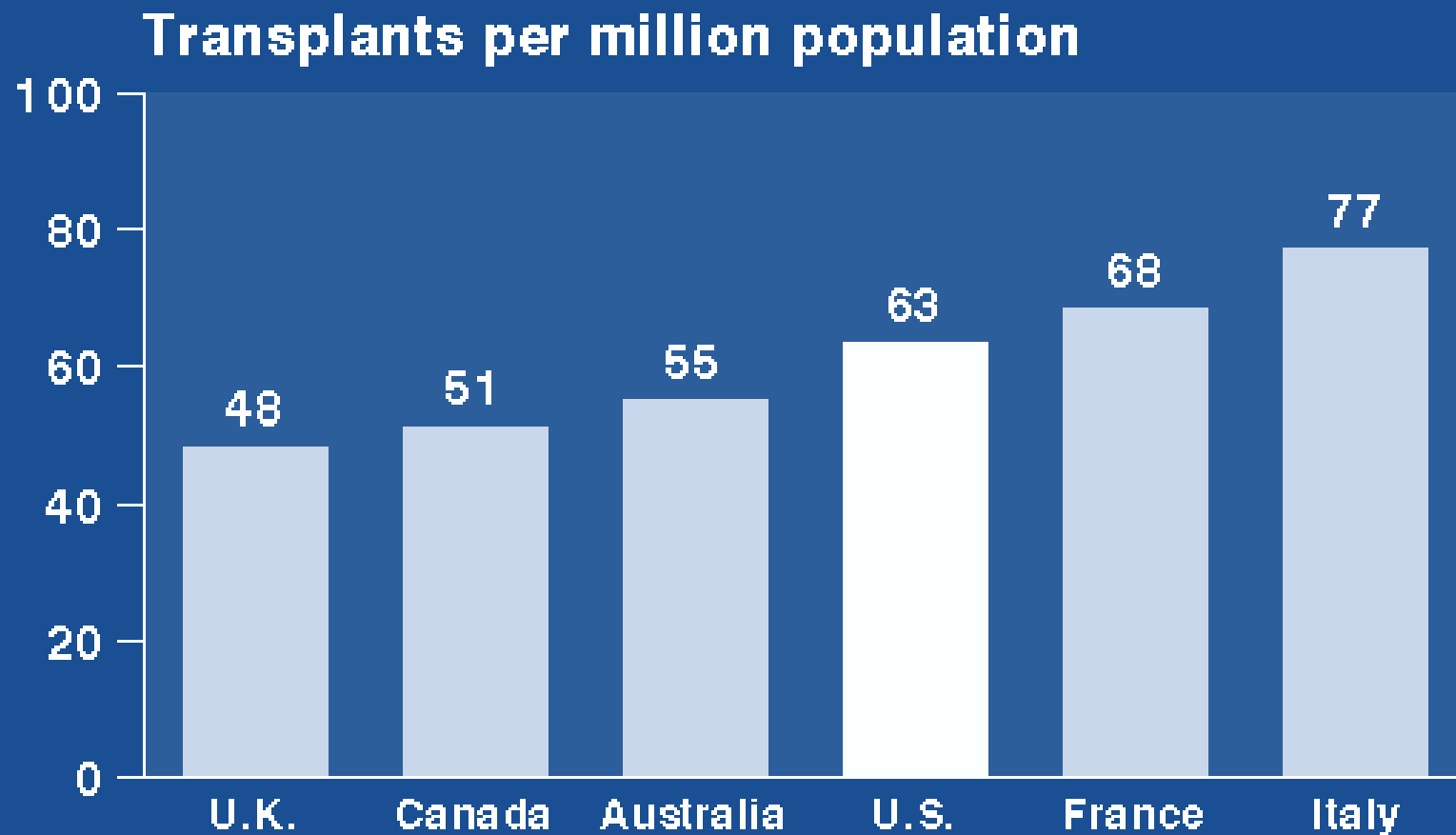


Physician Visits

Per Person/Per Year



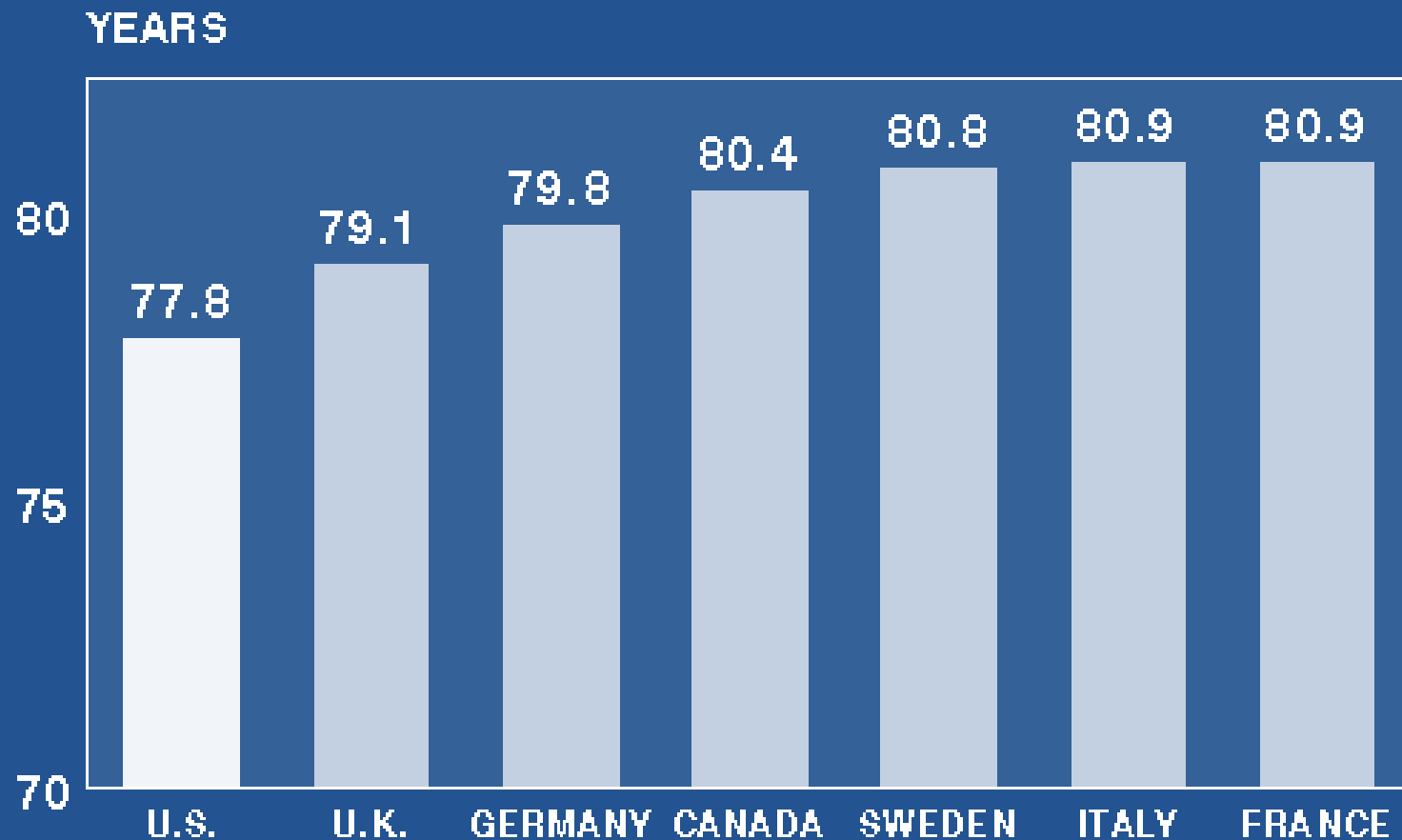
Bone Marrow Transplants



Source: OECD, 2008

Note: Data are for 2006 or most recent year available

Life Expectancy

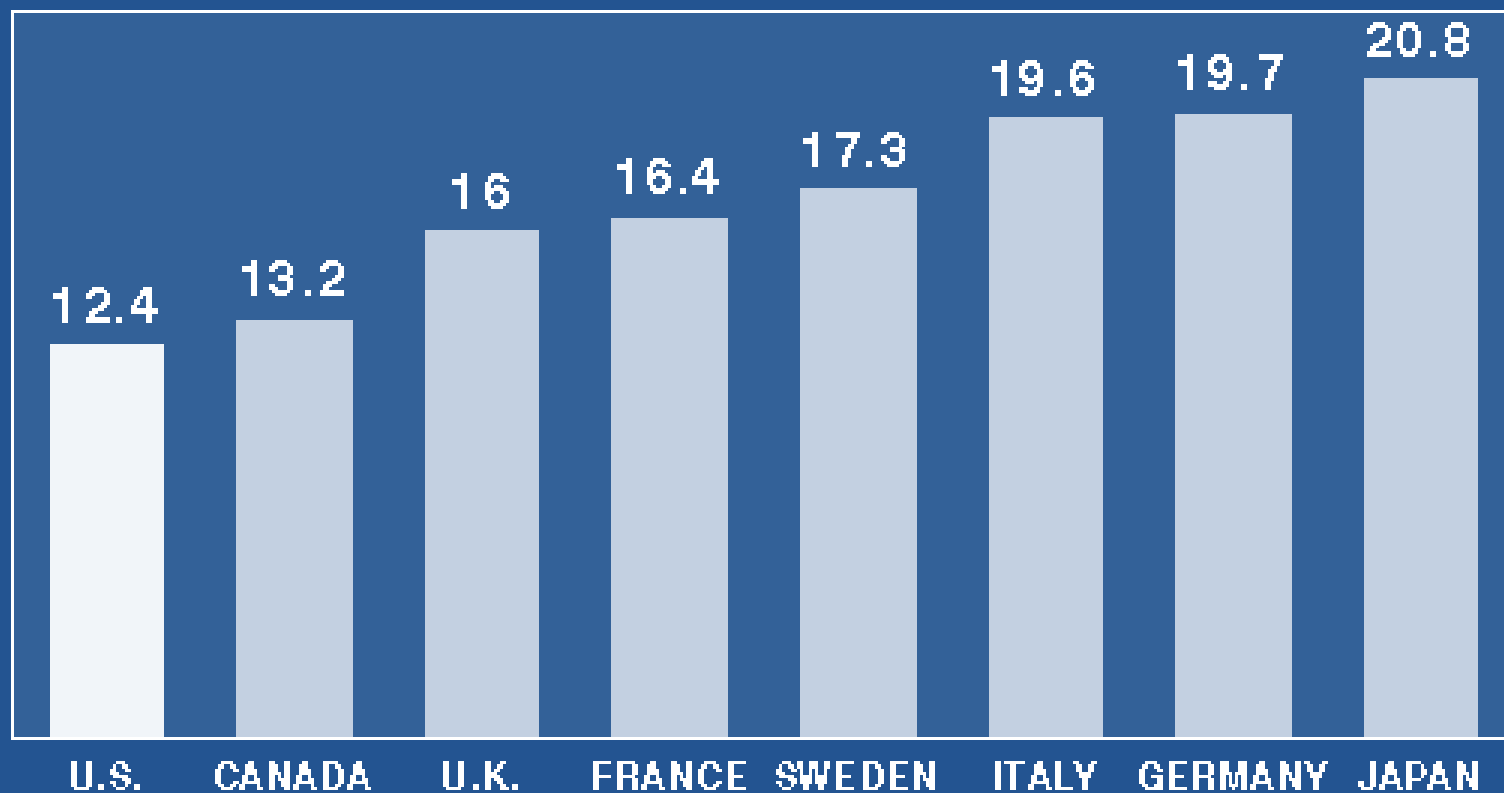


Source: OECD, 2008

Note: Data are for 2006 or most recent year available

Percent Elderly

% of Population > 64



Source: OECD, 2008

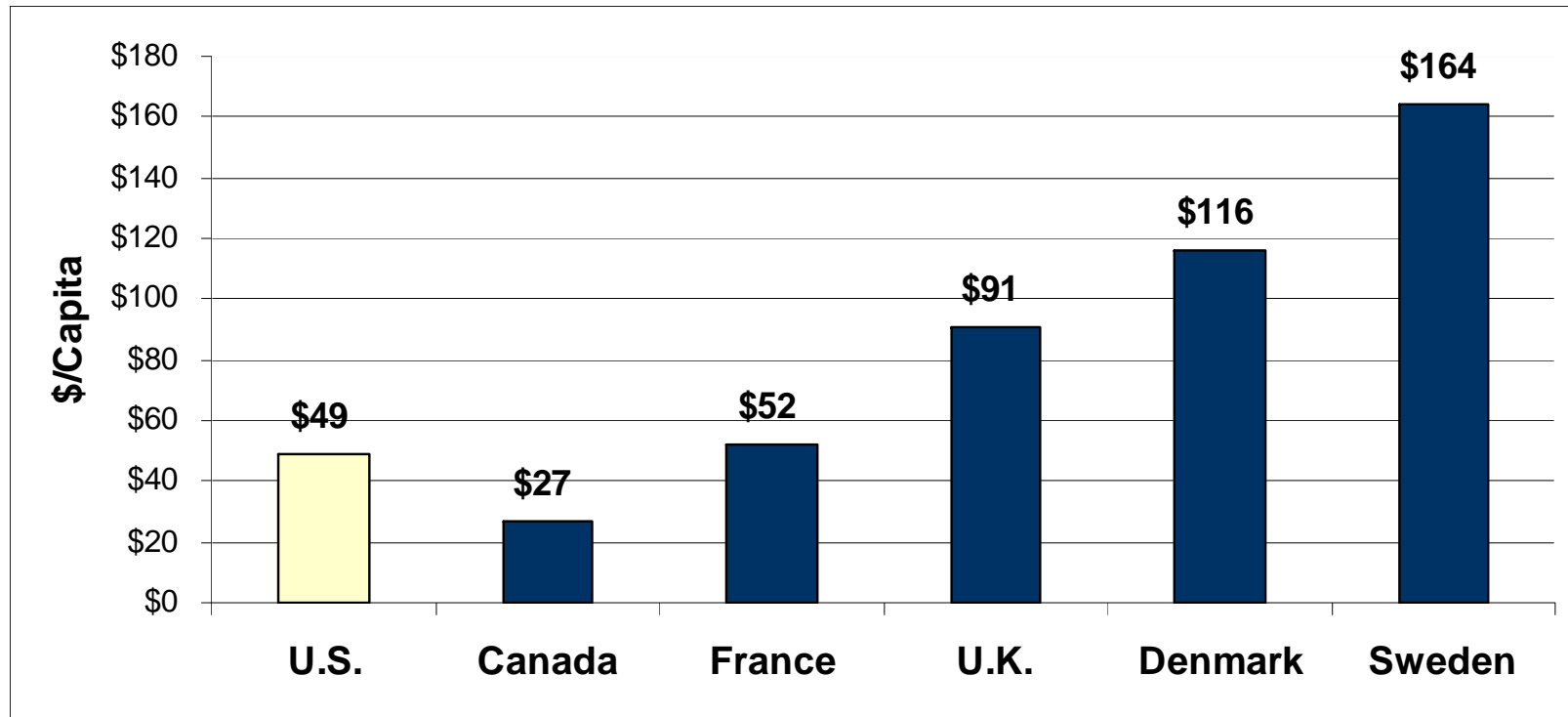
Note: Data are for 2006 or most recent year available

The Case of End-Stage Renal Disease

Quality & Affordability

- U.S. death rates for dialysis patients 47% higher than Canada's, after controlling for age, sex, race, co-morbidity
- Canadians twice as likely to get transplants
- 57% of U.S. patients treated with reprocessed dialyzers vs. 0% in Canada
- Costs lower in Canada by \$503/patient/month

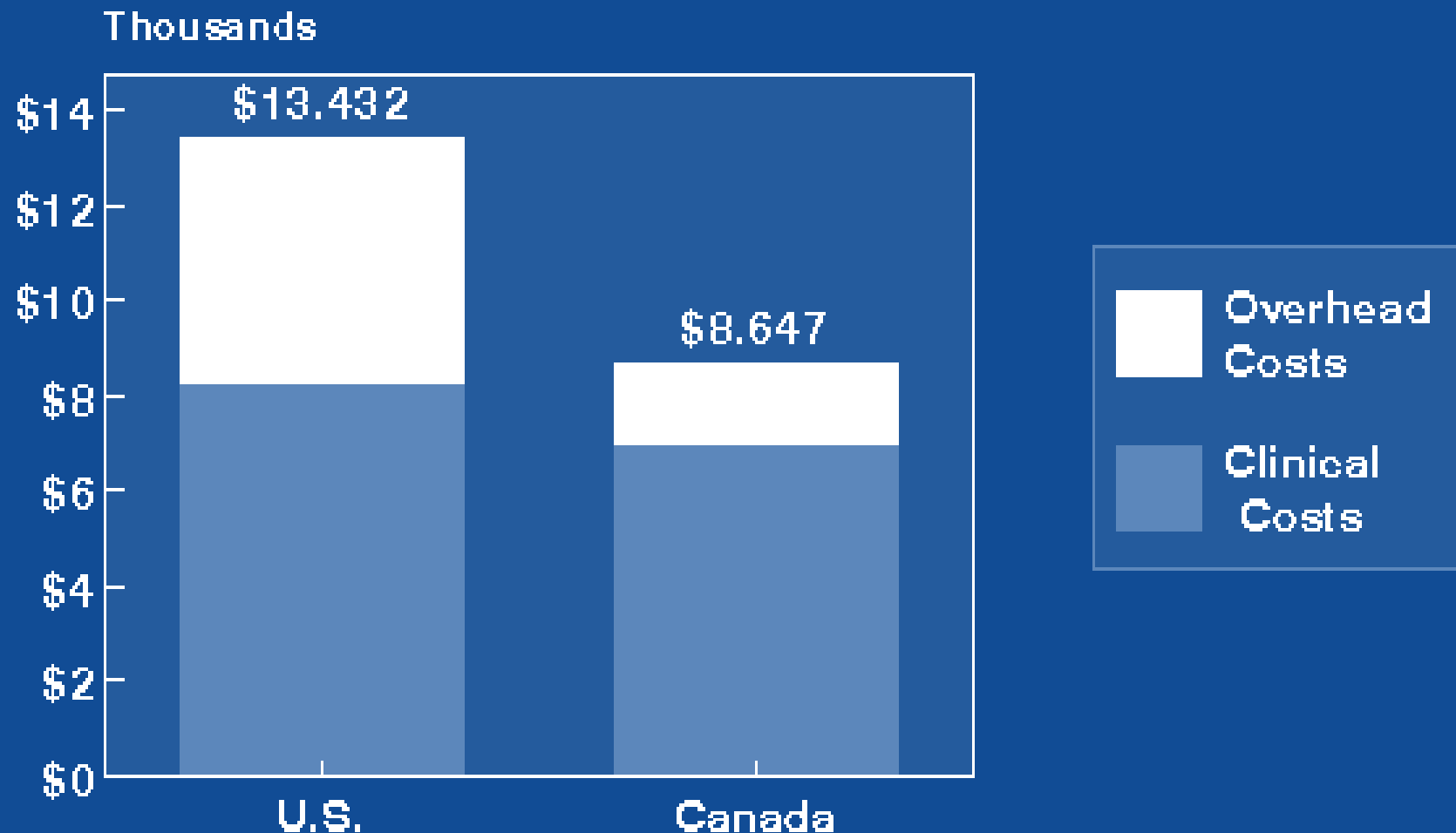
Pharmaceutical Research & Development Expenditures



Source: OECD 2006

Aortic Aneurysm Repair Costs: U.S. v. Canada

Overhead Accounts for Most of the Difference



Source: Brox et. al. Arch Intern Med 2003;153:2500

Note: Hospital costs only; outcomes were equivalent.

Underlying Problem in the U.S.

Fragmented Financing

- Medicare
- Medicaid
- Hundreds of insurers & HMOs
- Thousands of self-insured plans
- State & local government plans
- Millions paying out-of-pocket

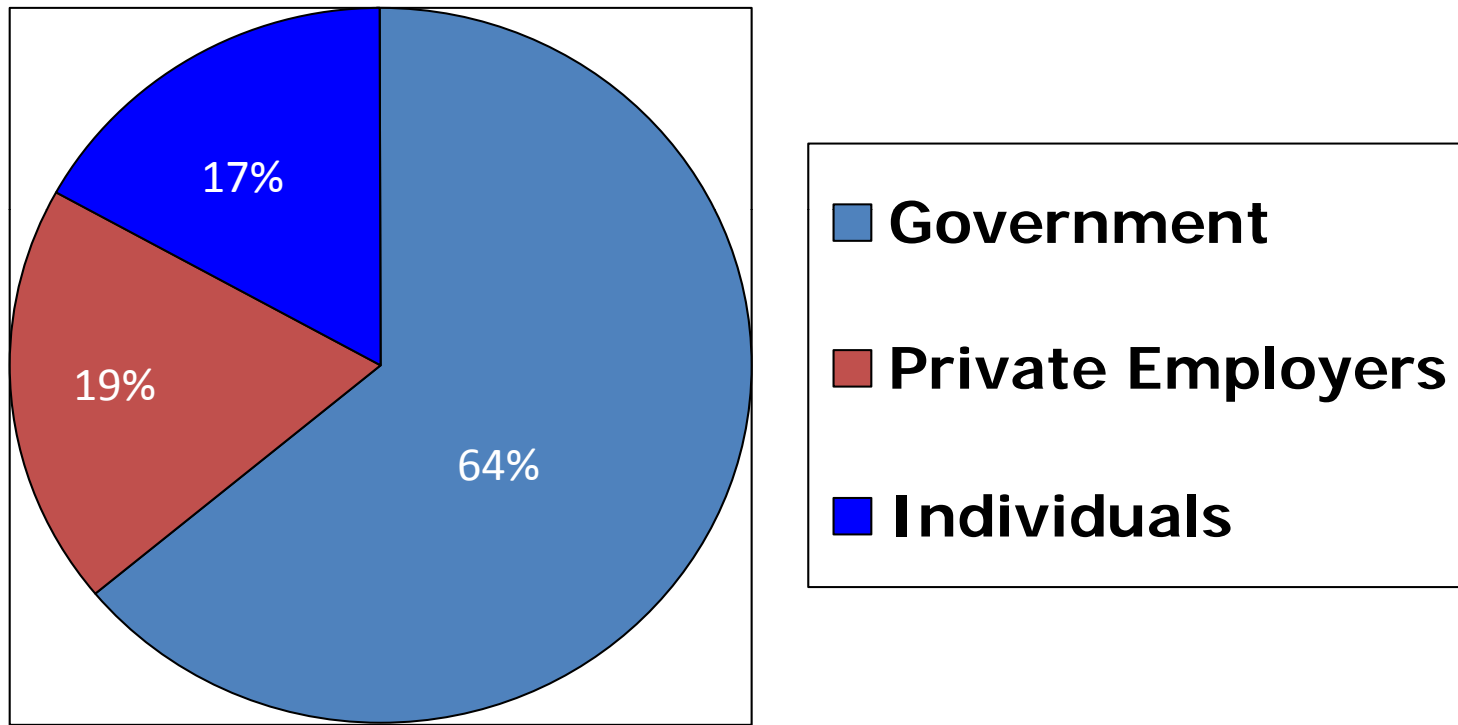
How can the enterprise of health care work with such a tangle of financing?



My eye doctor charged \$1,912 for surgery.
My private insurer paid \$436.72.
What is the right price?

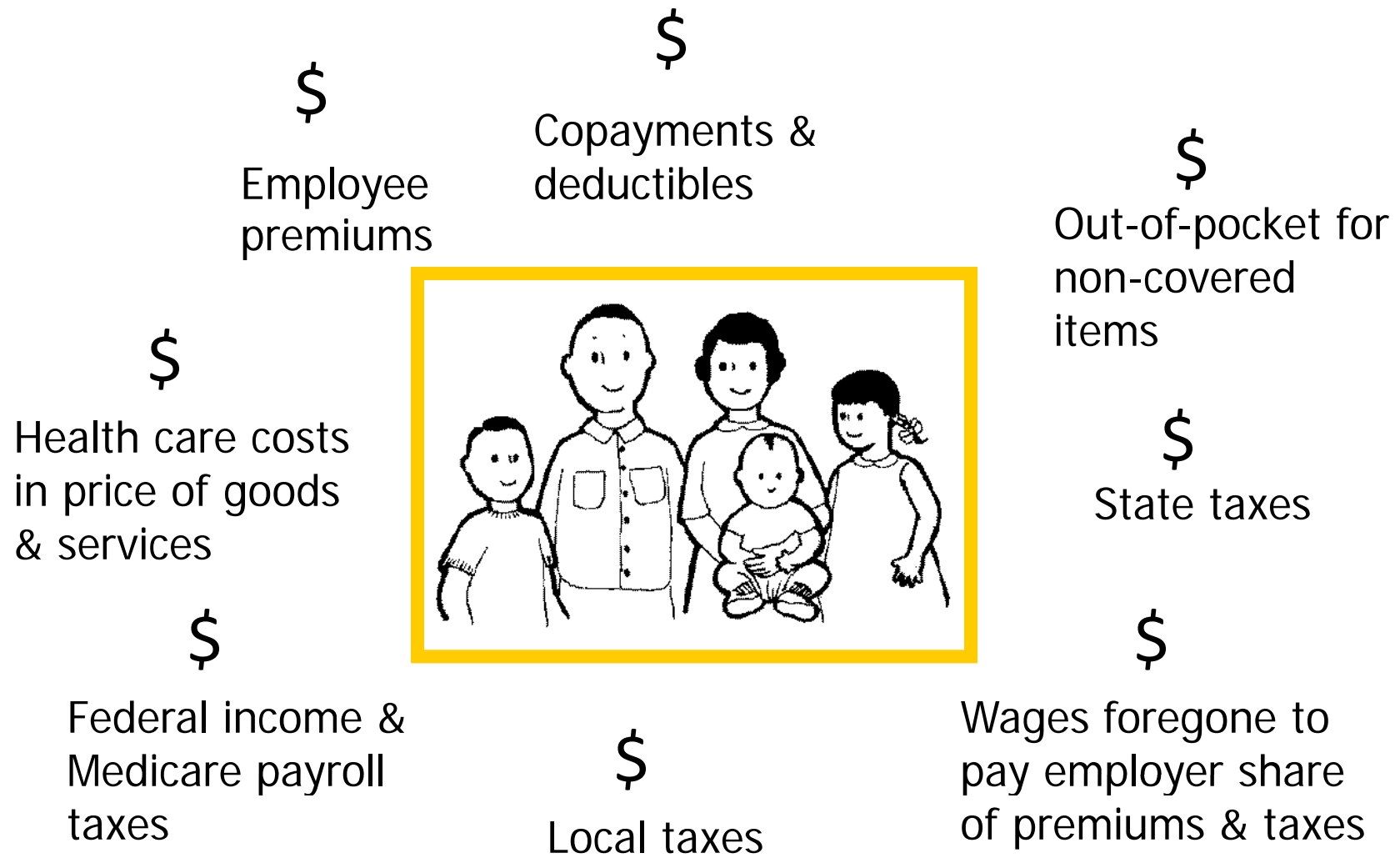
- Every payer responds to its own incentives, including passing along costs to other payers. Each pays a different price for the same product.
- We can't make prevention a system-wide priority.
- New facilities go where capital is accumulated as excess of revenue over costs instead of where they are most needed.
- Costly, but critical trauma care is absent in whole sections of Georgia.
- Sorting out coverage and payments creates enormous transaction costs.
- There is no transparency about how we are paying or what we are paying for.

Who Pays for Health Care in the U.S.?



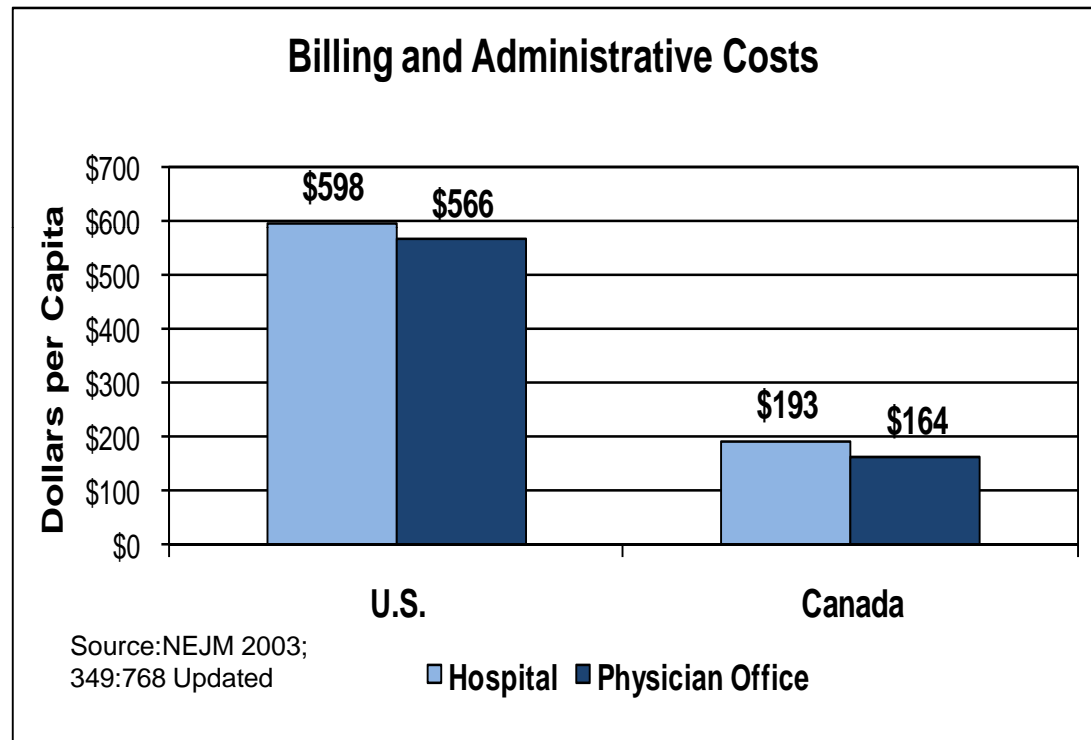
Government share includes employer coverage costs for government employees and tax subsidy for private employer-based coverage, as well as Medicare, Medicaid and other programs.

The Purchasers of Health Care

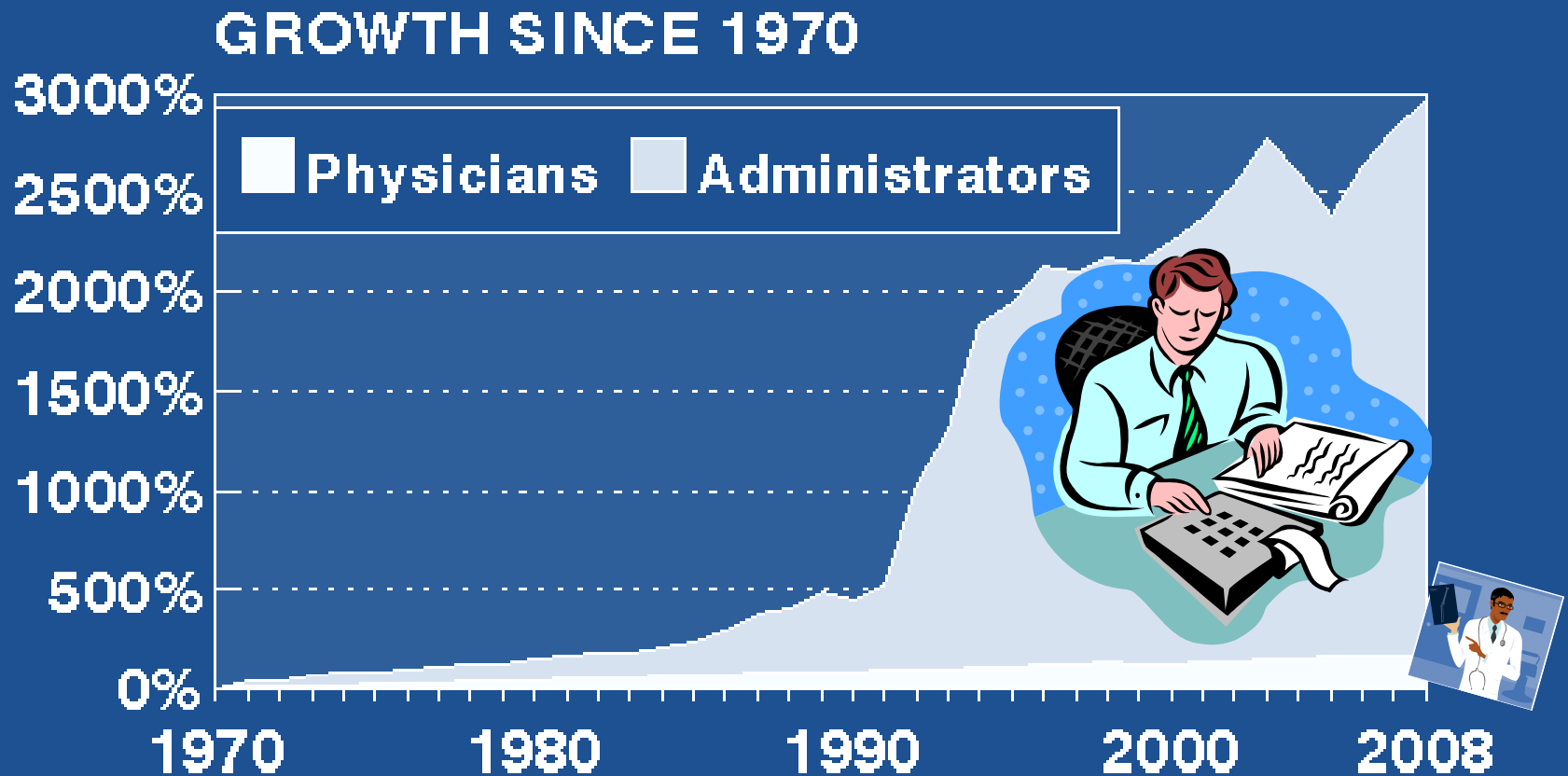


Billing & Administrative Costs

About 31 cents of every U.S. health care dollar goes for billing and administrative costs.



Growth of Physicians and Administrators 1970-2008



Source: Bureau of Labor Statistics; NCHS; and analysis of CPS

If we lowered our administrative costs to the same rate as Canada's, we would save enough money to cover all Americans and to improve coverage for those of us who are already insured.

See studies: Congressional Budget Office and U.S. Government Accountability Office

Political Decisions

- If you like what you have, you can keep it
- Build on employer-based system
- Steer customers to private insurers, some with public subsidy

If we like what we have, we can keep it, but...

Do we even know what we have?

- Over 70% of people whose bankruptcy involves medical bills were insured when they fell ill.
- 22% of insured cancer patients spend most or all of their savings.
- How many rehabilitation days does your policy cover?
- Ever thought about that lifetime cap? Over half of insured workers' families have them, and increasing numbers hit their limits.



"The flip side of trying to avoid changing what people have is that you don't change what's not working."

Ezra Klein, 7/16/2009

Medicare Part D – Rx Benefit

Not a Good Model for Reform

- Political decisions
 - Insurance companies control
 - Medicare cannot bargain for drug prices



- Results
 - Seniors have to choose among dozens of confusing plans
 - Plans alter benefits
 - Medicare pays 30% more than Medicaid for drugs
 - Administrative costs are 6 times higher than original Medicare
 - There's a “doughnut hole” in coverage to make it “affordable”



“The single most expensive option is to build on the existing system.”

John Sheils, Actuary, The Lewin Group

What Georgians Need and Could Have

Quality, affordable health
care coverage that can
never be taken away

