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# Modest Progress Toward Meaningful Solutions

## Health care proposals a good start, but do little to control costs

**By MERT GOLLAHER and MAUREEN WEAVER**

Health care reform has taken center stage everywhere – from legislative caucuses to editorial pages, cocktail parties, classrooms, late-night talk shows, and even the blogosphere. With health care reform bills pending in Congress, we can expect this trend to dominate well into 2010.

As of this writing, the House had passed one health care package and the Senate is in the midst of debate on a separate measure. While many polarizing issues have yet to be resolved, perhaps most surprising is the consistency in concept, if not detail, of the bills.

Health care spending is on a dangerous trajectory that cannot be sustained, and the cost of our health care system has been discussed and debated in Washington, D.C., and every state capitol for years. There is universal recognition that we need to control health care costs, but no agreement on how to accomplish this goal.

Don't look for immediate solutions to the health care spending crisis in the proposed bills. In fact, since President Barack Obama took office, political exigencies have forced health care reform to migrate to health *insurance* reform. Both bills concentrate heavily on access and availability of health insurance coverage. They have several common themes:

- Increasing coverage for the uninsured by expanding Medicaid eligibility (individuals/families with incomes up to 133 percent to 150 percent of the federal poverty level) and offering subsidies to help moderate-income people (individuals/families with incomes up to 400 percent of the federal poverty level) buy insurance.
- Creating insurance exchanges through which individuals and small businesses can purchase coverage and create a government insurance plan option for coverage through the exchanges.
- Mandating that virtually all Americans purchase health coverage and that most businesses provide it or suffer penalties.
- Since broader coverage requirements will fail if individuals cannot keep the coverage when they need it most, both bills eliminate denials for pre-existing conditions as well as annual and lifetime coverage caps.
- Finally, at least initially, each bill had a "public option" that would allow consumers to purchase insurance from a government-backed program.


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### Runaway Spending

So what about runaway health care spending? Without a reduction in the cost of delivering health care, won't an expansion of coverage, especially government-funded coverage (e.g., the expansion of Medicaid eligibility, tax credits and subsidies for moderate-income families, and the public option), ultimately exacerbate already out-of-control spending?

Some say that the proposals do not go far enough in addressing health care spending. Pressures will continue to mount for those segments of the health care delivery system currently struggling to treat the uninsured, under-insured and those covered by government programs. Reductions in reimbursement for services provided through government programs will force health care providers to push for higher rates from commercial payers to balance budgets, thus increasing the cost-shift from government programs to private payors. That will, in turn, intensify pressure on businesses (bearing the brunt of the cost-shift through premiums) and individuals (who share the burden through higher co-pays, deductibles and co-insurance).

Many argue that these health care reform

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proposals elevate government to the role of the principal health care payor, creating substantial budgetary pressures without mechanisms to address the underlying causes of runaway costs. Absent structural changes in the delivery of care, are we doing anything but futilely constraining an ever-growing balloon?

Unlike the Clinton administration's efforts of the early 1990s, neither the House nor Senate bill mandates significant changes in the way health care is actually delivered to patients. Whether appropriate or not, Congress and the Obama administration have chosen to force economic concessions from market sectors enjoying the least public loyalty, while leaving the patient's relationship with his or her health care providers out of the direct line of fire.

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## Enhanced Tools

However, the seeds for a solution are there. Buried behind insurance reforms are provisions aimed at identifying cost-savings opportunities while maintaining quality care. These include reduction of certain market updates for Medicare payments; new commissions and agencies designed to evaluate the cost-effectiveness of various approaches to health care delivery; enhanced tools to combat fraud, waste and abuse in government health care programs; increased rebates and discounts from drug makers; and bonuses for Accountable Care Organizations successful in bringing about cost-reduction.

An Accountable Care Organization (ACO) is a group of providers responsible for the quality and cost of care delivered to a defined patient group. The bills contemplate a limited, near-term role for ACOs by enabling ACOs to earn bonuses from Medicare for cost savings and quality improvements achieved through evidence-based medicine and coordination of care. Interestingly, these are the same functions that health care providers sought to master over a decade ago in response to managed care, but this time ACOs should have the opportunity to make them work without the overwhelming obligation to finance care.

While ACOs put evidence-based medicine into effect on a limited basis, funding for comparative effectiveness research offers the potential to identify best treatment practices on a much larger scale. By funding research and correlating data from clinical settings on the outcomes, effectiveness and appropriateness of treatments, comparative effectiveness studies have the potential to provide information to health care decision-makers to better control the overall cost of a given patient's treatment.

The bills contemplate investments in research and systems to improve the health care delivery system. But they only scratch the surface. At some point, we will need to shift focus to "Health Care Reform II," which will involve initiatives aimed at providing health care decision-makers and care-givers with the information, diagnostics and treatment modalities to make the best possible point-of-care decisions, finally assuring high quality, cost-effective care for patients irrespective of payor. These reforms are not likely to happen in 2010, but if Congress enacts some version of the current bills, we will have made modest progress towards meaningful solutions. ■