Heath Care 2009-2010: How we got here and where we are headed

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Outline

- Outdated Policies of the past
- How they lead to the practice of medicine today
- The truth about practice today
- Where this may lead us in the future.
Background

- How the psychology major became an expert on medical economics
  - History of Peachtree Neurological Clinic
    - Neuro-imaging, Stark Laws
  - MS Center of Atlanta- 501c(3)
  - Speaker nationally to private practice groups and academic physicians – economics of the delivery of care to MS patients

- Why I became an Author
  - Politicians are wrong about how health care is delivered
  - The proposals before the House and Senate are based on these inaccuracies
  - My concern about where this would lead us
I Don’t Take Care of Democrats or Republicans...

I Take Care of Patients!
Doctors and Health Care Reform - unanimous in agreement on most fronts

- Medical care for everyone - Universal Access/Coverage does not necessarily mean Socialized Medicine
- Medical care can and should be affordable
- Preservation of the doctor-patient relationship
- Physician expert panels – propose best medical practices based on outcomes, not based on political decisions
- Doctors should be able to spend more time with patients, less on paperwork
- Health care starts with access to primary care medicine
- All patients need access to specialists when necessary
- Medical testing should be more affordable and available when deemed necessary by a medical practitioner
- Patients must be engaged in the process and responsible for their own care
- Tort Reform - centered on patients and true medical mistakes
- Insurance Reform
- Open system where all costs are known, ie. transparency
Where did we go wrong?

“Why,” asked the boy, “has the price of bread gone up only 6 times in the last half century, while the cost of medical care has gone up 40 times with the same people shopping for both?”

“Because,” answered the old man, “the people used their own money for the bread.” (Adapted from: The Grand Disguise, William Waters, III)

People use their own money more wisely than they use the money of others (undisputable common sense)
There Were 2 Days That Ruined Your Healthcare

- There are 2 days primarily responsible for the rising costs of health care
  - Employer based health insurance, October 2, 1942
  - Medicare, April 10, 1965
- Well intentioned legislation, but they did harm
Day 1- Employer Based Health Insurance- Stabilization Act of 1942

- Wages were frozen post WWII
  - To attract employees, big companies were given right to deduct from taxable income payments for health premiums
    - No such benefit if the employee paid for health care
  - Officially removed the consumer (patient) and the provider (physician) from the marketplace
    - Patients- deluded into thinking they are spending other people’s money
      - True costs became invisible
    - Physicians - did not have to consider costs (eg. is the procedure, medicine, treatment worth the price)
Day 2- Medicare
HR 6675, 1965

- The Government awards itself an MBA in health finance without going to school and Uncle Sam becomes a CEO of insurance company
  - The Federal Government vested interest in all interactions in health care
    - Lead to rules and regulations that restricted entrepreneurs, efficiency, and collaboration in the name of anti-trust
- Uncle Sam became an insurance provider, regulator, and judge and jury
  - Political health care decisions start
On to the slippery slope

- Costs increased as the consumer and provider are unaware
  - Government and Insurance Industry looked for solutions
    - Indemnity Insurance (80/20)
    - HMO/PPO
    - The paper shield- precerts, denials, rules and regulations, codes
    - Large businesses get better rates
      - Spreads risk – small businesses premiums skyrocket
    - Gov’t/Ins Co set rules- Provider unable to negotiate outside the system
    - Anti-trust removes partnerships thinking it will control costs
  - No one has any true idea of the costs
    - All costs hidden – from provider and consumer
    - $4 Tylenol in the hospital
Where this leaves us now - the statistics

- Health care 16% of our GDP
- 15% uninsured - heterogeneous group
  - 50% uninsured less than 4 months
- Gov’t pays for over 50% of health care expenditures
  - Drives up costs with restrictions to patient and provider involvement
  - Medicare - bankrupt
    - $37 billion unrealized liabilities
- Uncle Sam is always a bad business person
  - Can run a deficit
    - Private Insurance must break even
- Not forced to fix the problems
- Problems of Day 1 and 2 perpetuated by the attempted “solutions”
  - Times of desperate measures lead to “band-aids” on problems without fixing them
- Since 1975, # physicians up 2.5 x, # of administrators up 2700x
  - Our office: 1975 2 MD per employee, now 5 employees per 1 MD
Political Medicine: Main Insurance Office is in Washington, DC

- Rules and regulations driven primarily by interest groups
  - No patient lobby
  - No lobby for physicians (anymore)
  - Extremely powerful industry lobbies
    - Hospitals (AHA- Am. Hospital Assoc.)
    - Insurance Industry
    - Pharmaceutical Industry
    - Trial Lawyers Assoc
  - Work with the Federal Government to further laws that benefit their interest
- What about the AMA?
  - 17% physicians- majority academic or in training
  - Most physicians have turned to their specialty organizations (AAN/ACP)
  - AMA primarily a political organization not well representing the needs of physicians, nor patients
    - CPT coding- majority of their income
Medical Practice Economics 101 - where are the doctors going and why don’t they take Medicare?

- Medicare - costs and the “doctor fix”
  - 1984- Gov’t halts the adjusted Medicare rates to providers from the CPI (consumer price index)
    - 1984-97
      - CPI up 90%
      - Private fees up 150%
      - Medicare fees up 8%
      - “Doctor fix” put off year after year
    - Now we are at a point where Medicare recipients can’t find primary care providers (cornerstone of care)
- Comparison - financial difference for Medicare office patients and for hospital patients
  - **Office**
    - Private $195 vs Medicare $152 - $43
  - **Hospital**
    - Private $174 vs Medicare $129 - $45
    - While physician goes to hospital- office overhead remains
Medical Practice Economics 101, continued...

- Physicians fees < 20% of total expenses
  - Large source of cuts- remember, no lobby, low lying fruit
    - Can’t band together- anti-trust laws
    - Can’t really strike- patients would die
  - No increase in income over 10 years while COL and employees salaries go up along with the cost of health care
    - 60% of physicians are now salaried employees
    - Further removal from cost containment

- Why this drives up costs
  - Reimbursement to hospitals much higher than small or medium sized physician groups
    - Remember- large hospital lobby
  - Reimbursement regulations and anti-trust laws have shut down efficient, small, more affordable care
  - No longer competition between a physicians office and hospital, physicians become employees so costs go up
    - MS infusion: $2000 vs $7500
  - Automotive care analogy- all repairs done by the dealership?
Medicare Rules/Restraints

- Anything you do unto others, you also do unto Uncle Sam
  - Illegal to give patients a financial break
    - No tax deduction for physicians to provide care for a reduced price or for free
    - Violation of Medicare contract
      - Adopted by insurance industry
      - Cannot contract individually with a patient or give a special break (so long professional courtesy)
  - Health Care Crisis?
    - 15% of care could be provided for free
Medicare Mafia

- Some Medicare fraud exists
  - Criminals:
    - Medicare is easy money
- Desperation leads to Uncle Sam Extortion
  - Coding Errors - physician fear
    - Education courses on coding
    - Compliance officer
  - RAC - recovery audit contractors
  - Hospital Readmission
  - Preventable Medical Errors
- In reality, true coding errors are **under-coding**
  - Not reimbursed for money owed
Unnecessary Testing?

- The majority of medical tests are performed for the right reason—
  to benefit the patient
  - Unnecessary testing is done out of fear of frivolous law suits
    (defensive medicine)
    - $150-300 billion annually
    - No incentive to not do the test, large $ incentive to do the test
      - Remember, neither the physician or patient pays for the test
  - Common sense
    - 60% of Physicians salaried. Only a portion of the 40% private do any
      procedures that bring in revenue
    - If physicians incomes have dropped for over 10 years and the cost of
      health care has gone up, how can they be primarily responsible for the
      increase?
    - If there were all these unnecessary tests going on, don’t you think
      the private industry would have figured it out by now and stopped
      them?
Medical Testing

- When should a test be done?
  - Should be established by expert medical panels
    - Protocols accepted by Insurance Industry
      - MRI with MS
    - Patients should know ahead of time if covered and cost
      - Should have options for sites- active participants in their care
      - Should be able to negotiate
  - **Restrictions** on testing
    - Audits for MD’s ordering inappropriate tests with fines
  - EMR should allow us to limit duplication of testing
    - Need immediate access to records
    - Delay can mean death, disability or higher bills with longer length of stay
Medications

- **Physicians generally support generic medications** and have no incentive to prescribe a medication that is:
  - Not Covered
  - Too expensive
  - Will require forms/paperwork

- **Problems**
  - MD has no idea which medication will be covered
    - One generic over another
    - Often more expensive medication is on a lower Tier
  - **Blue Cross does not equal Blue Cross does not equal Blue Cross**
    - Patient has no idea what’s covered
Medications

- Future:
  - Make information readily available to physician and patient
  - EMR may help
    - Garbage in equals garbage out
  - When a patient has failed a cheaper drug or it is contra-indicated, second and third tier drugs must be available with limited paperwork
  - Cases where generics are not appropriate
    - Topamax vs topiramate
  - Cases where a new drug is the only option
Day 3: where will we go from here?

- Will Day 3 be the day Uncle Sam gets his MD degree?
  - More regulations - will prescribe all care
  - Government panels to decide care based on politics without fixing the problems
    - Necessitates rationing as costs go up
  - Medicare/Medicaid/VA for everyone (except politicians)
- Will Day 3 be the day simple economic principles are restored?
  - Consumer control of their own care
  - Health care based on recommendations from expert panels and patient outcomes
  - Encourage partnerships to improve care and reduce costs
- Of course, Day 3 could be a compromise
Day 3: More Government Control?
The Bad: The proposed House/Senate bills do not fix the problems with health care, they expand them

- Increased Government Control
  - Providers- who can see who and when
  - Care covered
    - Decided by politicians who make decisions based on elections not appropriate care
    - May Squash Private Insurance!!!!!!!!!!!!!!!!!!!!!!!
- Lack of patient incentive to control costs
  - Patients and physicians still don’t perceive the patient paying for care
- Physicians paid to provide LESS care
  - Primary Care- 2% bonus vs 5% deduction
    - Avoid sicker patients
  - Less referrals /testing will lead to delay and mistakes
- Since the bills did not learn from Day 1 or 2, Day 3 will cost far more than they think
  - Leads to raised taxes/costs
  - Leads to Rationed Care
  - THESE BILLS WILL NOT REDUCE COSTS, JUST CARE
    - Medicare and the VA for everyone
The Good: The House/Senate Bills attempt to offer universal coverage

- **Primary care for everyone**
  - Health Home
- **Insurance reform**
  - Remove caps on care
  - Preexisting conditions
- **Try to promote EMR**
  - Does not reduce paperwork/time
  - Would however be the first time the Government **REDUCED** paperwork
The Holy Grail: a compromise in Washington, DC. Dare to Dream!

- **Patients** – drive prices down
  - Own their own insurance
    - Companies compete with over 300 million Americans
    - Won’t matter if you are self-employed or 1/2000 employees
  - Look for best care provided at the lowest cost
    - Doctors, Hospitals, Pharmaceutical companies
    - All prices are published on an open market, not hidden
  - Same pre-tax deduction as employers get
    - So, when you leave your job, your insurance follows
- For those on or near Medicare, **fix Medicare**
- For those “not insurable,” **high risk pools**
The Holy Grail Continues

- **Providers- Docs and Hospitals**
  - Free to dictate their costs
    - *A doctor won’t be a criminal if provides care for less or for free*
  - Promote coordination of care
    - Groups with the most efficient care, least expensive, with greatest results get the most patients
    - More efficient care of sickest patients should be rewarded

- **Government**
  - Reasonable role as regulatory arm
    - Not an insurance company or doctor
  - Promote HSA- makes patient directly involved with exchange of their money and their care
    - Reduces paperwork, pre-certs, drives down costs

- **Rational Medical Malpractice**
  - Driven for patient protection
The Holy Grail still continues

- We must allow different entities in the system to work together
  - **MD’s-Insurance Industry**
    - Tests, meds, malpractice reform
    - MD’s as hospital employees is not the answer- will raise prices
      - Insurance industry must be allowed to work and support efficient care by private physicians
  - **Insurance Industry-Pharma.**
    - Access to meds
    - Rational therapeutic guidelines to be established nationally
  - **Insurance Industry-AHA**
    - Promote models of efficiency
      - Promote MD’s and Hospitals working together
Conclusion:

- First of all, do no harm Uncle Sam
  - Stepwise approach to fix the problems
- Inaction may do the greatest harm of all
  - Will lead to escalation of costs if we don’t fix The 2 Days
    - 75% health care under Fed Gov’t by 2020
    - May lead to forced socialized medicine in the future or total rationing of care
- Reform focused on
  - Patient first
  - Affordability
  - Don’t just limit care to save money
Additional Slides