

## Why We Care:

### Community and Individual Interests in Health System Solutions

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## Overview

- Problems we all know
- Competing Visions of Health System Utopia
- Linkages Among Problems
- What States Can Do Alone
- Where Federal Leadership is Essential

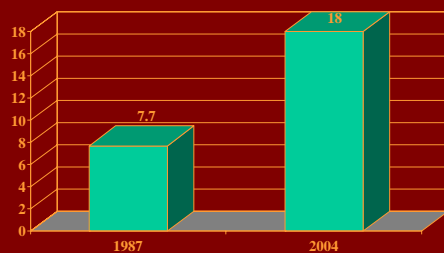
## Problems we all know

- Low Value per Dollar
  - #1 in world in spending, #37 in performance
- Uneven quality
  - Beth McGlynn
  - NCQA
  - IOM
- Uneven Access
  - IOM

## Competing Visions

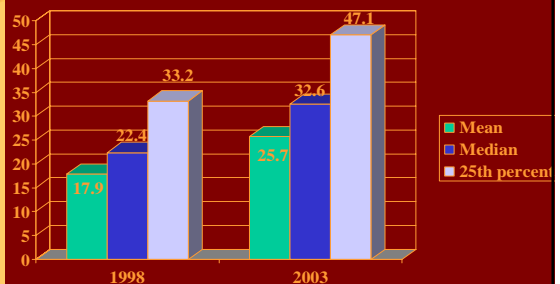
- The New Wild West, with tax breaks
  - Individual choice will drive efficiency
- Cocoon of Single Payer, with tax financing
  - Elite control will drive efficiency
- Shared Responsibility, with mandates, subsidies, and group purchasing mechanisms
  - Incentives and information will drive efficiency

## Percent of median family income required to buy family health insurance



Source: Author's calculations, using KFF and AHRQ premium data, CPS income data.

## Family health insurance premium as percent of wages

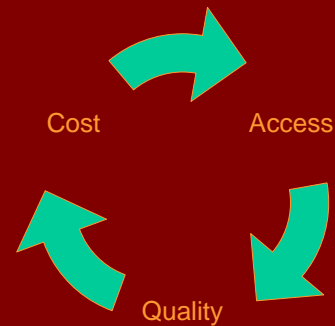


Source: author's analysis of KFF premium data, BLS wage data

## Result of our incremental approaches

- *Health insurance as we know it is out of reach of a growing share of our workforce*

## Linkages Among System Problems

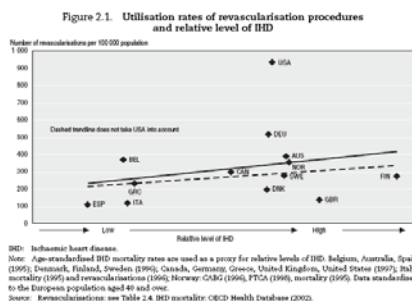


## Linkages Between Universal Coverage and Cost Containment

- Uncompensated care is paid for by ?
- More Efficient delivery system requires:
  - Information system backbone
  - Better incentives
  - Comparative technology assessment
- Info system can't succeed if 1/4 to 1/3 of population falls or remains out of it

## Beware Siren Song of Technology Apologists

- Some really smart people think, on average, new technologies are “worth” the cost
- BUT, that does NOT mean we use it wisely
  - Vioxx
  - Angiography and angioplasty
  - Imaging
  - Geographic variation in use w/o outcomes effects => potential for savings is large



## What Can States Do Alone?

- Keep Hope Alive, by not giving up, documenting and responding to your citizens on the ground
- Triage on local situation
  - Massachusetts can cover all
  - New Mexico and Illinois can cover all kids
  - Oregon can force a very interesting conversation
  - Mississippi?
- Use bargaining power to drive culture of value in delivery system where possible

## What is our Federal Government Likely to Do in '06-'08?

- Offer tax incentives for consumer driven movement
- Encourage risk-segmentation to address affordability for some

## What *Should* Federal Leadership Do?

- Articulate the Moral Case
- Articulate the Economic Case
- Build a Culture of Value Delivery System
- Implement a credible plan to cover all and constrain resource use

## Moral Case

- Feed the Hungry
  - Gleaning, the community, and the stranger
- Health care joins food as an indispensable commodity
- IOM clarifies that the lack of health insurance leads to avoidable death
- Therefore, to deny insurance is to deny food
- Stewardship over health care resources is also essential

## Economic Case

- Health costs are reducing wages, profits, investments
- Jobs are being lost due to lack of competitiveness
- Middle class preponderance is not guaranteed

## Culture of Value

- Information Infrastructure
  - EHRs and real-time best practice decision support tools
- Revamped payment incentives
  - Performance-linked global capitation on care managers, with risk adjusted high cost case outlier payments
- Comparative Technology Assessment
  - Raise bar at FDA
  - Research funds for AHC help
  - EBM safe harbors for malpractice reform
  - Emphasize dissemination of best practice and incentive experiments

## Credible, *American* Plan

- Individual Responsibility (mandate for coverage)
- Shared Responsibility (group purchasing mechanisms, subsidies)
- Private insurance and individual choice, but information requirements and powerful monopsony power to counter-balance local provide monopoly power, C of *Value*
- Evidence-based medicine safe harbors from malpractice claims

## Coalitions of the Willing

- Those who care about their fellow citizens
- Employers who shrink from the future they see
- Governors and state legislators who shrink from the futures they see
- Providers who want to lead
- Workers who know access has cost and value
- National politicians who want to lead

## Health Reform Politics

