Election-Year Health Care Debate
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Things are not as they seem.

- The SCHIP debate of 2007
- The ongoing debate over the so-called Medicare physician payment cuts
- The real fight
The SCHIP debate of 2007
The SCHIP budget in perspective
Okay, let’s see...

- SCHIP is a relatively small program that has done a lot of good.
- Many of the issues and concerns about the proposed expansion have been addressed.
- So,...
What’s the fuss!
The annual ritual of physician payment cuts

- Each year, the two sides in Congress bicker over the scheduled cut in physician payments
- So much rhetoric and double talks
- Payment cuts are not the real fight
Congressional actions in July 2008

- The House voted overwhelmingly to rescind the cuts but the bill, Medicare Improvements for Patients and Providers Act of 2008, stalled in the Senate.

- Finally, the Senate voted 69-30 on July 9 to halt a 10.6% cut in payments to physicians, and instead instituted a 1.1% payment increase in 2009.

- President GW Bush vetoed the bill and it was overridden by both houses on July 15, 2008.
The real fight in the case of physician payment cut

• The future of “Medicare Advantage” and the privatization of Medicare
  - Should private insurance plans be allowed to continue to expand under “Medicare Advantage?”
The real fight - the case of SCHIP

1. Cover all kids (and then adults)?
   - Yes, but how to get there?
2. What’s the proper role of federal government in health care?
3. The political economy of the left and right
The left -

- Health care should be a right, and the private market fails to achieve universal access to health care.

- The market, though efficient, must be tempered with government policies; the government must guarantee equal access to health care and play “referee.”
The right -

- Health care is not a right; the Constitution only obligates the feds to promote the general welfare for all persons and their posterity.

- Should minimize the role of government and take full advantage of the efficiency of the market. (Do you want post office style of medicine and pay Pentagon prices?)

- Will help those who cannot help themselves, but we should only provide the means to help the poor to become meaningful participants in market activities.
## How to achieve universal coverage?

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<thead>
<tr>
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<th>Market</th>
<th>Government</th>
<th>Form of Intervention</th>
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<tbody>
<tr>
<td><strong>Left</strong></td>
<td>Market fails to deliver a fair distribution of health care to those who need it.</td>
<td>Must level the playing field and guarantee equal access</td>
<td>Direct provision (UK), single payer (Canada), coverage mandates, expansion of Medicare or Medicaid to gradually achieve universal coverage, etc.</td>
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<td><strong>Right</strong></td>
<td>Market is not perfect but government fails, too</td>
<td>Insurance reform and minimal government subsidies for the truly needy</td>
<td>Tax credits as incentives, insurance reforms, consumer information, consumer-driven health plans</td>
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Obama vs. McCain

First, need a big-picture, conceptual view of the Issues that should drive the debate - aka the check list of health care reform
Reform check list -

- Eligibility (Who to cover ?)
- Financing (Who pays?)
- Reimbursement (How to pay doctors and hospitals)
- Production (How to deliver cost-effective and appropriate care?)
The Iron Triangle of Health Care

Quality

Cost

Access
DETERMINANTS OF HEALTH

Access to Care (10%)
Genetics (20%)
Environment (20%)
Health Behaviors (50%)
Overarching Factors
Barack Obama -
- Comprehensive benefits
- Insurance coverage mandate for children
- Pay or play
- A new public plan and a new agency serving as an insurance connector
- Portability and choice
- Quality and efficiency
John McCain -

- **Reform tax code** to make employer-sponsored health benefits taxable and give an offset of $2,500 tax credit to all individuals; families will receive $5,000.

- **Insurance reform** allowing families to purchase health care insurance nationwide and insurers to offer a wide variety of insurance products.

- Requiring states with Medicaid to develop a financial risk adjustment bonus to high-cost and low income families that will supplement tax credits and funds for Medicaid.

- **Allowing people to purchase insurance** through any organization or association of choice (i.e. churches, employers, individual purchases, and professional associations).
The reality - The Obama Plan

- Very similar to the Massachusetts plan (aka Romney Care)
- Initial evidence shows that the Mass Plan has indeed thinned the ranks of the uninsured and has not crowded private insurance.
- Jury is out on long-term quality and, most important, the overall cost of the program.
The reality - The McCain Plan

- The more radical reform of the two.
- Will **not** reduce the ranks of the uninsured quickly.
- A better chance of slowing down the growth of costs.
- Greater role of private sector
- Greater resistance from a cross-section of interest groups.
Flaws of both plans

- Neither addresses the question of how to increase efficiency of delivery and reduce unnecessary care and medical errors.
- Both emphasize health care IT and medical records. But there is no scientific evidence that IT and medical records will save cost.
Health care reform in 2008?
Questions
It’s been a pleasure!

And see you again.