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Health Care Reform—Limited Options

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One of the responsibilities of leadership is to identify challenges that the CSA will face, and to suggest how we should face them. One of the greatest challenges—one that most specialty societies seldom address—is the subject of this President's Page. The CSA will this year devote considerable energy, and appropriately so, to some critical practice issues—scope of practice, opposing limitations on balance billing, and advocating for the appropriate presence of anesthesiologists during GI endoscopies, to name a few.

However, other equally important issues that we must address are total health care costs and an increasing number of the uninsured. A recent *Wall Street Journal*/NBC News poll¹ showed health care at the top of Americans' priority list, with 76 percent indicating that increased access and lower costs are an "absolute priority" for 2006. According to the Kaiser Family Foundation,² in 2004 (the last year for which we have data), total health care expenditures in the United States were nearly \$1.9 trillion, 16 percent of the Gross Domestic Product.³ Although the United States spends more on health care than any other industrialized nation, there are nearly 45 million uninsured Americans. In those other countries spending less, there is provision for all their citizens to have insurance. The medical community must not only address, but also find a solution for, these two driving forces—increasing cost and decreased access—or others will do so without the advantages of our knowledge regarding the health care delivery system. The results of such a process occurring without our input are that the changes may not work for patients or physicians.

The high interest by the American public in health care is reflected in the president's State of the Union Address, wherein health care was highlighted as one of the Administration's major focuses for the upcoming year. The heart of the strategy proposed by the president is the Health Savings Account—a concept with which most physicians are familiar. Surprisingly in a Kaiser Family Foundation survey,⁴ in the week following the State of the Union Address, 71 percent of respondents did not know what health savings accounts are. As you know, a Health Savings Account combines an insurance policy with a deductible of \$1,000 or more and a tax-free savings account to help the insured individual pay medical expenses with pre-tax dollars. The President's plan would feature the following:

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1. Premiums can be paid from a tax-free savings account
2. Individual purchasers would receive credit for the 15 percent Social Security and Medicare payroll taxes
3. Policies would be fully portable
4. Allowable contribution limits would be increased up to the out-of-pocket maximum.

An additional reform proposed by the president is to allow Association Health Plans in which small businesses or voluntary associations could band together for greater purchasing power when they buy insurance. These reforms taken together would provide increased options for the purchase of health insurance.

“The reason most Americans get their health insurance from their employers is an artifact of history and the tax code.”⁵ During World War II, when wage and price controls were in place, Congress created tax breaks for companies and businesses that offered employer-provided health insurance. These tax-deductible expenses allowed businesses to offer increased benefits to employees without exceeding the wage and price controls that were at the time in place. This system has over time evolved such that patients are insulated from the actual cost of health care. Also, at present, individuals can buy insurance only with after-tax dollars. With rising health care costs, businesses have begun to pass some of those costs to workers in the form of higher health insurance premiums, lesser benefits, and smaller wage and salary increases.

The reforms proposed by the President will encourage a fairer system for both individuals and large employers. I would suggest that some additional reforms will be needed to ameliorate increasing health care costs and decrease the number of individuals without health insurance coverage:

1. Mandated catastrophic insurance for everyone
2. Transparency in pricing for health care
3. More options for consumer directed health care.

Ultimately, we have few options: “The reality is that we have limited resources, individually and as a country. If health care costs continue to rise faster than the rate of wage growth, the number of uninsured will continue to increase. To avoid this outcome, we need to address the rising cost of health care. There are two primary ways to address burgeoning costs: increase competition for services by making consumers the direct purchasers of health care or ration care through strictly applied benefit schedules.”⁶

Which of the options do you prefer? **We** must participate in addressing these challenges and finding workable solutions; otherwise, solutions will be provided for us by others.

References

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