

# Health System Reform: Lessons on the Quality Journey

**Cecil B. Wilson, MD**  
**President-elect**

**American Medical Association**

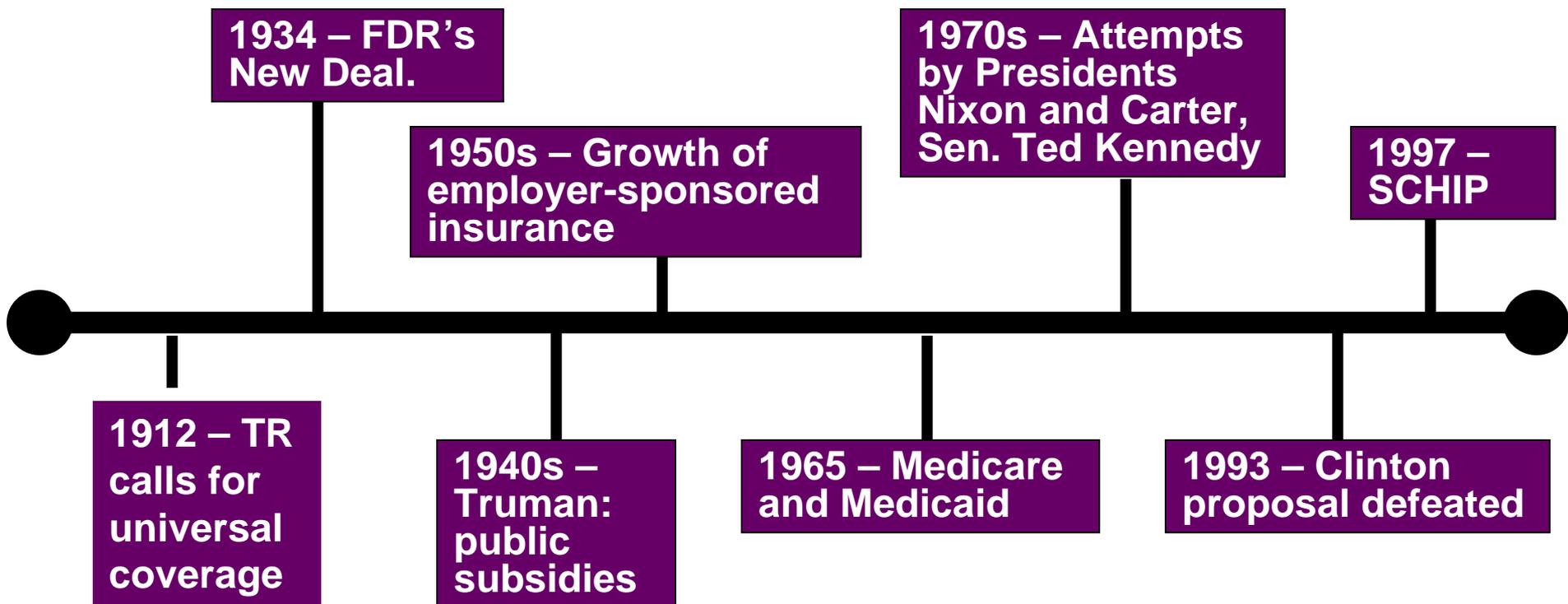
**Integrated Healthcare Association**

**Pay For Performance Summit**

**March 8, 2010**



# A Quick Look at History

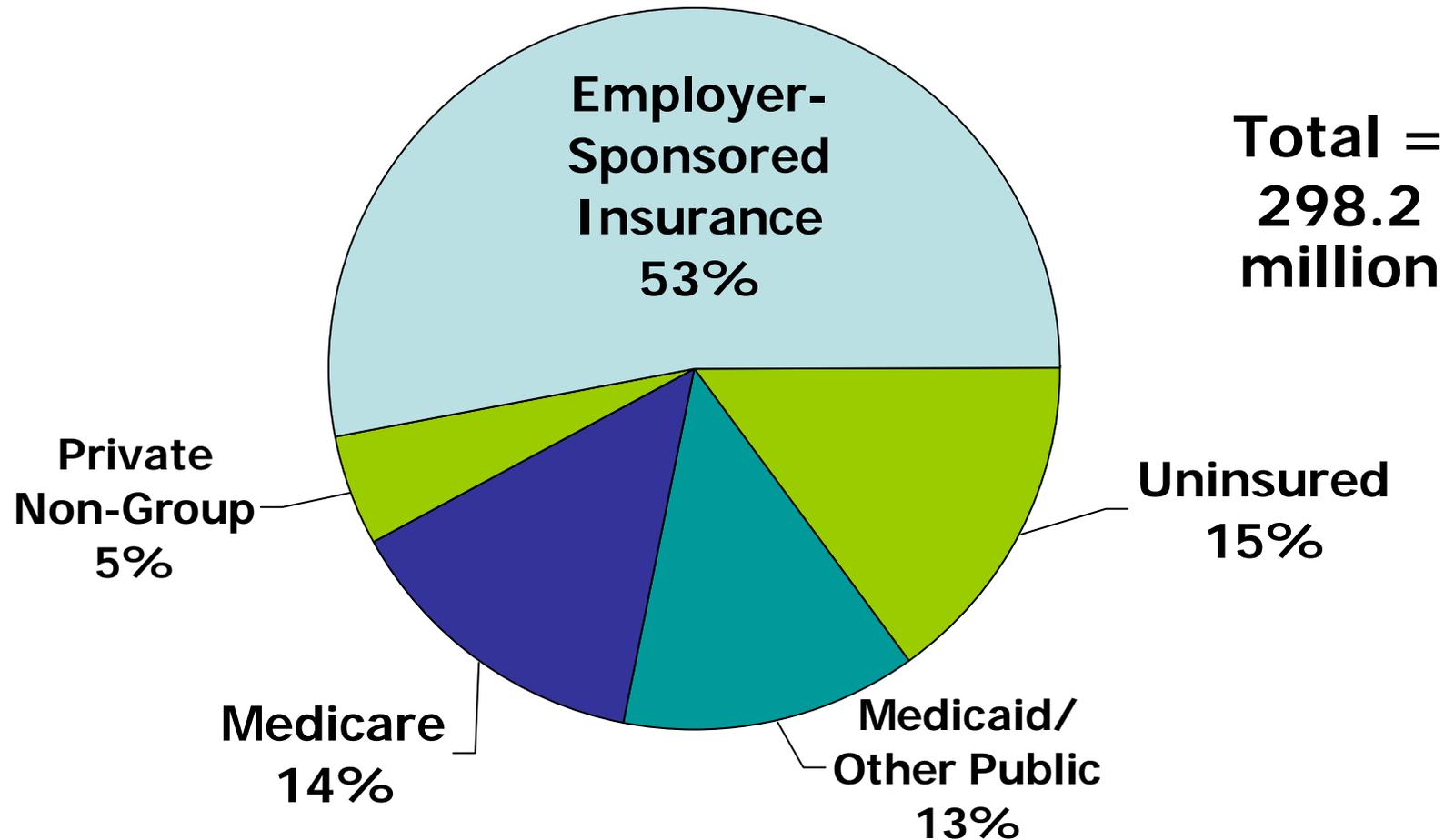




# Happy With the Current System?

- More than 46 million uninsured
- Chronic Medicare underpayment
- Increasing regulatory and administrative burdens
- Medical liability fears
- Denials of coverage for pre-existing conditions

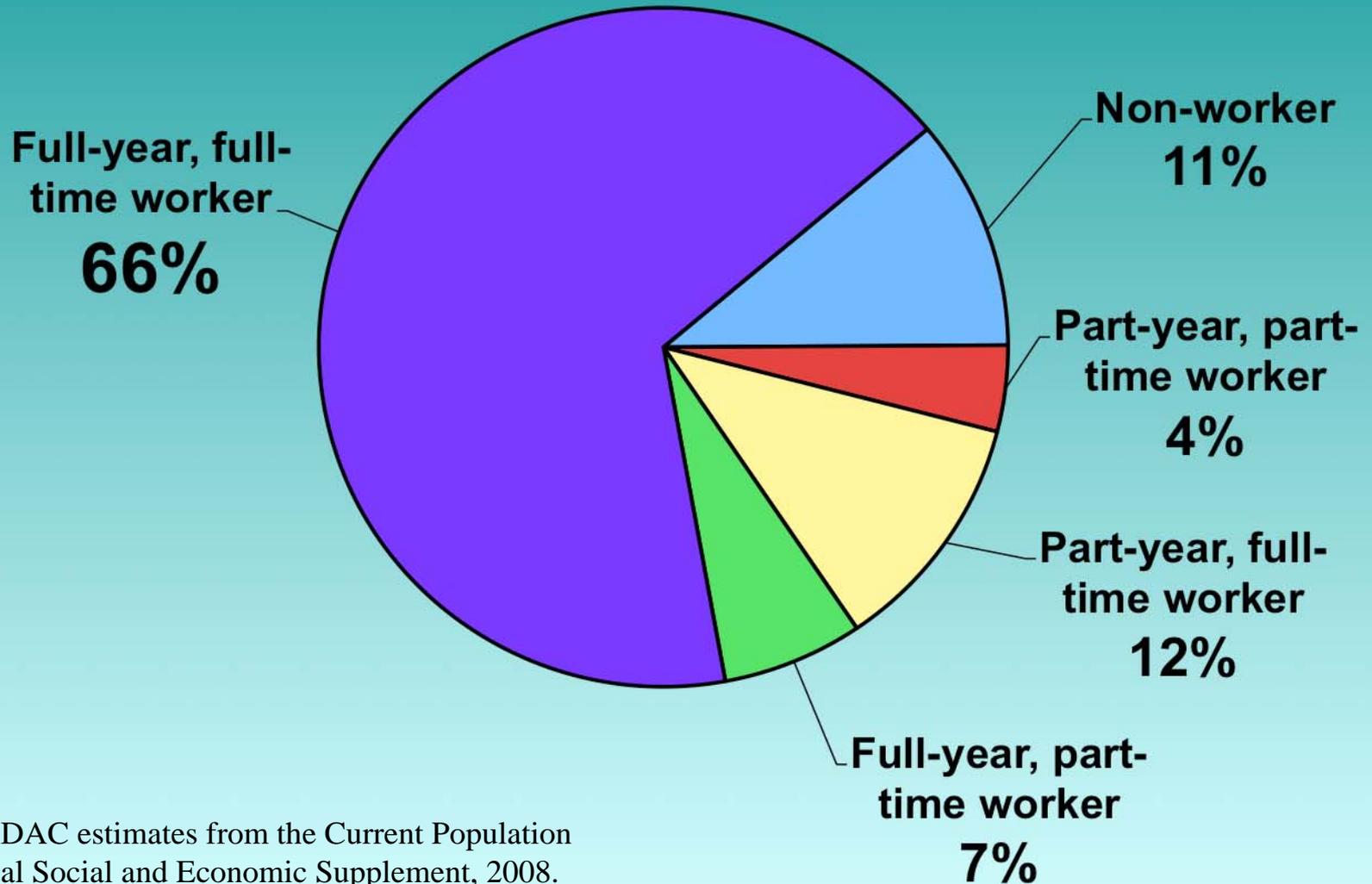
# Where does insurance come from?



NOTE: Includes those over age 65. Medicaid/Other Public includes Medicaid, SCHIP, other state programs, and military-related coverage. Those enrolled in both Medicare and Medicaid (1.7% of total population) are shown as Medicare beneficiaries.  
SOURCE: Kaiser Commission on Medicaid and the Uninsured/Urban Institute analysis of March 2008 CPS



# Who are the uninsured?

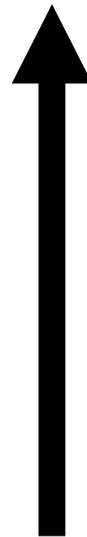


Source: SHADAC estimates from the Current Population Survey Annual Social and Economic Supplement, 2008.  
<http://covertheuninsured.org/content/workers>

# U.S. Health Care Spending Today

**2018: \$4.4 Trillion**

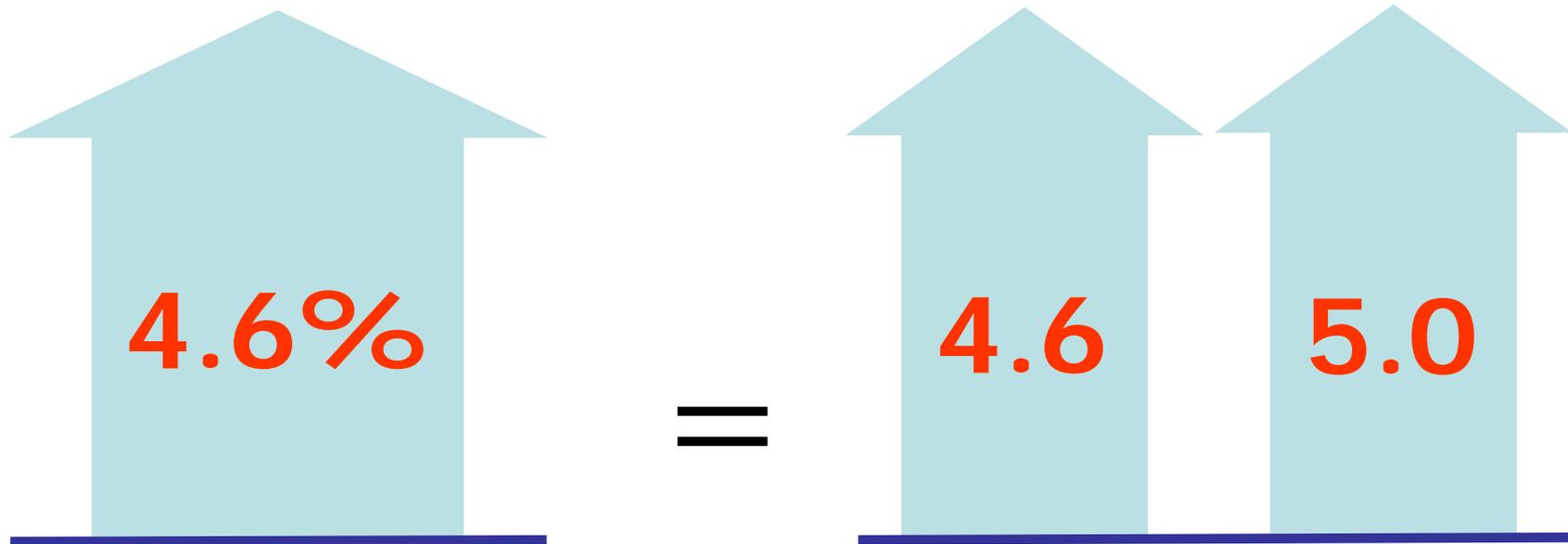
**(20% of GDP)**



**2010: \$2.4 Trillion**

**(16% of GDP)**

# Impact of the Rise in Unemployment on Health Coverage, 2007 to 2009



**National Unemployment Rate Increase since 2007**  
(from 4.9% in Dec-07 to 9.5% in June-09)

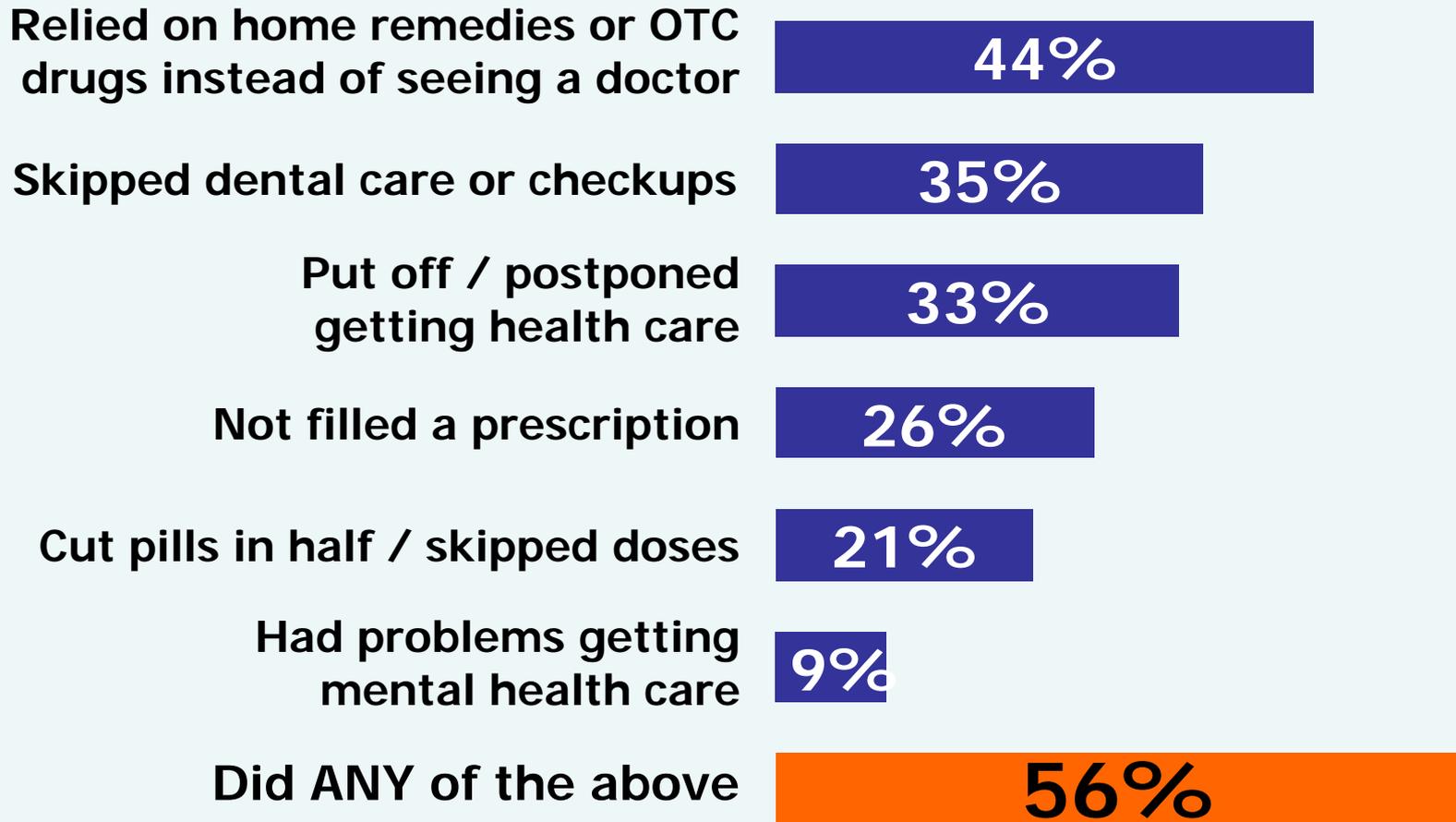
**Medicaid /CHIP Enrollment Increase (million)**

**Uninsured Increase (million)**

Note: Totals may not sum due to rounding and other coverage.

Source: John Holahan and Bowen Garrett, *Rising Unemployment, Medicaid, and the Uninsured*, prepared for the Kaiser Commission on Medicaid and the Uninsured, January 2009.

# Putting Off Care Because of Cost



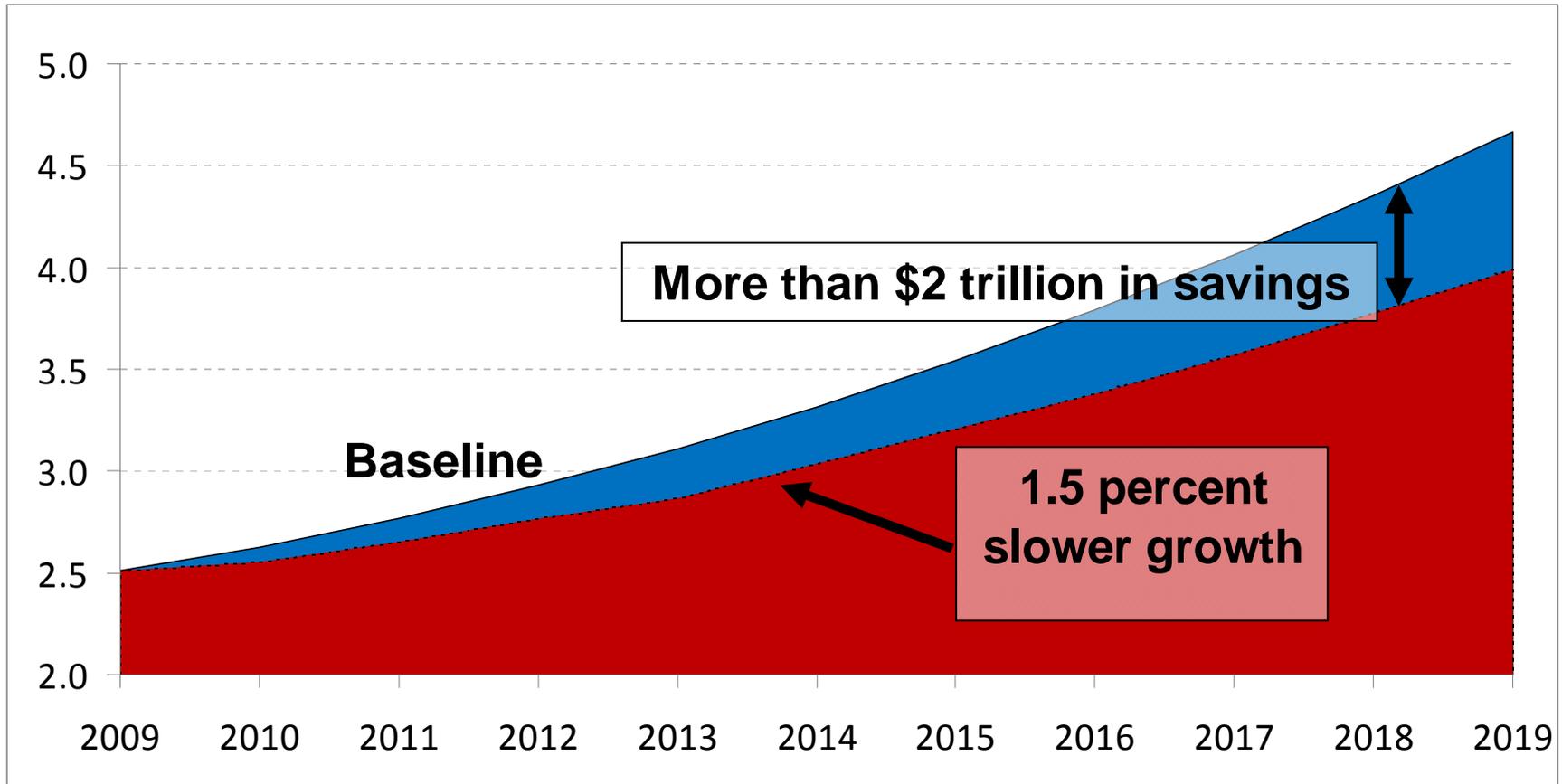
Source: Kaiser Family Foundation *Health Tracking Poll* (conducted September 11-18, 2009)



# National Health Expenditures

## “Bending the Curve”

Trillions of 2009 Dollars

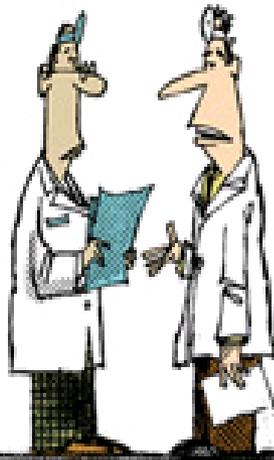


# Four Ways to Reduce Costs

- Administrative simplification, standardization, and transparency to support effective markets
- Aligning quality and efficiency incentives so physicians, hospitals, and other health care providers work together towards the same high standards
- Coordinated care, using evidence-based best practices to reduce hospitalization and manage chronic disease, and implementing proven clinical prevention strategies
- Reducing costs through improved care delivery models, health information technology, workforce deployment and development, and regulatory reforms

BUT WHY ARE OUR HEALTH CARE COSTS HIGHER THAN OTHER COUNTRIES?...

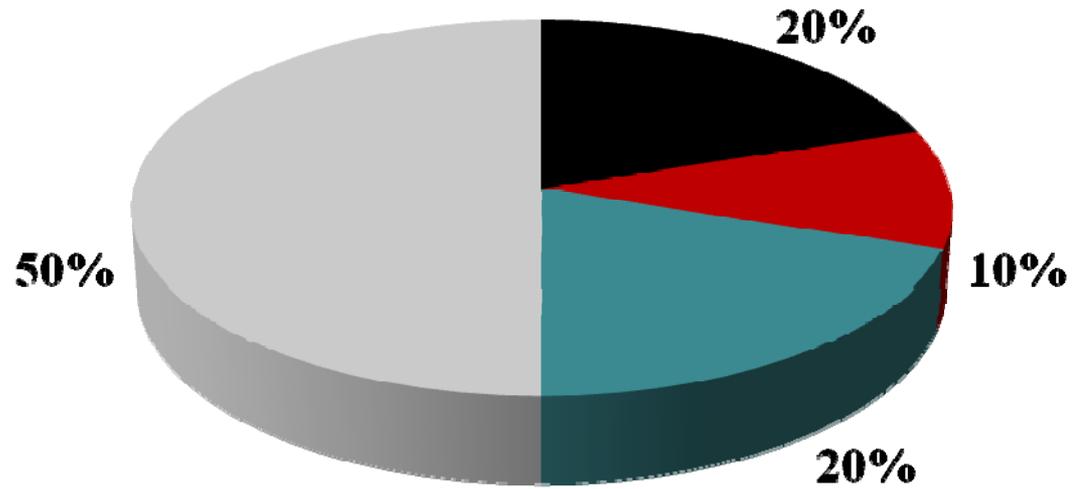
...WHO SAID THAT?...



WALT  
HANGELSMAN  
Newsday

# Determinants of Health

- Environmental Factors
- Access to Care
- Genetics
- Health Behaviors



# Annual costs of chronic disease

•Heart disease and stroke →	<b>\$448B</b>
•Smoking and tobacco use →	<b>\$193B</b>
•Diabetes →	<b>\$174B</b>
•Obesity →	<b>\$117B</b>
•Cancer →	<b>\$89B</b>
•Arthritis →	<b>\$81B</b>
•Pregnancy complications → (pre-delivery)	<b>\$1B</b>
	<b><u>Total = \$1.1Trillion</u></b>

**AMA supports health system reform alternatives consistent with principles of pluralism, freedom of choice, freedom of practice and universal access for patients**

AMA House of Delegates Policy adopted  
June 17, 2009



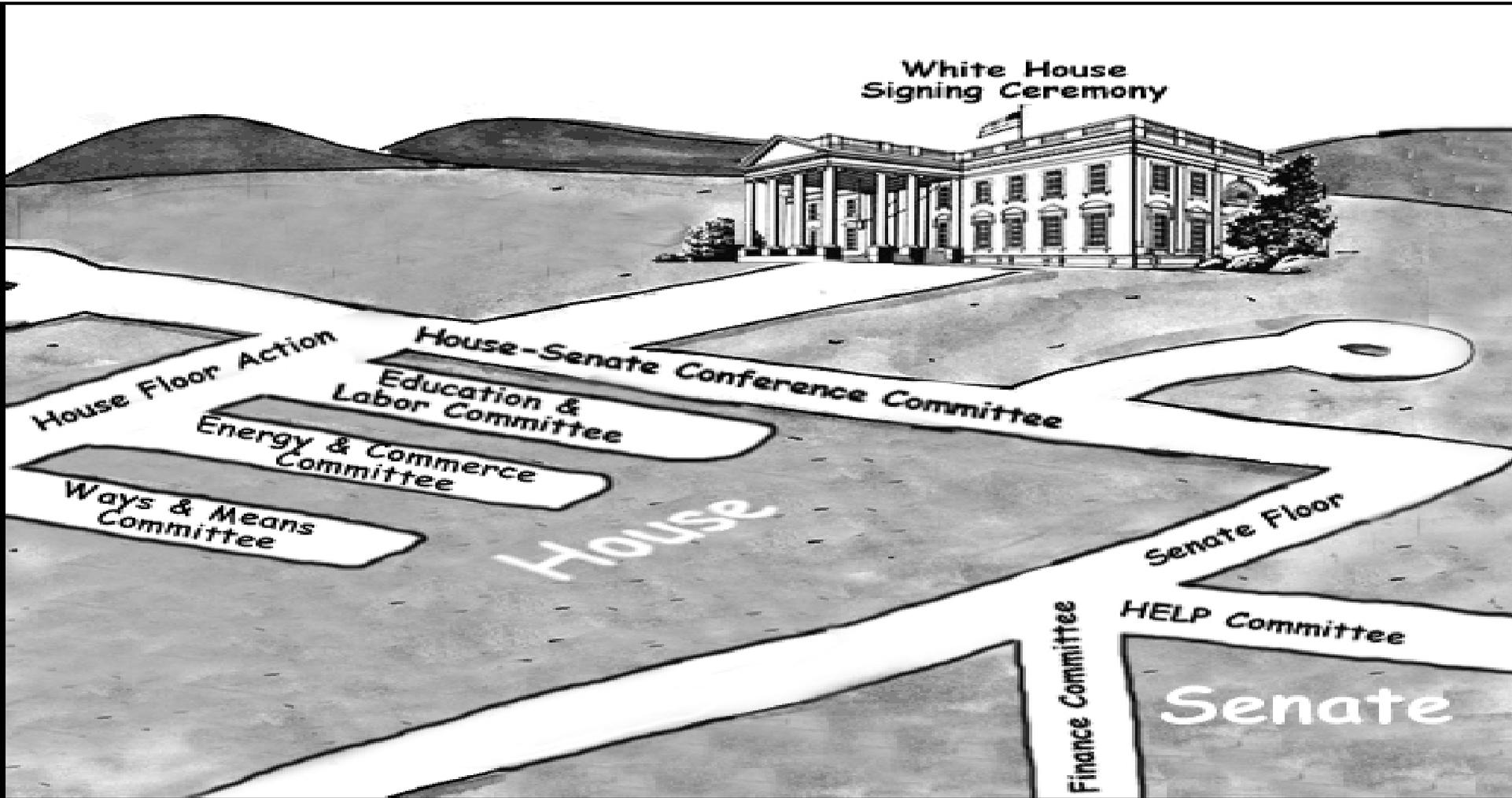
# Critical Elements for Health Reform

- Health insurance coverage for all Americans
- Enact insurance reforms that expand choice and eliminate denials for pre-existing conditions
- Ensure health care decisions are made by patients and their physicians – not government; not health insurance bureaucrats - and ensure the right of patients to privately contract with physicians without penalty

# Critical Elements for Health Reform

- Provide investments in quality improvement, prevention and wellness
- Repeal the Medicare physician payment formula
- Implement medical liability reforms to at a minimum reduce the cost of defensive medicine
- Streamline and standardize insurance claims processing to reduce administrative burdens
- Antitrust relief to enable physicians to negotiate with health plans to improve patient choice and quality of care

# Road map to White House





**“I recognize that it will be hard to [reform the health care system] if doctors feel like they are constantly looking over their shoulder for fear of lawsuits.”**

# Medical Liability Reform

- Pilots: certificate of merit & early offer programs
- AMA language clarifies that state caps and limits on atty. fees are preserved
- \$25m AHRQ initiative: broader scope

# AMA Advocacy: Items Removed or Changed in the Senate Bill

- Eliminated public option
- Eliminated extending Medicare to 55 & older
- Eliminated 0.5 % payment cuts for physician services to fund bonuses for primary care

# AMA Advocacy:

## Items Removed or Changed in the Senate Bill

- Eliminated tax on elective cosmetic surgery and medical procedures
- Eliminated Medicare/Medicaid enrollment fees for physicians
- Defined that a comparative effectiveness entity can't issue guidelines, or make coverage, payment or policy recommendations
  - Also increased physician representation on this entity's board of governors

# How Would Reform in the Current Bills Affect Me?

- You'll be required to buy health insurance
- Medicaid will serve more people
- Kids can stay on parents' insurance longer
- Out of pocket costs will be capped
- No denials for pre-existing conditions
- Exchanges will provide affordable plans
- “Cadillac” plans will be taxed
- Low income subsidies

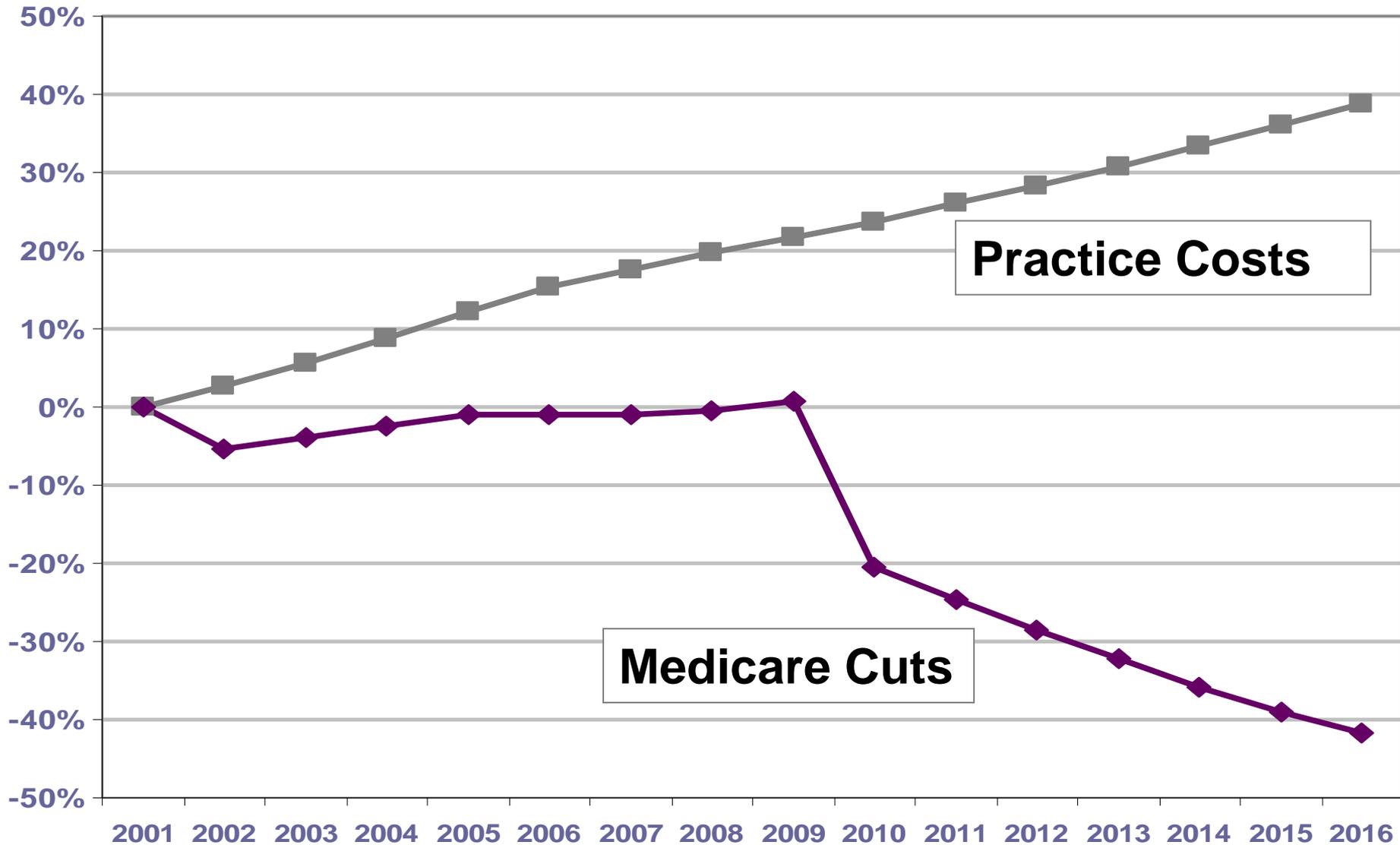


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# H.R. 3961

- Medicare Physician Payment Reform Act of 2009 (H.R. 3961) passed Nov. 19
  - Repeals the Sustainable Growth Rate (SGR) formula
  - Replaces the 21.2% cut with a positive update equal to the Medicare Economic Index for 2010, which is 1.2%
  - Eliminates all SGR debt accumulated after years of temporary, unfunded fixes
  - Preserves access to care for seniors, baby boomers and military families

# The Medicare Dilemma



NEWS ITEM: CONGRESS REFUSES TO INCREASE  
MEDICARE FEES TO DOCTORS.

~~MEDICAL  
DOCTOR~~  
VETERINARIAN

I CAN MAKE  
MORE MONEY  
TREATING  
YOUR DOG!

*Sam Wright* 10/23/09 HARTFORD COURANT. caglecartoons.com couranr.com/boblog

# SGR Message

- Congress must honor its commitment to seniors and military families
  - They are worried about losing access and choice of physician
- No more short-term fixes that increase the cuts and grow the cost of reform
- Health system improvement goals cannot be achieved on the back of a broken Medicare program

**[www.hsreform.org](http://www.hsreform.org)**

# Are the Scales Tipping?



# The five AMA principles

1. Ensure quality of care
2. Foster the patient/physician relationship
3. Offer voluntary physician participation
4. Use accurate data and fair reporting
5. Provide fair and equitable program incentives

# 1. Quality of care

- Measures based on evidence
- Variations possible, depending on the clinical indications
  - *“If a physician thinks that a measure is not going to improve quality, one million dollars will not change behavior.”*

Ronald Bangassar, MD, California Medical Association

## 2. Foster the patient-physician relationship

- Emphasize optimal care
- Fair treatment for all patients, including those who may be non-compliant or who may have poorer outcomes
- No patient left behind

# 3. Offer voluntary physician participation

- Viability of non-participation
- Economic viability of physician practices
  - Practice size
  - IT capacity
- Support participation by physicians

# 4. Accurate, fair reporting

- Accurate data
  - Adequate sample size
  - Minimal burden on physicians
- Physician review
  - Appeals process
  - Data sharing

# 5. Provide fair, equitable program incentives

- New funds for physician incentives
  - Cover additional expenses
  - Carrots, not sticks
- Incentives are fully explained

# Lift all boats...

