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BUSINESS FIRST

Friday, January 1, 2010

Health care professionals weigh in on how to save money

Business First of Louisville - by [Ben Adkins](#) Staff Writer

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Beyond that, things get a bit muddy.

As the ongoing congressional debate has shown, ideas about how to expand health care coverage and contain costs are broad and varied. A multitude of legislative proposals drew praise and ire from across the political spectrum before the House and Senate passed separate bills, which must be reconciled before final legislation is passed.

Key differences remain to be resolved, such as whether to include a government-backed health insurance plan that aims to drive down costs by competing with private insurers.

Louisville health care professionals and other stakeholders in the debate also have a variety of ideas about what will work and what won't when it comes to expanding coverage and containing the growing costs of care.

"No one would disagree that we need to improve access. We need to improve affordability, and we need to improve quality," said Susan Stout Tamme, president of Baptist Hospital East.

Wellness is key

Simply put, industry professionals believe better health equals lower health care costs, and they believe one way to achieve that objective is a greater emphasis on wellness and preventive care.

Jeffrey Bringardner, **Humana Inc.**'s market president for Kentucky, said preventive care has "tremendous upside potential" and that programs offered by the insurer have been "very popular" among employers.

Company nurses make calls to high-risk patients in an effort to get them involved in preventive care and wellness programs. The company also has health coaches who offer counseling for



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tobacco cessation, weight management and other preventive care practices.

In addition, Humana's Virgin HealthMiles rewards program offers prizes and other incentives to Humana members for improving their health.

Bringardner said current legislative proposals for health reform do not adequately address rising health care costs. He added that the proposals include "some good first steps" regarding wellness, but "more can and should be done," including incentives for employers and individuals to participate in wellness programs.

"We can't tell people how to live, but we have to succeed at motivating people to want to live healthier lives — to eat less, exercise more and quit smoking," he said. "If we can't do that, health reform won't stand much chance of success."

Stephen A. Williams, president and CEO of **Norton Healthcare Inc.**, said the health care system's current pay structure reimburses providers based on the volume of patients they treat, rather than for keeping patients healthy. He said Norton uses proceeds from the sick patients it treats to then help finance preventive programs.

"That is, I think, backwards," Williams said.

Instead, he said, people should have a primary care physician, or a "medical home." This allows care to be better coordinated and avoids unnecessary services.

If incentives were offered to encourage providers to keep people healthy, instead of encouraging increased use of health care services, people would receive more primary care, including education and early detection, Williams said.

And "if the patient does need specialist care, it would be done quickly and efficiently and effectively, as the providers would be incented to do it right, do it quickly, efficiently and effectively," he added.

Leadership bills passed by the House and Senate include a number of measures to address wellness, such as grants for small employers to help fund wellness programs and increasing Medicare payments for some preventive services.

"The items in the current Senate and House bills are definitely steps in the right direction," Williams said.

Dr. Michael Kelley, a physician with Internal Medicine & Pediatric Associates in Crestwood, agrees that physicians play a crucial role in driving down costs through primary care. A 30-minute conversation to convince someone to quit smoking, for example, is more effective than a \$15,000 stent or angioplasty procedure, he said.

"That's the magic of lifestyle and preventive health care rather than invasive strategies," he said. "And it's something that America doesn't do."

Kelley also noted that reimbursements for "evaluation and management" health care services

have lagged behind inflation for years.

“We have kind of a bizarre system that rewards doctors more for doing than thinking,” he said.

But there is one aspect of the Senate Leadership Bill related to prevention and wellness that Kelley finds favorable. The bill proposes allowing employers to offer employees rewards, such as premium discounts, for participating in a wellness program and meeting certain standards related to health.

“Paying people for the work they do that saves their company money is a good idea,” he said.

Quality care important in cost reduction

Improving the quality of care is another important component of lowering costs, local health industry executives believe, especially if coverage is extended to more people.

“The first thing that comes to our mind is certainly quality because, typically speaking, quality care costs less over time,” said Deborah Moessner, president of insurer Anthem Blue Cross and Blue Shield in Kentucky.

Both Tamme and Dr. Lynn Simon, senior vice president and chief medical officer of Jewish Hospital & St. Mary’s HealthCare Inc., called for increased focus on rewards for providers based on quality and clinical outcomes.

“I’m really in favor of any plan that will improve access to care and improve quality,” Tamme said. “But I think you’ve got to focus on both of those aspects.”

More personal responsibility

Many industry professionals also say health care consumers should bear greater responsibility – not only concerning their own health, but also how health care dollars are spent.

“Most people don’t know what kind of coverage they have until they need it or they lose it,” said Greg Schell, a senior sales executive for insurance brokerage **Arison Insurance Services Inc.** “And that has to change.”

Dr. Larry Griffin, an obstetrician and gynecologist with Women’s Care Physicians of Louisville, said he believes everyone should have access to health care, but he also believes patients should be more conscientious of the associated costs.

“All of the health care proposals that I’ve seen to date don’t really put that burden back on the patient,” Griffin said.

Bringardner said there needs to be increased transparency for health care consumers. Humana offers online functions that allow members to compare hospitals and find information on physicians.

“It makes good, common sense that, if people are spending more of their money for health care, if you give them the right tools and technology, they’ll be wiser consumers,” he said.

Kelley said health savings accounts, or HSAs, push people to become more engaged in the costs of health care and prescriptions. His practice offers both a preferred provider organization, or PPO, plan and high-deductible health plans attached to HSAs to its 15 employees. About a third are enrolled in the HSA, he said.

“One of the maddening aspects of our current health care system is the question of how much does it cost and is it worth it is almost never asked,” he said.

Kelley said there sometimes are less costly alternatives — for example, asking for generic drugs that work just as well as their more costly brand-name counterparts. Less obvious ways to save, he said, might involve asking questions such as, “Do I even need an MRI of my back? Can I wait a few weeks and see if it gets better?”

“With the help of your doctor, the answer often times is ‘yes, it can wait’ — without any risk to you.”

Insurance companies support reform, concerned by public option

Both Bringardner and Moessner said Humana and Anthem are in favor of reforming the nation’s health care system.

Bringardner said Humana was an early supporter of expanding coverage and eliminating restrictions on people with pre-existing conditions who are seeking insurance, predicated on the notion that more people overall would be in the insurance pool.

“You have to have both healthy and sick people ... in order to maintain the financial integrity of insurance programs,” he said.

But the officials have concerns about how reform will be carried out.

The House announced its health care bill in late October, and it passed just over a week later. The bill includes a public insurance plan.

In mid-November, Senate leaders announced their reform bill, which was passed in December.

Rather than a public option, the bill includes a plan that would allow the government’s Office of Personnel Management to contract with private insurers, creating a program similar to those offered to government employees.

Humana officials are concerned that insurance companies will have to pay higher reimbursements to compensate for lower reimbursements from government payers, particularly if a public plan becomes available, Bringardner said.

They also are concerned about potential cuts to Medicare reimbursements that could result in additional cost shifting for private insurers, he added.

Both the House and Senate leadership bills require most people to have health insurance. But Moessner expressed concerns that if the consequences for not obtaining coverage are too weak, some might put off buying health insurance until they need it.

“It really increases the cost to everyone else,” she said.

And insurance executives believe that a public plan in which reimbursement rates are established by the government could be unfair to private insurers.

The concern, Bringardner said, is that rates might be set “artificially low” and make it difficult for insurance companies to compete, resulting in employers shifting to the public plan.

“This would have the potential to not only destabilize the private insurance market but (also) would be unsustainable in the long run, regardless of how we pay for our health care system,” Bringardner said.

Uncertainty regarding public option

Tamme said she has questions about how a public option would affect patients and providers.

For instance, some providers already limit the number of Medicare and Medicaid patients they see because reimbursements are lower than with private insurers, she said. Proposed insurance “co-ops,” or

nonprofit organizations owned by members that band together to buy coverage, might be a better option, she said.

Williams said many have rejected a so-called “public” plan because it is perceived as being administered by the government, with rates being based on Medicare and Medicaid.

“I think the term ‘public option’ can be somewhat confusing or can mean different things,” he said.

But Williams added that co-ops or an insurance exchange could pool small employers and individuals, comply with the same regulations as insurance companies and compete with private insurers.

“I think having a ... mechanism where small employers and individuals can access and get insurance is absolutely necessary,” he said.

Simon, of Jewish Hospital & St. Mary’s HealthCare, said many people believe a public plan will reimburse poorly or compete unfairly with private insurers, but “quite frankly, it may not be” the case.

“I think everyone gets stuck on whether they like it or they don’t based on what they think it is,” she said. “Until the parameters are defined, I think it’s not prudent to say whether someone likes it or not.”

Kelley also believes the effectiveness of a public option depends on the details, but he said such an option could work well. Still, he believes “Medicare, from a cost-containment standpoint, has been a dismal failure.”

Differing perspectives

Tom Underwood, Kentucky state director of the National Federation of Independent Business, is concerned about tax increases for individuals and businesses as a result of health reform and said lawmakers' current proposals are too ambitious.

"I think the problem with the federal legislation is they're trying to do too much all at the same time," he said. "If you do all this at the same time and it doesn't work, how do you undo it? You can't unring a bell."

He also said current proposals don't do enough to contain costs.

As a solution, he pointed to the formation of national purchasing alliances, grouped by trade, that could buy insurance across state lines.

Such large buying pools would lessen risk for insurers, he said, and the ability to purchase across state lines would drive down costs. He noted that there are only two dominant insurers in Kentucky, Humana and Anthem.

"Competition's the No. 1 problem we have here in Kentucky — or rather, the lack of it," he said.

Ben Blincoe, president and chief operating officer of **Premier Packaging** LLC, favors keeping the insurance market privatized, but he would like to see insurers reward employers that keep their own health costs down. In his view, most health reform discussion has centered on the uninsured.

"I haven't heard anything to address those that are insured," he said.

Rhonda Hatfield, owner of two Little Scholars Inc. day care centers in Louisville, also is concerned about increased taxation associated with health reform. But "if they come up with a way of spreading the cost appropriately, it could work," she said.

Hatfield, whose business does not subsidize health benefits for employees, said she believes health reform is needed and called a public option "encouraging."

"As a small-business owner, (insurance) has been something that has been impossible to get under the current guidelines that insurance companies impose — there's no way," she said. "If I could have done it years ago, I would have already done it."

Caught in the middle

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Greg Schell, a senior sales executive for insurance brokerage Arison Insurance Services Inc. who previously was executive assistant to former Kentucky Lt. Gov. Steve Henry, said a public option could be a step toward a single-payer health system.

And, he said, "there is no role for insurance companies or brokers in a single-payer system." He described brokers as playing a "vital" role between insurance companies and buyers.

Donald B. Thompson, president of insurance brokerage National City Insurance Group Inc., said that if there is a public option, he would like brokers to continue to be involved in helping employers determine the value of that option compared with others.

“I don’t have a problem with the public option, as long as it’s on the same playing field as the other options that would be available,” Thompson said.

But he also believes a need for brokers would continue to exist, even in a single-payer system. He said there still likely would be supplemental plans, similar to Medicare Advantage managed-care plans for seniors, and employers would need brokers to help them understand any major changes in the insurance market.

“Most employers have got many other things that they need to deal with besides health care,” he said.

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