Obama's top priority

How will the US reduce costs while expanding healthcare coverage for all? **Bob Roehr** reports

Bill Clinton tried to implement health reform in 1993 by sending Congress a 1342 page document. It included something that everyone could hate, and they did. It died a slow painful death.

Barack Obama has taken the opposite approach with his number one domestic priority: it can be stated on a single sheet of paper with room to spare. His goals are to lower costs and extend coverage to the uninsured, according to the White House health tsar Nancy-Ann DeParle.

The Democratic leadership in Congress has taken its cue from the president and has not given potential opponents anything to snipe at. Their activities to date, while extensive, have focused on broad principles for change rather than concrete legislative language of what that reform will be.

Most US voters are actually rather happy with the health care they receive; what they don't like is how much it costs

Senator Ted Kennedy, an iconic figure on health matters and in US politics, has convened a regular series of private meetings, where his staff and a small number of invited people from key interest groups have been trying to hammer out a version of reform legislation. But so far none of it has been made public.

Max Baucus, chairman of the Senate finance committee, has taken the public route, hosting a series of round table discussions to explore policy options. He says that his draft legislation, scheduled to be unveiled in mid-June, will reflect compromises designed to garner bipartisan support. But he is not tipping his hand as to which options he favours, except to say that a Canadian style "single payer" approach is not in the mix.

Outlines of consensus

There is broad agreement to contain costs. The consensus is that reimbursement must shift from the current system based on the quantity of interventions to one that rewards disease prevention and good outcomes. Medicare, the health insurance programme for people aged 65 and older, has taken a step towards this goal by no longer reimbursing for preventable hospital acquired infection and avoidable readmissions.

Quality preventive care is predicated on the patient having a "medical home" managed by the primary care practitioner. But these family doctors are the part of the US medical workforce that is under most stress, and the situation is getting worse.

Roughly 30% of the United States's doctors practise primary care, substantially lower than the average of about 50% in most other industrialised nations, according to Dr J Fred Ralston of the American College of Physicians. Students at US medical schools rate it at the bottom of their options for specialisation because of lower prestige and compensation. There are also fewer doctors in training than retiring, so the situation is likely to get worse. That trend cannot be turned around quickly, regardless of the plan for health reform.

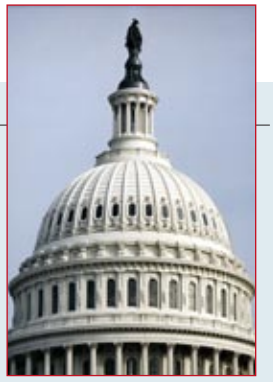
Expanding coverage to all of the estimated 45-50 million uninsured US residents is another point of consensus. Most congressional leaders agree that every person should be required to obtain health insurance coverage. Tax credits and direct subsidies for people with low incomes would make this possible. They would facilitate that by simplifying the application process and establishing a common marketplace, either at state, regional, or local level. Most would also prevent insurance companies from using pre-existing conditions to exclude people or set rates for purchasing insurance coverage.

Electronic medical records received a kick start of $10bn (£6bn; €7bn) in the economic stimulus package that was passed in February. The Medicare and Medicaid reimbursement programmes also gained incentives of both carrot and stick to encourage adoption of electronic medical records in the next few years. For example, the plan is to reimburse up to 85% of the cost of an electronic system over five years, to a maximum of $64 000, and to reduce Medicare reimbursement by an initial 1% in 2015 and an extra 1% a year to 5% by 2020 to those doctors who do not use electronic records.

But it takes more than technology: electronic medical records must be integrated into and wisely used within clinical practice. The Achilles' heel of the decentralised US healthcare system is that primary care

DENNIS BRACK/BLOOMBERG NEWS/LANDOV/PA

Nancy-Ann DeParle (centre) is heading the new White House Office for Health Reform



RECONCILIATION

The word "reconciliation" takes on new meaning in the context of the US Senate. It strips away the power of the filibuster or unlimited debate. Under normal Senate rules a minority of 40 in the chamber of 100 can keep debate open, but the process of reconciliation eliminates the filibuster and allows for passage of legislation by a simple majority vote.

The threat by the Democratic leadership to use reconciliation to move forward President Obama's number one domestic policy priority would largely strip Republicans, with their slim 40 members in the chamber, of influence in offering amendments and shaping the bill.

The president campaigned on the idea of bridging partisan divides. The Democrats also could use the cover of bipartisanship when inevitable glitches develop while implementing the changes. But more importantly, use of reconciliation could poison the atmosphere for tackling other challenges, such as the looming bankruptcy of the government's Medicare and social security pension programmes.

Once the legislation passes the Senate it will move to the House of Representatives, where a stronger Democratic majority and more favourable parliamentary rules make passage easier.

doctors are the least likely to use them, and they are likely to face a cacophony of incompatible systems when referring their patients to specialists and hospitals.

Disagreements

Perhaps the most contentious question is whether to create a "public option" health insurance programme run by the government that would cover people under 65. Supporters on the left see it as a way to guarantee competition to private insurance companies and provide better, less expensive coverage.

Those on the right see it as a pretext for a single payer programme. "Government is not a fair competitor, eventually it crowds out [private insurance options]," says Charles Grassley, senator and senior Republican on the finance committee. He notes that President Obama has said that he wants to preserve private health insurance.

Both sides initially saw inclusion or exclusion of a public option programme as fundamental to their support for the final health reform legislative package. Much time has been devoted to trying to find a compromise by defining and limiting the term to meet the concerns of all parties.

The other stumbling block is how to pay for extending coverage to millions of uninsured people, and implementing structural changes, such as the expanded use of electronic records and shifting the focus of care to prevention. Supporters argue that these will save money in the long run, but bills have to be paid today, not years from now when the anticipated benefits will accrue.

Eliminating waste, such as unnecessary and duplicate testing and preventable readmissions, and fraud, such as billing for reimbursement for services that were not performed, is a popular gambit. The Obama administration's budget director, Peter Orszag, says that perhaps $700bn can be found here, a claim that most healthcare analysts consider generous.

The February stimulus package was tapped for $1.1bn to begin to establish an

CHARLES DHARAPAK/AP/PA

Ted Kennedy (right) has held private meetings with key interest groups to negotiate reform legislation

MIKE THEILER/REUTERS

Republican senator Charles Grassley is concerned that current proposals are a pretext for a single payer system

SUSAN WALSH/AP/PA

Max Baucus, chairman of the Senate finance committee, will launch draft legislation to get bipartisan support

REUTERS

Michael Jacobson, Center for Science in the Public Interest, has suggested a fat tax to fund health coverage

GETTY IMAGES

Health activists demonstrate outside the office of the US Speaker of the House Nancy Pelosi to persuade her to support a single payer system

THE SICK HEALTHCARE SYSTEM

US healthcare spending was 5.2% of gross domestic product (GDP) in 1960 and has inexorably climbed to 16.6% in 2008, according to figures from the government's Centers for Medicare and Medicaid Services. That was an astounding $2400bn in 2008, almost $8000 per person.

Projections are that in the next decade US health spending will nearly double to $4400bn, or 20.3% of GDP by 2018. Current spending is about twice the share of GDP that other industrialised nations spend on health care yet the US ranks last among that group in terms of life expectancy and most other health measures.

effectiveness agency, which may become the equivalent of the UK's National Institute for Health and Clinical Excellence. But some Republicans are already charging that it will force doctors to practise medicine by formula rather than exercise their own medical judgment. Language such as "No Washington bureaucrat or health care lobbyists should stand between your family and your doctor" seems to work well with polling and focus groups, advises Frank Luntz, a Republican political consultant.

Democrats are rightly worried about how the language of the public debate on health reform will be shaped and how that might affect the outcome.

Most US citizens get their health insurance through the workplace, but the benefit is not treated as income or taxed. Last year the Republican presidential candidate John McCain said that it should be taxed as regular income; candidate Obama lambasted his opponent and staunchly defended the tax exempt status of the benefit.

As president, Mr Obama may be having second thoughts. It is unlikely that he will completely reverse his campaign pledge, but he may agree to tax health insurance plans that provide more than a minimum coverage.

At a finance committee hearing in mid-May, the executive director of the advocacy group the Center for Science in the Public Interest, Michael Jacobson, suggested adding a federal tax to sodas, trans fats, alcohol, and fast foods as a way to finance expanded health coverage. It may well end up being part of the patchwork of revenue cobbled together to fund the changes.

Next phase

Crunch time is mid-June, when the Senate finance committee presents and begins to draft its legislation of health reform. The winners and losers will then evaluate the trade-offs that were made and will likely unleash a barrage of television advertising trying to modify the legislation or even kill it on the floor of the Senate and later in the House of Representatives.

Polling data show that public support for health reform remains strong, according to the Kaiser Family Foundation and others tracking the public mood. But it is based largely upon altruism towards expanding coverage to all.

Most US voters are actually rather happy with the health care they receive; what they don't like is how much it costs. None of the reforms being proposed offers an actual reduction in this spending, only a moderating of future rates of increase. That is thin gruel on which to rally public support.

Interest groups that are disgruntled by the proposed reforms are likely to exploit the uncertainty of change to generate opposition to them. They already have attacked certain proposals as inhibiting a patient's freedom to choose their doctor and doctors' freedom to treat patients as they wish. The bottom line is that the outcome of reform remains very much in flux.

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