



Health Care Reform

“What it means for primary care”

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Who does the American College of Physicians represent?

- With 130,000 members, ACP is the largest medical specialty organization and second-largest physician group in the United States.
- ACP is a national organization of internists — physicians who specialize in the prevention, detection and treatment of illnesses in adults. Internists are major providers of primary care in the United States.

Questions to be addressed:

- **Why is health care reform needed?**
- **What policies under the new law will be implemented to expand access to primary care, and reform payment and delivery systems?**
- **What challenges lie ahead?**

Why health care reform?

- **U.S. Health Care:** felt by some to be the “best in the world” – “proven” by the fact that many travel to the U.S. for advanced treatments and procedures

How do you define best health care?

- Some would argue that the U.S. is the best place in the world to get advanced treatment for conditions like a heart attack
- It may also be the most likely place to have that heart attack, due to unhealthy lifestyles and lack of affordable and easily obtainable preventive care for many

Cost of health care in the U.S.

- **The U.S. spends a greater share of its GDP on health care than any other country (15.3% of GDP in U.S. vs 8-11% in other industrialized countries).**

Joint Organization for Economic Co-operation and Development-Eurostat-WHO Health Accounts Data-Collection Initiative Launched, January 2006

- **When it comes to key health indicators, such as life expectancy at birth and infant mortality, health in the U.S. is not better than in other industrialized countries, and in many cases is worse, despite higher U.S. expenditures.**

OECD Health Data 2006: Frequently Requested Data, August 2006

Without reform, health care spending will bankrupt us

- Spending to double to \$4.3 trillion by 2017 and rise to 25 percent of GDP in 2025 and close to 50 percent in 2082.

http://assets.aarp.org/rgcenter/health/m7_nothing.pdf and CBO

- The average family premium projected to rise from \$12,298 (the 2008 average) to \$23,842 by 2020—a 94 percent increase.

Commonwealth Fund, www.commonwealthfund.org/Content/Publications/Data-Briefs/2009/Aug/Paying-the-Price-How-Health-Insurance-Premiums-Are-Eating-Up-Middle-Class-Incomes.aspx

- By 2017, a middle-income family with \$80,000 in gross wages could end up *spending more than four out of every 10 dollars on health care.*

Economist Uwe Reinhardt, <http://economix.blogs.nytimes.com/2008/11/07/the-health-care-challenge-sailing-into-a-perfect-storm/>

Without health reform, you can't solve the budget crisis

- “*The single greatest threat to budget stability is the growth of federal spending on health care*—pushed up both by increases in the number of beneficiaries of Medicare and Medicaid (because of the aging of the population) and by growth in spending per beneficiary that outstrips growth in per capita GDP.”

Congressional Budget Office, *The Budget and Economic Outlook: Fiscal Years 2010 to 2020*, January 2010

<https://www.cbo.gov/ftpdocs/108xx/doc10871/Chapter1.shtml>

- By 2017, Medicare's Part A trust fund, which pays for hospital care, *would run out of money*.

Social Security Administration,

<http://www.ssa.gov/OACT/TRSUM/index.html>

The problem of the uninsured

- An estimated 47 million Americans (15.8%) lack health insurance protection
- They are much less likely than those with insurance to receive recommended preventive services and medications, are less likely to have access to regular care by a personal physician, and are less able to obtain needed healthcare services
- People without health insurance live sicker and die younger

Without health reform, none of us can count on coverage

- In 2007, an estimated 116 million adults were uninsured, underinsured, reported a medical bill problem, and/or did not access needed health care because of cost.

Commonwealth Fund,

www.commonwealthfund.org/Content/Charts/Report/Front-and-Center-Ensuring-that-Health-Reform-Puts-People-First/An-Estimated-116-Million-Adults-Were-Uninsured-Underinsured-Reported-a-Medical-Bill-Problem-and-or.aspx

- By 2020, the number of uninsured would have climbed from 46 million to 60 million—*one out of every five people*.

U.S. Bureau of the Census,

<http://www.census.gov/hhes/www/hlthins/hlthin07/hlth07asc.html>]

Without health reform, there won't be enough primary care doctors

- Population growth and aging will increase family physicians' and general internists' workloads by 29% between 2005 and 2025, resulting in a shortage of 35,000–44,000 primary care physicians for adults by 2025.

Colwill JM, Cultice JM, Kruse RL. Will generalist physician supply meet demands of an increasing and aging population? *Health Aff (Millwood)*. 2008 May-Jun;27(3):w232-41. Epub 2008 Apr 29

- Even though over 100 studies show primary care is associated with better outcomes and lower costs of care.

American College of Physicians. *How Is a Shortage of Primary Care Physicians Affecting the Quality and Cost of Medical Care?*. Philadelphia: American College of Physicians; 2008: White Paper. (Available from American College of Physicians, 190 N. Independence Mall West, Philadelphia, PA 19106.)

ACP's 4 Priorities for Health Reform

- 1. Provide all Americans with access to affordable health insurance**
- 2. Create incentives to reverse a growing and catastrophic shortage of primary care internists and other specialties facing shortages**
- 3. Reform physician payments and end the annual cycle of Medicare doctor pay cuts**
- 4. Reform the medical liability system**

How will health care in the U.S. change for the better now that comprehensive reforms have been enacted?

- **The Patient Protection and Affordable Care Act was signed into law on Mar. 23, 2010.**
- **The new law includes policies that will improve access to primary care services and expand coverage to 95% of all legal residents.**
- **The law provides a total of \$26.4 billion over 10 years to support primary care.**

Landmark: The Inside Story of America's New Health-Care Law and What it Means for Us All, the Washington Post, 2010

New health reform law – phased in

- **Some provisions effective in 2010**
- **Many provisions are not effective until 2014 for budgetary reasons**

How will the new law expand and improve coverage?

2010 provisions

- If one gets sick or hurt, insurer can no longer drop coverage.
- Children can remain on family health insurance plan until they turn 26.
- Those who have not been able to get health insurance because of an on-going medical condition will be able to join a “pool” to get insurance and will also receive financial help.

How will the new law expand and improve coverage?

- Children up to age 19 with on-going medical conditions cannot be turned down for health insurance.
- For those sick for a long time, insurance companies will not be able to limit the dollar value of benefits over the course of a life.
- Insurers writing new policies must pay for preventive care for infants, children and teen-agers, including recommended shots to fight off diseases; and additional services for women, such as mammograms.

How will the new law expand and improve coverage?

2011 Provisions

- If you have Medicare coverage, you will be able to have a physician or other qualified health professional evaluate your health each year, paid for by Medicare.
- Your health plan will be required to give you money back if they do not direct 85 percent of premium costs to medical care. For small insurers, it is 80 percent.

How will the new law expand and improve coverage?

2014 Provisions

- U.S. citizens and legal residents cannot be turned down for health insurance for any reason.
- Many may be able to get tax credits from the federal government to help with the cost of health insurance.
- Everyone will have to buy health insurance or pay a small penalty. The federal government will not send you to jail if you do not buy insurance.
- If you do not have health insurance through your job, you will be able to shop for reasonable coverage in a new market-place called a “health exchange.”
- All children, parents, and adults with no children below certain income levels will have access to health insurance under Medicaid. You cannot have Medicare coverage at the same time.

What specific policies under the new health reform law will expand access to primary care?

- Provides 10% increase in Medicare payments for office, nursing home, home and custodial care visits by primary care physicians, which include general internists, family practitioners, geriatricians and pediatricians. Such services constitute 60% of their total Medicare allowed charges. (2011-15)
- Increases Medicaid reimbursement for evaluation and management and immunization services to 100% of Medicare reimbursement. (2013-2014)
- Creates national workforce commission to provide comprehensive, unbiased information about how to align federal resources with national needs. Must examine barriers to entering and remaining in primary care careers. (2010)

What specific policies under the new law will expand access to primary care?

- Increases funding and awards for the National Health Service Corps (October, 2010) and for Title VII primary care training programs.
- Eases criteria and makes other improvements in primary care student loan program.
- Provides scholarships for disadvantaged students who work in medically underserved areas as primary care clinicians.

What specific policies under the new law will expand access to primary care?

- Provides grants to medical schools to establish, maintain, and improve academic units in primary care.
- Provides funding for new or expanded primary care residency programs at community-based teaching health centers.
- Redistributes 65% of unused residency positions to primary care and general surgery.

How will the new law reform payment and delivery systems?

- **Creates community-based health teams and local “extension” programs to provide direct services and technical help to primary care practices.**
- **Accelerates testing and implementation of new models to align incentives with value.**
 - **Creates Center on Medicare and Medicaid Innovation to pilot test new models, including primary care innovations such as the Patient Centered Medical Home. (2011)**
 - **Accountable Care Organizations (2012) and “bundled” payments to be implemented on a broad scale.**

How will the new law reform payment and delivery systems?

- Provides funds for research on comparative effectiveness but can't be used to deny coverage or mandate practice standards.
- Health plans are required to simplify claims administration, authorizations, electronic funds transfers, enrollment procedures to reduce paperwork for physicians and patients.
- Provides competitive grants to states to test alternatives to current medical liability tort system.

How will the new law affect WV?

- Extending coverage to young adults. Beginning on or after September 23, 2010, plans and issuers that offer coverage to children on their parents' policy must allow children to remain on their parents' policy until they turn 26, unless the adult child has another offer of job-based coverage in some cases. This provision will bring relief to roughly 6,990 individuals in West Virginia who could now have quality affordable coverage through their parents.
- Affordable insurance for uninsured with pre-existing conditions. \$26.8 million federal dollars are available to West Virginia starting July 1 to provide coverage for uninsured residents with pre-existing medical conditions through a new transitional high-risk pool program, funded entirely by the Federal government.
- Strengthening community health centers. Beginning October 1, 2010, increased funding for Community Health Centers will help nearly double the number of patients seen by the centers over the next five years. The funding could not only help the 188 Community Health Centers in West Virginia but also support the construction of new centers.

Source: <http://www.healthreform.gov/reports/statehealthreform/westvirginia.html>

How will the new law affect WV?

- Under health reform, 184,000 West Virginia residents will gain coverage by 2019

Families USA - Health Coverage in West Virginia: How Will Health Reform Help?
<http://www.familiesusa.org/assets/pdfs/health-reform/state-gains-2010/west-virginia.pdf>.

- Health reform will open access to Medicaid for 161,355 newly-eligible West Virginians, by expanding eligibility to non-elderly parents, childless adults, children, and pregnant women with income up to 133 percent of the federal poverty level. [Urban Institute, 1/25/10]

How is the new law financed?

- **Increases Medicare Payroll taxes on un- and unearned income by higher wage persons.**
- **Reduces Medicare Advantage overpayments.**
- **Reduces disproportionate share payments and market basket increases to hospitals.**
- **New taxes on tanning salons and medical devices and on “Cadillac” health plans.**

Did health care reform come easy? Not a chance.



Did health care reform come easy? Not a chance.



Did ACP support enactment of the Affordable Care Act?

- Yes. While not perfect, the new law advances many of ACP's long-standing policies.
- It fills gaps in our current system by providing families and small businesses with competitive and portable private sector options to buy affordable coverage, and provides subsidies when they need help.
- It ends egregious insurance company practices that deny patients with pre-existing conditions access to affordable coverage.
- It begins to take steps to reverse a catastrophic shortage of primary care internists.
- It begins to improve reimbursement for primary care services.

What challenges lie ahead?

- Ensuring adequate funding for programs to train more primary care physicians.
- Influencing regulation and implementation of the new law, state and federal.
- Educating physicians, patients, and the public on the “nuts and bolts” of the new law. ACP’s *An Internist’s Guide to Understanding Health System Reform*.
- Ensuring primary care representation on Commissions and Advisory Boards, as created under the new law.
- Influencing pilots, such as the patient-centered medical home, and preparing physicians to engage and participate.
- Ensuring that Congress has the right to reject by a simple majority vote the recommendations made by IPAB or create an alternative proposal that would also be subject to a simple majority vote.

What challenges lie ahead?

- Congress must permanently end the cycle of Medicare physician payment cuts resulting from the flawed Sustainable Growth Rate (SGR) formula. The new law does not address the SGR.
- The new law raises Medicaid payments, for two years (2013-2014), for primary care services provided by general internists and other primary care physicians to no less than the applicable Medicare rates, fully paid for by the federal government. This provision should be made permanent.
- Beginning in 2015, the new law imposes penalties on physicians who do not successfully report on evidence-based quality measures. Reporting should be voluntary and/or incentive-based.
- Additional measures, beyond those in the new law, to reduce the costs associated with our broken medical liability system need to be enacted, including dedicated funding for innovative models, like health courts, to create alternatives to trials by lay juries.

Concerns about fitness are not new

- In 1961 John F. Kennedy decried the poor physical condition of Americans. In 2010 we would do well to have those levels of fitness from the 60's
- “We want a nation of participants in the vigorous life. This is not a matter which can be settled, of course, from Washington. It is really a matter which starts with each individual family. It is my hope ... that the communities will be concerned, to make it possible for young boys and girls to participate actively in the physical life; and that men and women who have reached the age of maturity will concern themselves with maintaining their own participation in this phase of national vigor – national life.”
- President John F. Kennedy,
Conference on Physical Fitness of Youth, 1961

What opportunities lie ahead?

- Many dramatic opportunities for improvement come outside of the health care delivery system. We need to encourage better lifestyle choices as a society.
- How can we improve nutrition in the schools? How is this linked to diet and expectations learned at home?
- How can we move from a “system” of health care that delivers to many but not all patients cutting edge care for each body part toward a system that focuses on outcomes and well being of the patient as a whole?

With the enactment of the Affordable Care Act, are we done with health care reform?

- No, reforms in the new law are a beginning, not an end, to health care reform. More reforms are needed if we are to reverse the growing shortage of primary care physicians and other specialties facing shortages.
- The Affordable Care Act is a positive step forward and includes many strong provisions that will help improve access to, and the delivery of, primary care in this country.
- More Americans will also have greater access to affordable health insurance.

What Health Care Reform Means for Organized Medicine – The Past

- The framing of health reform as a “wedge political issue” has caused strains for medical associations due to the politically divisive atmosphere in Washington and the emphasis on areas of disagreement rather than the many areas of agreement
- Failure of both political parties over the years to stabilize Medicare payments has caused frustration on the part of physicians and divisions with members and among organizations over best tactics to deal with this unstable funding – the ongoing “SGR Patch”

What Health Care Reform Means for Organized Medicine – The Future

- The devil is in the administrative details – we need to work on getting our policy goals implemented
- Much activity will move to the state levels – challenging the organization and resources of many organizations
- Ultimate goal is to aid members in providing cost-effective care – value received for dollars spent
- We need to look outside of the medical delivery system to improve health – diet and exercise being huge areas where change would make a real difference

What happens now?

- Despite continued political debate, the law is not likely to be repealed, at least as long as President Obama is in the White House, but some revisions can be expected.
- The policy changes will be implemented over many years, and influencing federal regulations and state responsibilities will be critical.
- ACP will continue to engage Congress and this Administration on ways to improve the Affordable Care Act.

Resources from ACP

- “Nuts and bolts” practical guide to understanding health system reform,
[http://www.acponline.org/advocacy/where we stand/access/int_prac_guide.pdf](http://www.acponline.org/advocacy/where_we_stand/access/int_prac_guide.pdf)
- ACP advocate blog, <http://advocacyblog.acponline.org/>
- Annals, www.annals.org/content/152/10/679.full.pdf+html
- Center for Practice Improvement and Innovation,
www.acponline.org/running_practice/practice_management/
- Patient-Centered Medical Home,
www.acponline.org/running_practice/pcmh/

Questions?

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