

1

ACC Illinois Chapter

7th Annual Practice Management Symposium

May 14th, 2010

2


“First, Do No Harm”

Optimizing Patient Care in a Changing Health Care Environment

3

Health Care Reform

From Teddy Roosevelt to Teddy Kennedy



4

Health Care Reform

Jerome L. Hines MD
President, Illinois Heart & Vascular
Hinsdale, Illinois
Governor, ACC Illinois

No Relationship With Industry to Disclose

5

Health Care Reform

1910-2010

6

Health Care Reform 1910-2010 Outline

- Background and scope of the problem
- The First Attempt at National Health Insurance: 1910-1918
- Social Security without health care: 1935
- Medicare: 1965
- The Obstacles to Reform: 1970-1994
- Reform or lack of reform: 2010

7

Health Care Reform

Underlying Questions

- **Should the country provide health care to its people as a benefit? Is health care a right?**
- **If so, what level of health care is a right?**
- Should health care be administered by the government or should it be out-sourced?
- Should health care insurance be mandatory?
- Is the present health care delivery system economically viable?
- Should expanding coverage necessarily be tied to health system reform?
- Is insurance reform the real obstacle to creating a viable health system?
- Is tort reform the real obstacle to creating a viable health system?
- Is the appetite of the American consumer for health care the real obstacle to creating a viable health care system? Have we created a monster?

8

Health Care Reform

What's the Rush?

\$2.6Trillion

9

Health Care Reform

2010 Expenditures

• Hospital Care	\$806 Billion
• Physician Services	\$546 Billion
• Pharmaceuticals	\$260 Billion
• Nursing Home Care	\$208 Billion
• Administrative Costs	\$182 Billion
• Other Labs, Pharmacies, Devices	\$598 Billion
 • Total	 \$2.6 Trillion

10

Health Care Reform

2010 Who's paying?

• Federal Funding	\$912 Billion	35%
• Private Insurance	\$892 Billion	34%
• State/Local Funding	\$338 Billion	13%
• Out of pocket	\$291 Billion	11%
• Other sources	\$167 Billion	6%
 • Total	 \$2.6 Trillion	

11

Health Care Reform

2010 Who's paying?

• Federal Funding	We are (taxes)	35%
• Private Insurance	We are	34%
• State/Local Funding	We are (taxes)	13%
• Out of pocket	We are	11%
• Other sources	They/we are	6%
 • Total	 \$2.6 Trillion	

12

Health Care Reform

2010 Who's paying?

We Are
\$2.6 Trillion



13

Health Care Spending 1910-2010(% of GDP)

Year	Spending(% of GDP)
1910	2.5
1935	4.0
1960	5.0
1985	10.3
2010	17.5


14

Health Care Reform

The Pressures on the System

15

Pressures on the System People are Living Longer




16

Health Care Reform Life Expectancy

Year	Life Expectancy	
	Male	Female
1910	50.0	53.0
1935	59.8	64.0
1960	66.6	73.3
1985	71.1	78.2
2010	75.7	80.8

17

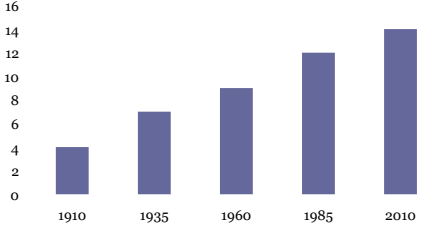
Pressures on the System A Higher Percentage of Our Population is Elderly



18

Health Care Reform Considering the Elderly

% Population 65 years old or greater




Year	% Population 65 years old or greater
1910	4.0
1935	7.0
1960	9.0
1985	12.0
2010	14.0

19

Pressures on the System

The Diseases We Treat are More Chronic and Less Acute



20

Health Care Reform

Leading Causes of Mortality 1910 - 2010

1910	%Mortality	2010	%Mortality
CHD	11	CHD	26
Pneumonia	10	Cancer	23
Tuberculosis	10	CVA	6
Enteritis	8	COPD	5
CVA	6	Accident	5
Nephritis	6	Diabetes	3

21

Health Care Reform

1910 - 2010

22

Health Care Reform

Diseases 1910


Disease	%Mortality
CHD	11
Pneumonia	10
Tuberculosis	10
Diarrhea/Enteritis	8
CVA	6
Nephritis	6

23

Health Care Reform

What was the state of US Health Care in 1910?

- It was private
- In general therapies were directed at symptoms and not the disease process
- There were no antibiotics
- A lot of snake oil
- **20-30 years behind Europe**



24

Health Care Reform

What was the state of US health care in 1910?

- In 1905 the AMA's Council on Medical Education commissioned the Carnegie Foundation to examine medical education in America
- **Its Flexner Report published in 1910 indicted American medical education and the competence of American physicians**
- 155 Medical Schools in the US and Canada at the time
- Only 16 required even 2 years of college prior to admission
- **Because of the Flexner Report over half of the medical schools closed and by 1935 only 66 medical schools existed**
- The Flexner Report recommended that Medical Schools be a part of Universities. By 1935 57 of the 66 medical schools were part of a university

25

Health Care Reform

What were the political issues circa 1910?


- In 1883 Bismarck brought compulsory health insurance to workers throughout Germany
- In 1907 American Association for Labor Legislation(AALL) called for 'sickness insurance'
- In 1911 Britain enacted National Health Insurance Program
- In 1911 Wisconsin enacted the first Workmen's Compensation Law
- The Sherley Amendment of 1912 changed the Food and Drug Act to cover fraudulent claims of drug ineffectiveness
- **The Progressive Party Platform of 1912 included support for social and health insurance**

26

Health Care Reform

Progressive Party Platform 1912

We pledge ourselves to work unceasingly in state and nation for: . . . The protection of home life against the hazards of sickness, irregular employment, and old age through the adoption of a system of social insurance adapted to American use.



27

Health Care Reform

What held back reform 1910-1920?

- **Social issues, including health, were still felt to be a state issue rather than a national issue**
- Samuel Gompers(AFL) despite rank and file support opposed any government health insurance
- **By 1920 AMA opposed any government sponsored health insurance**
- Between 1912 and 1920 WWI and the autocracy of Germany negatively influenced more government involvement
- The Bolshevik revolution in Russia(1917) gave pause to the policy makers to become too populist
- **People were still predominantly rural and still espoused the Jeffersonian less government is better attitude**

28

Health Care Reform

1910 -1918 Summary

- People were spending 2.5% of their income on health care
- Spending was all out of pocket
- Care was anecdotal, empiric; little was based on evidence
- The system was private
- It was a crude health care system
- **Discussion was not about changing the system**
- **Discussion was about providing an entitlement for the disadvantaged**
- The country decided no

29

Health Care Reform

Diseases 1935

Disease	%Mortality
CHD	22
Pneumonia	10
Cancer	10
CVA	8
Nephritis	8
Tuberculosis	6

30

Health Care Reform

Where was the practice of medicine by 1935

- **By 1935 more people lived in urban areas than in rural areas**
- Population of 130 Million treated by 160,000 physicians
- 12.3physicians/10,000 people
- 6,500 hospitals in the US
- Average LOS was 14 days
- Bed in a 9-bed ward at MGH cost \$4/day
- Bed in a single room cost \$6.50/day
- 28% of medical schools had never graduated a woman
- 43% of hospitals had never employed a woman
- Shift from diagnosis, caring, and comfort to understanding, treatment and cure
- **Blue Cross introduces hospital insurance in 1933**

31

Health Care Reform

What was the political climate in 1935?


- Sheppard-Towner Act of 1921 assisted states in setting up programs to protect the health of women and children
- US Supreme Court affirmed the right of states to institute mandatory vaccination in 1922
- Buck v. Bell affirmed right of states to compel surgeons to sterilize criminals, the insane, and idiots in 1927
- Committee on the Costs of Medical Care (CCMC) was formed in 1927
- CCMC report disseminated in 1932 and recommended:
 - Organizing medical practice around hospitals
 - Extending public health initiatives
 - Coordination of health services through large scale planning
 - Changes in medical education
 - Group payment for medical care through taxation, private insurance, or both
- By this point AMA opposed any type of health insurance

32

Health Care Reform

What was the political climate in 1935?

- FDR: "We seek the security of the men, women, and children of the nation and ...to use the agencies of the government to assist in the establishment of the means to provide sound and adequate protection against the vicissitudes of modern life.."




33

Health Care Reform

FDR - 1935

- FDR: "One of the duties of the State is that of caring for those of its citizens who find themselves the victims of such adverse circumstances as makes them unable to obtain even the necessities for mere existence without the aid of others. That responsibility is recognized by every civilized nation ... To these unfortunate citizens aid must be extended by Government—not as a matter of charity but as a matter of social duty."



34

Health Care Reform

What was the political climate in 1935?


- Committee on Economic Security Established 1934 and instructed to explore all forms of social insurance: Accident, unemployment, old age, retirement, survivor's, maternity benefits, crop insurance, disability/invalidity, and health insurance
- **Medical Advisory Committee set up to advise FDR in 1935**
- AMA House of delegates pass resolution in 1935 declaring unyielding opposition to government health insurance
- **Social Security Act of 1935 – Separation of social security from health insurance because of pressure from AMA and Medical Advisory Committee**

35

Health Care Reform

1935 - Summary

- People were spending 4.0% of their income on health care
- Spending was mainly out of pocket
- The economy was still difficult
- Blue Cross had introduced hospital insurance in 1933
- Medicine had become somewhat more scientific
- One effect of the Flexner Report was that medicine had become more exclusive
- The system was private
- Physicians had powerful voice and opposed national health insurance
- **The health care system was still small, young, and self-regulated; system reform was still not part of the discussion**
- **Discussion was about providing health care as part of social security**
- **FDR did not push health care and it died**



President Franklin D. Roosevelt

36

Health Care Reform

Big Issue #1

Initial reform debates in 1912 and 1935 centered around the social security system but not on the health delivery system

37

Health Care Reform

Big Issue #2

Initial Blue Cross plans in the 1930s benefited from tax exempt, non-profit status and were not required to have high reserves. But they were burdened by obligation to sell insurance to anyone. High risk individuals were more likely to purchase causing 'adverse selection' and eventually requiring high premiums and pricing some individuals out of the market

38

Health Care Reform

Diseases 1965

Disease	%Mortality
CHD	38
Cancer	17
CVA	11
Accident	5
Infancy	4
Pneumonia/Influenza	4

39

Health Care Reform

Where was the practice of medicine by 1965?

- 1939 Blue Shield introduces insurance to pay for physician charges
- 1942 AMA convicted of violating the Sherman Antitrust Act by impeding the activities of cooperative health groups
- 1950s Less than 5% of medical students were women; less than 3% were black
- 1950s Average general doctor worked 60 hours/week and was on call 24/7
- 1950s All but a very few physicians made house calls
- 1950s Hospital costs were rising; semi-private room was \$30-40/day
- 1950 Average physician salary was \$11,000 compared to median family income \$3,400
- 1959 Average general physician salary was \$15,000; surgeon \$24,000
- 1959 Average family income was \$6000; average yearly medical expenses were \$400
- 1959 71% of Americans were covered by health insurance

40

Health Care Reform

Political issues 1935-1965

- 1935 National Health Survey completed
- 1935 Epstein Bill (S.3253) calls for government health insurance but gets little backing
- 1938 National Health Program called for Federal funding of \$850 million per year to:
 - 1) Expand maternal and child health programs
 - 2) Build new hospitals
 - 3) Provide states money for indigent care
 - 4) Provide states money to develop statewide health insurance programs
 - 5) Provide cash to disabled workers
- 1938 AMA offered to support program if government health insurance was taken out of program

41

Health Care Reform

Political issues 1935-1965

- 1939 Senator Robt. Wagner of NY introduces bill incorporating the National Health Program(S.1620), known as the Wagner Bill
- 1939 Bill was opposed by the AMA, the ADA, and the American Hospital Association
- 1939 FDR decides not to push the bill and it dies in committee
- 1942 Poll by Fortune magazine finds 74% of respondents in favor of Government Health Insurance
- 1943 Wagner-Murray-Dingell bill introduced(S.1161 and H.R. 2861) based on Social Security Board recommendations supported by labor and the farmers; FDR does not push the bill and it again dies in committee
- 1945 In his January budget message FDR calls for an extended social security including medical care
- 1945 Truman picks up the baton and in November pushes a re-drafted Wagner-Murray-Dingell Bill

42

Health Care Reform

Big Issue #3

Employer based health care benefits offered during WWII were tax free; employees had no disincentives for utilizing or over-utilizing health care services

43

Health Care Reform

Political issues 1935-1965

- 1946 Voters elect first Republican congress since 1932
- 1946 Truman's popularity is at 32%
- 1946 Alternative Bill introduced by Robert Taft(Taft-Smith-Ball bill S.2143) authorizing \$200 million in Federal matching grants to states to subsidize private health insurance for the indigent
- 1948 Wagner Bill becomes part of the democratic platform
- 1948 AMA House of Delegates voted a special assessment of \$25 per member to 'resist the enslavement of the medical profession.'
- 1948 Prominent public relations firm hired by AMA and \$4.5 million fund deployed to wage a national education campaign against Wagner-Murray-Dingell

44

Health Care Reform

Political issues 1935-1965

- 1949 Economy entered period of deflation and unemployment
- 1949 AMA efforts supported by ABA and the Catholic Church
- 1949 Gallup poll showed support for National Health Insurance at only 51%
- 1950 Private insurance covered basic hospital care for 60% of population
- 1950 AMA helped elect 8 new senators who opposed health insurance
- 1952 Eisenhower actively campaigned against national health insurance
- 1953 After election debate shifted toward only including social security beneficiaries
- 1957 AFL-CIO committed to all out battle for government health insurance
- 1960 Forand bill voted on in Ways and Means but defeated

45

Health Care Reform

Political issues 1935-1965

- 1960 Sam Rayburn and Lyndon Johnson get behind the social security approach
- 1960 Government Insurance amendment narrowly defeated 51-44 in senate
- 1960 Republicans favored a plan of federal grants to states to subsidize private health insurance
- 1960 Eventually a compromised and much diluted Kerr-Mills bill was signed by Eisenhower which created a new assistance category of medical indigency
- 1961 American Medical PAC formed
- 1961 Soon after election Kennedy begins pushing a government health insurance bill, eventually known as the King-Anderson Bill
- 1962 Blue Cross announces over 65 plan for seniors
- 1962 AHA begins shift towards endorsing medicare
- 1962 Gallup polls showed 69% of public supported a medicare program
- 1962 AMA shifted a little by being open to federal subsidies for private insurance

46

Health Care Reform

Political Issues 1935-1965

- 1962 Several GOP Senators began favoring the social security principle
- 1963 Elderly population 17.5 million, up from 12 million in 1950
- 1963 Hospital bed \$40 up from \$29 in 1960
- 1963 Hospital care rising at 6.7% per year, well above cost of living; as a result private insurance became prohibitive for those on fixed incomes
- 1963 Only 50% of elderly had health insurance; only 25% had comprehensive insurance(75% or more of hospital bill)
- 1964 Johnson wins landslide victory

47

Health Care Reform

Lyndon Johnson 1965

... Compassion and reason dictate that this logical extension of our proven Social Security system will supply the prudent, feasible, and dignified way to free the aged from the fear of financial hardship in the event of illness."




48

Health Care Reform

Medicare Passage 1965

- 1965 Ways and Means votes 17-8 in favor of revised King Anderson Bill
- 1965 Now called the Mills Bill it passes house 313-115
- 1965 Senate finance votes 12-5 in favor of revised and amended bill
- 1965 Senate passes Mills bill 68-21
- 1965 Senate-House conference committee labors for week to reconcile 513 differences
- 1965 House passes bill July 27th
- 1965 Senate passes bill July 28th
- 1965 President Johnson signs bill July 30th, 1965



49

Health Care Reform

The Mills Bill not Billy Mills



1964

50

Health Care Reform

Big Issue #4

Medicare and Medicaid eligible persons were entitled to receive certain covered medical services while paying only modest co-pays

51

Health Care Reform

What Happened After Medicare?

52

Health Care Reform

What happened between 1965 and 1993?

- 1969 Health Security Plan introduced by Sen. Kennedy
- 1971 Public supported national health insurance 2 to 1
- 1971 Senate subcommittee summarized five major problems in the health care system
 - Maldistribution and shortage of health manpower
 - Inequality in health care and inequality in access to health care
 - Rising costs
 - Too little attention paid to wellness programs
 - Lack of coordination in the health care system, resulting in waste
- 1978 One in five American families had no health insurance
- 1979 Malpractice premiums doubled in four years
- 1980 DRG pilot begun in New Jersey
- 1983 DRG payment system imposed on hospitals nationwide for medicare patients
- 1984 Reagan Administration pushes through Deficit Reduction Act – freezes physician fees and requires physicians to accept “assignment”

53

Health Care Reform

What happened between 1965 and 1993?

- 1990 Bipartisan Pepper Commission proposes two programs to confront health care crisis
 - Health Insurance for uninsured through employer mandates
 - Insurance for long-term care
- 1990 Both measures fail
- 1990 Reconciliation budget(HR 5835) signed into law and reduces Medicare spending by \$44 Billion over five years by lowering payments to providers
- 1992 President Bush proposes health reform plan in 94 page white paper that would build on existing Medicare system by:
 - Covering 35 Million uninsured with vouchers and tax incentives
 - Instituting tort reform
 - Increasing preventive health care
 - Encouraging coordinated care
 - Streamlining Insurance
- 1992 Legislation dies in congress
- 1993 National Health Security Act introduced by President Clinton

54

Health Care Reform

National Health Security Act of 1993

- Provided Health Insurance for all Americans
- Required employers to pay for 80% of employees insurance
- Provided subsidies to low income workers
- Provided subsidies to small businesses
- Added 75 cent per pack tax to cigarette purchases
- Required all insurance to be purchased through regional health alliances
- Required that residency programs be 50% primary care

55

Health Care Reform 1910-2010

Fallout from Medicare and Employer Based Tax Exempt Benefits

- Few cost controls
- Encouraged usage of:
 - Physician services
 - Hospital services
 - Home health services
 - Pharmaceuticals
 - Devices
- Created in Americans an appetite for health care services without creating incentives for appropriate use
- Spawned medical industrial complex

56

Health Care Reform 2010

Drivers of health care costs

- Technology and prescription drugs
- Chronic disease
- Aging of the population
- Administrative costs
- Lack of competition amongst insurers
- Defensive medicine
- Our appetite for health care

57

Health Care Reform

Underlying Questions

- Should this country provide health care to its people as a benefit?
- What level of health care should the country provide?
- Should health care be administered by the government or should it be out-sourced?
- Should health care insurance be mandatory?
- Is the present health care delivery system economically viable?
- Should expanding coverage necessarily be tied to health system reform?
- Is insurance reform the real obstacle to creating a viable health system?
- Is tort reform the real obstacle to creating a viable health system?
- Is the appetite of the American consumer for health care the real obstacle to creating a viable health care system?
- Is appetite created?

58

Health Care Reform 2010


Potential solutions to increasing costs

- Investment in IT
- Improving quality and efficiency
- Tie provider payments to outcomes
- Comparative effectiveness research
- Prevention
- Consumer involvement in health care purchasing
- Altering tax preference for employers
- Tort reform
- Insurance Reform
 - Portability
 - Encourage national rather than state insurance competition
 - Eliminate State Mandates
- Rationing

59

Pressures on the System

Joint Replacements




750,000 hip or knee replacements done 2009

60

Pressures on the System


Pacemakers



450,000 pacemakers or ICDs placed 2009

61

Pressures on the System Intracoronary Stents



1,000,000 stents placed 2009 in US

62

Health Care Reform

Biggest Issue

It's not whether. It's how much.