

Why Reform Health Care?

By: Lt. Governor Casey Cagle

I make a lot of speeches each week, and in them I often say that one of my top priorities in the upcoming legislative session is changing the direction in the trend of uninsured workers in our state.

I get two kinds of feedback to this remark. The first is from small business people, health care professionals, and working folks with families who seem relieved that someone has an interest in this issue. Unfortunately, the second response I get happens to come from people who are active in, or regular observers of, political debates. And, they can't figure out why any elected official in his right mind would want to wade into the thicket of health care reform.

There's a good reason that politically astute leaders are avoiding addressing what can only be described as a health care crisis, namely that the spiraling cost of health care means that more and more working Georgians simply can't pay for it. First, we had what can only be described as a public policy disaster zone that resulted from federal efforts to provide universal health care during the Clinton Administration. That culminated in no action, terrible approval ratings for a once-popular president, and a mid-term election pounding for the president's party.

Since then, over a dozen states have attempted to solve the health care crisis that the federal government has essentially ignored. Illinois, Maine, Tennessee, and Massachusetts have all attempted dramatic expansions of publicly subsidized health insurance or outright health insurance mandates. In each case, the resulting programs have received mixed reviews, with virtually no unqualified successes.

Why, then, would any elected official in their right mind have any interest in addressing the health care crisis? Why not just let it play out, make minor adjustments here and there, and hope the market eventually stabilizes itself?

The answer is that we are trapped in a vicious cycle that is on its way to destroying the employer-employee partnership that provides health insurance coverage for most Georgians.

Step one in that cycle consists of the core reality of health care, which is that its cost increases at a rate that significantly outstrips inflation, leaving businesses and individuals spending a higher relative proportion of their income on health care each year. In response, many businesses choose to stop offering health insurance to some or all employees, and other businesses simply decide not to offer health coverage at all.

In step two of the cycle, the declining number of insured workers – particularly those who are young and healthy -- results in an increase in the cost of insurance to those who choose to remain in the shrinking pool. This problem is exacerbated by the higher likelihood that those who hold onto coverage no matter the cost will be sick or at high risk of becoming sick. In response to the higher risk, insurers raise costs, more people elect not to be insured, and the cycle continues to spiral out of control.

What's been the impact of this cycle on Georgia? Currently, 1.7 million people in our state have no health insurance coverage of any kind, despite the fact that we spend vast sums of state and federal funds providing coverage for the poorest residents of our state. In the past five years, the percentage of non-elderly uninsured in Georgia has increased significantly. For example, the trend from 2004-2005 was a net increase of 13% in one year alone. In 2000, almost three in four Georgians had private health insurance, putting us on par with the national average. In five years, that percentage dropped precipitously, with less than two of three adults having private health insurance in our state, almost 10% below the national average.

In other words, not only is there a bad national trend – it's even worse in our state. In view of this reality, there's just no way that anyone with an ounce of concern for our state and an opportunity to address the problem can simply ignore this problem. We may be doing the best job in the world at providing quality care and lifesaving advances, but the same cannot be said of the system we've put in place to pay the bill.

Given that we are where we are, what can we do to get where we want to be? First, we have to remember that trying to choke down the whole apple at one time is not a viable solution. The law of unintended consequences and the degree to which we've trained everyone to shift costs means we really have no idea exactly what will happen if we attempt wholesale change of the way we purchase health care. This means we need to pursue incremental changes that

gradually lower the cost of health care, limit its tendency to increase in cost exponentially, and make it possible for every Georgian to understand the importance of being insured and purchase affordable insurance products.

To begin, we need to focus on finding a mechanism for small businesses to pool their resources and purchase affordable insurance for their employees. One path for doing this might be to allow small businesses to access a government mechanism for pooling resources to obtain lower rates and prevent catastrophic rate changes if a single employee becomes a much more significant illness risk. Of course, any move in that direction must be accompanied by a limitation on the rate at which high-risk beneficiaries could enter the pool in order to avoid adverse utilization and spiraling costs.

Another possibility might be streamlining the logistical chain that delivers health care by allowing individuals and small businesses to contract directly with hospitals or physician groups to purchase coverage packages that provide a set amount of visits and basic procedures. Like health savings accounts, this would separate coverage from insurance by providing a basic coverage plan for predictable services and allowing individuals to purchase high-risk coverage for truly unpredicted health events. We also need to help make the coverage more efficient by finding a way to get individual and small business purchasers connected with insurers who can help meet their needs. In many cases, the problem isn't that there aren't plans on the market but that small firms are too busy surviving to decode the complex benefits market. In fact, this is an experience that many physicians have in their own clinical operations.

Additionally, we need to provide affordable urgent and indigent care alternatives that take some strain off of our hospital emergency rooms and the physicians who staff them. A trend toward providing urgent care in large retail outlets such as Wal-Mart and CVS might be one useful step in this direction. Another possibility would be refocusing our county health department network on providing basic clinical services, perhaps by separating clinical services from public health services and privatizing the clinical side. Simply put, so long as patients present in emergency rooms with common conditions such as earache, upset stomachs, sore throats and toothaches, we will continue to incur millions in unnecessary costs. Of course, movement in this direction may well require some thoughtful and difficult consideration of such issues as scope of practice and certificate of need that traditionally limit the system's flexibility in reducing costs.

Over the next several months, our office will be formulating the final pieces of plan to start addressing the health insurance crisis in Georgia. As we move in that direction, I want to encourage providers in our state to reach out with concerns and suggestions you may have. Health care can only be reformed if there is broad agreement on the need to do so, and a key component of reaching that agreement is getting physicians involved in the process.