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COFFEE BREAK

Expert looks at future of health care reform

Chief of New Jersey Health Care Quality Institute says costs will keep rising unless a fix is found

BY SUSAN TODD

STAR-LEDGER STAFF

David Knowlton must be a patient man.

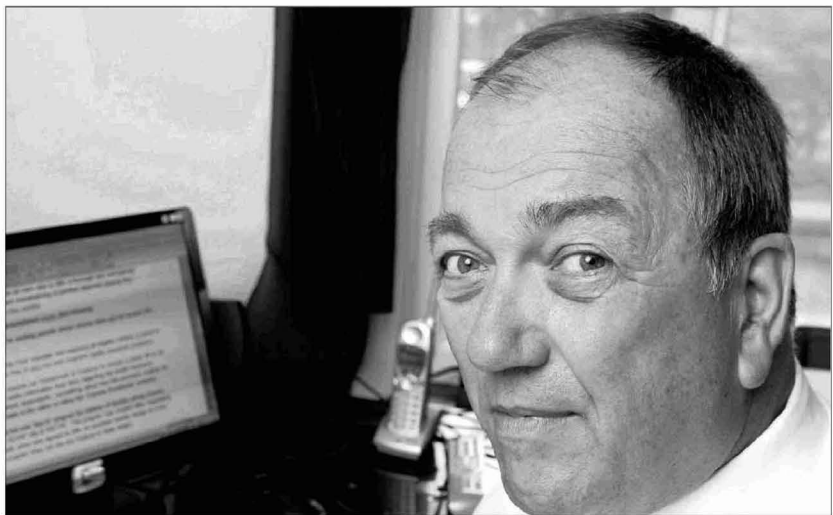
In the health care universe, he is among the experts advocating for changes to rein in the spiraling costs insurers, businesses and American consumers face for doctor visits, medicines and hospital care.

Knowlton, president and chief executive of the nonprofit New Jersey Health Care Quality Institute, has weathered past reform efforts, relished successes, accepted setbacks and gained an understanding of the system's many complexities. "There are economic hydraulics that are very profound," he said.

Knowlton, who also sits on the board of the Healthwell Foundation, recently spoke about some of the things driving health care costs, the prospect for reforms and the likely outcome if the latest effort fails to provide an effective fix.

Q: A study published recently by Health Affairs said the money paid by 161 million Americans with employer-sponsored health insurance increased 34 percent between 2004 and 2007. That seems to say a lot about the health care crisis. Do you believe those numbers?

A: You won't get new numbers that are more credible. Insurers will say that trendline is continuing and, maybe, escalating a little. When you consider what drives those costs, it's only getting worse. Health care costs are going up radically. A bunch of different things are driving that. The Baby Boomer generation is getting older and more likely to be using services. We're also more sophisticated with treatment. New Jersey is No. 1 in end-of-life costs. The third thing is we have government shifting costs. Programs like Medicaid don't pay close to what the services cost. You have all of these factors driving the prices up. The purchaser



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David Knowlton, the former deputy health commissioner, is working to help reform health care in New Jersey.

is saying, "I can't pay the premium." The insurers are saying the only way I can keep the premium down is to shift more of the cost to the consumer. The result is that a greater percentage is coming out of our wallets. The increase in what Americans with employer-sponsored health insurance pay will cross 50 percent if there isn't some intervention.

Q: What should people do if they're facing more out-of-pocket expenses and what resources are available if they need help paying those bills?

A: When the Baby Boomers were younger and they weren't using services so much, they got used to having insurance pay for their care. They're not used to reading their bills. When they do, they're outraged. They need to pay attention. Is the care necessary? Is it appropriate and is what they've been billed for accurate? There are resources for patients, especially from the pharmaceutical companies. The Healthwell Foundation provides relief for people who have high-cost diseases and high out-of-pocket expenses that they can't afford. The foundation spent more than \$8 million in one month in December 2008 and \$13.5 million in March of '09. That gives you a sense of what's happening with costs. Rheumatoid arthritis can cost a patient between \$1,000 and \$1,500 a month out of pocket. It's costing much more, but the insurer is paying the bulk of it. This is one reason why health care costs are the No. 1 cause of personal bankruptcies.

Q: We've been down this road before though and the various stake-holders are already taking aim at one another. What will it take to get real reform?

A: What it takes is the will to do it and the means to pay for it. Those are complicated things in this environment. The critics say this is socialized

medicine. Well, we have socialized education. We have socialized parks. We have socialized roads and fire and police. Why isn't health on that list? I think the president should have experimented in the states first. That's what we did when we implemented Medicare. My biggest piece of advice to people in Washington is, if you get to a stalemate, don't stop.

Q: What are some of the ideas for reforming health care in New Jersey?

A: What I hope we will start to address in New Jersey is an alternative to COBRA. We're in an economic crisis. (President Obama has tried to reduce the cost for workers by agreeing to pay 65 percent of the cost for the first nine months.) When workers lose their jobs, they can buy health insurance through COBRA, but it's very expensive. We need to add a state insurance program that is self-funding and less expensive. We need a program that can offer coverage to people for \$400 to \$500 a month. If we can get the feds to agree to provide 65 percent like they do with COBRA, it would still be expensive, but it's not a bad alternative.

Q: If reform doesn't happen, what are we left with?

A: The increased levels of cost share will mean people budgeting more to cover their insurance expenses and giving up discretionary spending. Young people will say, we can afford to go without insurance and the country will see increasing numbers of uninsured. The costs will continue to go up without them. No insurance company can pay more in claims than it takes in in premiums. If people don't use health insurance, they feel gypped. People don't say, we have to have an accident so we get our money's worth of car insurance.

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