

MANAGED CARE

OUTLOOK

The Insider's Business Briefing on Managed Healthcare

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It's Not Just About the Uninsured These Days

All across the country, people have felt the pinch of a tightening economy, and many have had to make tough choices about some of the most fundamental elements of life, including health care. For some, that has meant giving up health coverage all together. For others, it has meant scaling back and hoping nothing catastrophic happens to them or someone in their family.

The Obama Administration has vowed to make health care reform one of its top issues, with significant changes by the end of the year. President Obama has repeatedly called upon Congress to be more aggressive in its pursuit of health care reform. Without a doubt, it is one of the hottest topics on Capitol Hill.

As legislators and policymakers continue the debate, much of the focus remains on the uninsured, but the problem goes beyond the uninsured, says David L. Knowlton, former Deputy Health Commissioner for the State of New Jersey and board member for the HealthWell Foundation (www.healthwellfoundation.org), a national nonprofit organization that assists underinsured patients with out-of-pocket expenses. A growing number of Americans also struggle with underinsurance; they have some form of coverage but not enough to cover the cost of the treatments they need. As a result, they technically have insurance, but it is insufficient in the event of an actual medical event, such as a broken leg, pneumonia, or a newly diagnosed chronic condition.

"There is a lot of pain in the area of underinsurance right now," says Knowlton. "People think they are in good shape because they have

insurance, which is fine until they actually get sick. Then they find out they don't have enough insurance or the right kind of insurance, and they have to start weighing their options. We've got to look for alternatives to that type of system."

It's simple, says Knowlton. As costs go up, health insurance becomes less and less affordable — for employers and for individuals. "It's easy to say, 'My health plan is charging me high deductibles, and I'm paying an ever-increasing portion of what the health care bill is.' All that may be true, but what's driving that is cost. We have to find a way to get that under control."

The economic downturn has only exacerbated the situation. For many employers, the only viable solution is to shift more of the cost to beneficiaries, explains Knowlton. This results in even less care for consumers. For example, managed care often advocates that people get proper care for conditions early on to prevent hospitalizations down the road, but that is exactly what consumers are carving out because of high deductibles and high copayments, he adds.

Earlier this year, President Obama met with various leaders from the health care industry to discuss what steps can be taken to trim costs out of the health care system. At the completion of the meeting, leaders announced a plan to cut roughly \$2 trillion in health care spending over the next decade, but what does that truly mean?

"What people don't realize is that what they really agreed to was a reduction in the

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size of medical inflation, which is what drives a lot of this," says Knowlton. "This plan moves the medical inflation from about 6½ percent to roughly 5 percent over the next 10 years. That is a good first step, but we have to do more."

There has to be some control over the way the system is utilized by individuals, stresses Knowlton. "I don't think it's mean spirited, but there is a lot of abuse of the health care system by consumers, and we need to help consumers understand that there are alternatives to running to the emergency room or requesting to see a physician when a nurse practitioner may very well be able to help their child with asthma."

The solution has both a short-term component and a long-term component, explains Knowlton. The most immediate need is to address those who are newly uninsured. How are we going to care for these people? They cannot afford COBRA because they are unemployed, and yet they have health care needs just like everyone else. The administration has already begun to tackle this through the COBRA cost share announced earlier this year. (See the May 1, 2009 issue of *Managed Care Outlook* for more details.)

Attention also must be given to redefining how people receive care. Take a child with asthma. There is a good chance he is in the doctor's office more frequently than a child without asthma, but there are steps that can be taken to provide the care he needs for less money. For example, one option may be public health interventions, which can be done by a public health worker or a nurse rather than a doctor. He would receive comparable care, but it would cost less.

Only time will tell if the commitment from the industry to contain inflation over the next 10 years will pan out, but what is already evident from that meeting is the fact that stakeholders from all over the industry — health plans, hospitals, biotech firms, pharmaceutical companies — found a common purpose and took the first step to make a change, lauds Knowlton. "People want reform. They are demanding reform. Therefore, regardless of whether this plan comes to fruition, the fact that we are all sitting down, trying to find a solution is a very promising step in the right direction. As part of that discussion, though, we can't just talk about the uninsured; we have to talk about the underinsured as well. Otherwise, we are addressing only part of the problem." ■