

SB 289: Ensuring Health Care for All Nevadans

Joseph Q. Jarvis MD MSPH
Associate Professor
University of Nevada School of Medicine

EXHIBIT D Silver Document consists of 44 pages.
☒ Entire document provided.
☐ Due to size limitations, pages _____ provided. A copy of the complete document is available through the Research Library (775/684-6827) or e-mail library@icb.state.nv.us.
Meeting Date 3/4/04

Why talk about health care?

- ❑ 43 million uninsured(344,000 in Nevada)
 - ❑ Double digit inflation for insurance premiums (14% predicted in 2004)
 - ❑ \$5000+ per person health care costs (twice what is paid in other countries)
 - ❑ Uninsured are sick too often and die too soon
 - ❑ Problems are worsening
-

U.S. Public Spending Per Capita for Health is Greater than Total Spending in Other



Note: Public includes benefit costs for govt. employees & tax subsidy for private insurance

Source: NEJM 1999; 340:109; Health Aff 2000; 19(3):150

Moral Obligation

- "Health care is an essential safeguard of human life and dignity and there is an obligation for society to ensure that every person be able to realize this right."—Cardinal Joseph Bernardin, Chicago Archdiocese
 - "Of all forms of inequality, injustice in health care is the most shocking and inhumane."—Rev. MLKing Jr.
-

Moral Obligation

- "Woe to the shepherds of Israel who only take care of themselves! Should not the shepherds have strengthened the flock? . . . You have not strengthened the weak or healed the sick or bound up the injured."
(Ezekial 34:2-4)
-

Public Health Obligation

- ☐ 1 of 5 Americans postpone getting needed health care
- ☐ 1 of 7 Americans have problems paying for medical bills
- ☐ 1 of 10 do not get prescription drugs they need due to cost

*Kaiser Commission on Medicaid and the Uninsured,
July 2002*

18,314 Adult Deaths Annually Due to Uninsurance

Age Group	Deaths
25-34	1,930
35-44	3,431
45-54	4,734
55-64	8,219
Total	18,314

Compelling Business Reasons for Health Care Reform

- The Big Three Automakers are “a social insurance system that sells cars to finance itself. . . It’s insane to think that a company embedded in a fierce global competition can function as a social insurance system.”—Uwe Reinhardt, Princeton University
-

The Union Perspective

- We need a universal, comprehensive, single-payer health care program to cover every man, woman and child in the United States. You can't fix the health care crisis in America at any one bargaining table with any one employer or within any one industry.
 - Ron Gettelfinger, President-UAW, 4/03
-

Financial Analysis?

- The Big Three automakers are “HMOs with wheels” that only happen to make cars.—Gary Lapidus, Goldman, Sachs
-

What will the Big Three do?

- "The public health care system (in Canada). . . (saves) several dollars per hour of labour (which is) a significant portion of Canada's overall labour cost advantage in auto assembly, versus the US, which. . . (attracts) new auto investment." In a letter supporting increased public funding for health care from the Big 3
-

Another health care problem for American business

- ❑ Global market competition is difficult for US business which assumes the role of health benefits provider (HMO with wheels)
 - ❑ Domestic market is weakened because American consumers are bankrupted by health care costs
-

Illness is a Major Cause of Bankruptcy

- ❑ Half of all bankruptcies involve a medical cause or debt
- ❑ 326,441 families identified illness/injury as the main reason for bankruptcy in 1999
- ❑ 299,757 more had large medical debts at time of bankruptcy

Source: Norton's Bankruptcy Advisor, May 2000

A hidden cost to US business: Health Benefits Management

- ❑ US business spent \$16 billion on internal costs for health benefits management in 1999; or \$57 per person in the US
 - ❑ These costs are 7 times higher than similar costs in Canada on a per capita basis
 - ❑ NEJM Aug 2003
-

Health Care Fraud: Giving Business a Bad Name (like Enron)

- "This case ranks up there with the likes of Enron and WorldCom"-The SEC in comments about HealthSouth fraud. Nine of the firm's top executives have already pleaded guilty to criminal charges of securities fraud.
-

Profit-Driven Care Begets Fraud

Recent Criminal and Civil Fines/Settlements

- NME (Tenet): \$683 million: Medicare fraud, patient abuse
 - SmithKline, Corning, LabCorp: >\$800 million: billing fraud
 - Caremark: >\$200 million: kickbacks/fraud, home IV business
 - Fresenius/NMC: \$486 million: dialysis fraud
 - Roche & BASF: > \$725 million: price fixing cartel
 - Beverly: \$175 million: Nursing home fraud
 - Noll: \$135 million: Suppressing research data on Synthroid
 - TAP Pharmaceuticals - \$875 million: Kickbacks, Lupron
 - Schering-Plough - \$500 million: Shoddy manufacturing
 - Columbia/HCA: \$745 Million fraud, continuing investigation
-

The Status Quo in Health Care Will Kill American Business

- ❑ Our global competitors are not 'HMOs on wheels'
 - ❑ Domestic customers can not buy our products
 - ❑ New investment will go elsewhere
 - ❑ Internal costs/External costs
 - ❑ Corporate health care and fraud are becoming synonymous
-

Can we do better?

- ❑ Paradigm shift: Health care is not a commodity
 - ❑ Tony Snow, 1993: "In the real world people stampede when somebody puts up a sign that reads 'Free'. This is the theory behind bargain basements, but it also applies to hip replacements and appendectomies."
-

Why the health market fails: Kuttner, "Everything For Sale", 1998

- ❑ Supply Side: no free entry
 - ❑ Demand Side: no shopping knowledge, no free choice, the buyer can not beware
 - ❑ Social safety nets: we don't allow failure—60% health money are taxes
 - ❑ Positive externalities: Example-- immunization
-

What are the alternatives for health care reform?

- ❑ Socialized medicine—public ownership of hospitals, public employment for doctors, tax financing—Great Britain
 - ❑ Incremental reforms—market based, cost more money, inherently unfair
 - ❑ Single payer—private non-profit hospitals, private fee-for-service doctors, public financing--Canada
-

What is Single-Payer Health Care?

Health insurance with these features:

- ❑ **Public financing** -- one community-owned payer
 - ❑ **Universal** -- covers everybody
 - ❑ **Comprehensive** -- covers all medical needs
 - ❑ **Private delivery** --fee-for-service, non-profit
 - ❑ **Controls costs** -- through operating budgets, economies of scale, but not clinical management
 - ❑ **Portable**--coverage with move, vacation, change of job, retirement, or illness
 - ❑ **Accountable** -- to all Nevadans
-

Advantages of Single Payer

- ❑ \$300 billion per year savings on administrative waste and bureaucracy—\$1.6 billion in Nevada (NEJM 8/03)
 - ❑ Unfettered choice of physician
 - ❑ Covers all people for medically necessary care without increasing revenues
 - ❑ Private sector health care delivery
-

Advantages of single payer to US businesses

- ❑ No more 'HMO on wheels'=increase in global competitiveness
 - ❑ Reduced federal role in health policy; increased local control (No ERISA)
 - ❑ Reduce personal bankruptcy by half
 - ❑ Virtual elimination of internal costs of health benefits
 - ❑ Reduce labor strife, job lock=increase in small business entrepreneurs
 - ❑ Reduce WC, vehicle insurance, litigation cost
-

Societal advantages of single payer

- ☐ Fulfills our moral obligation to care for all citizens
 - ☐ Reduces risk for premature death, disease, and disability
 - ☐ Reduces incentive for health care fraud
 - ☐ No increased cost for health care
 - ☐ All taxpayers have health care
-

The HCOP shows that Care Funded by a Single Payer Costs *Less*

☐ Incremental Reform

- Many people still don't have access to the care they need
- Costs go up

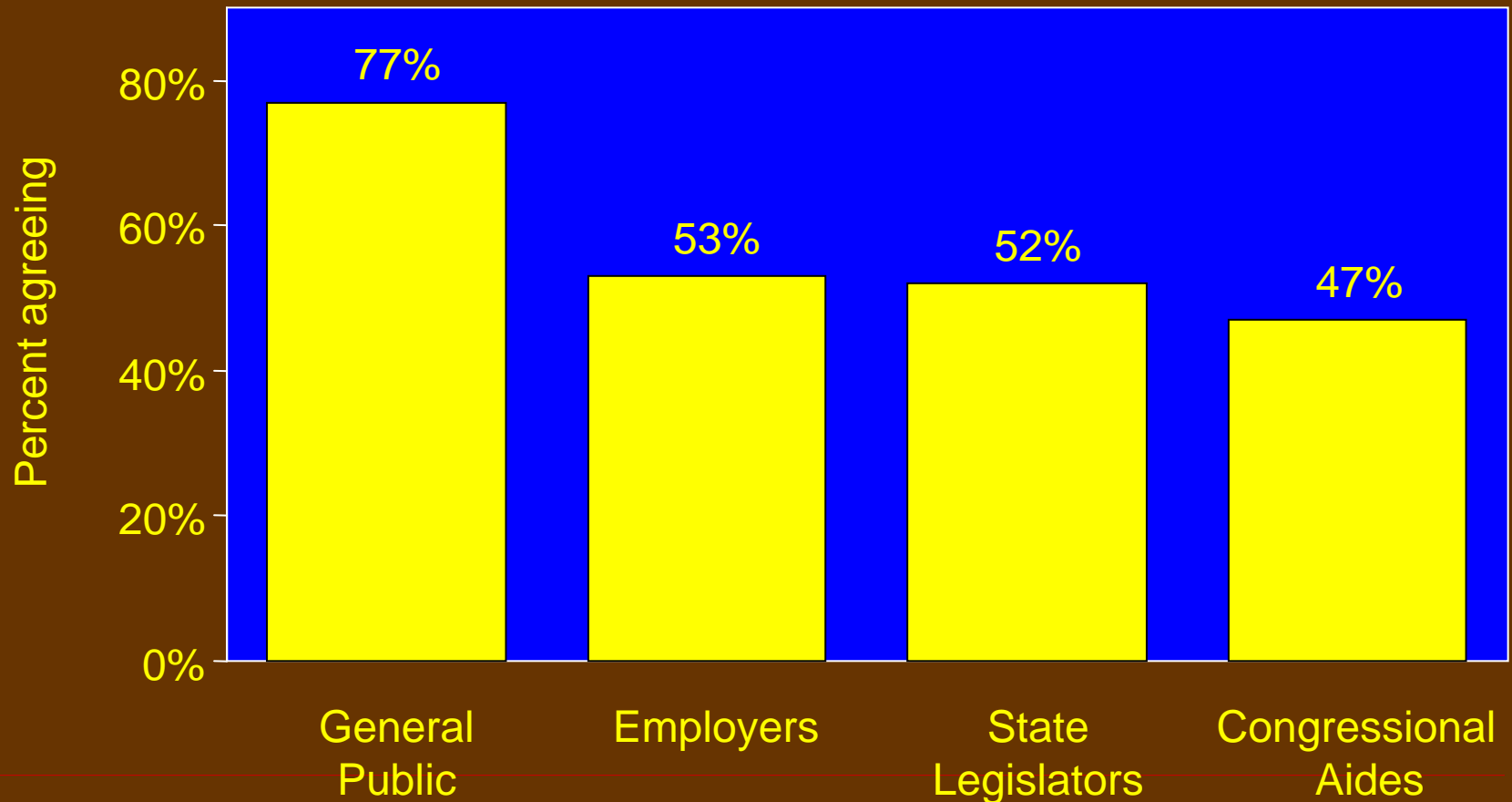
☐ Universal Coverage

- Everybody gets health care
 - Costs go down
-

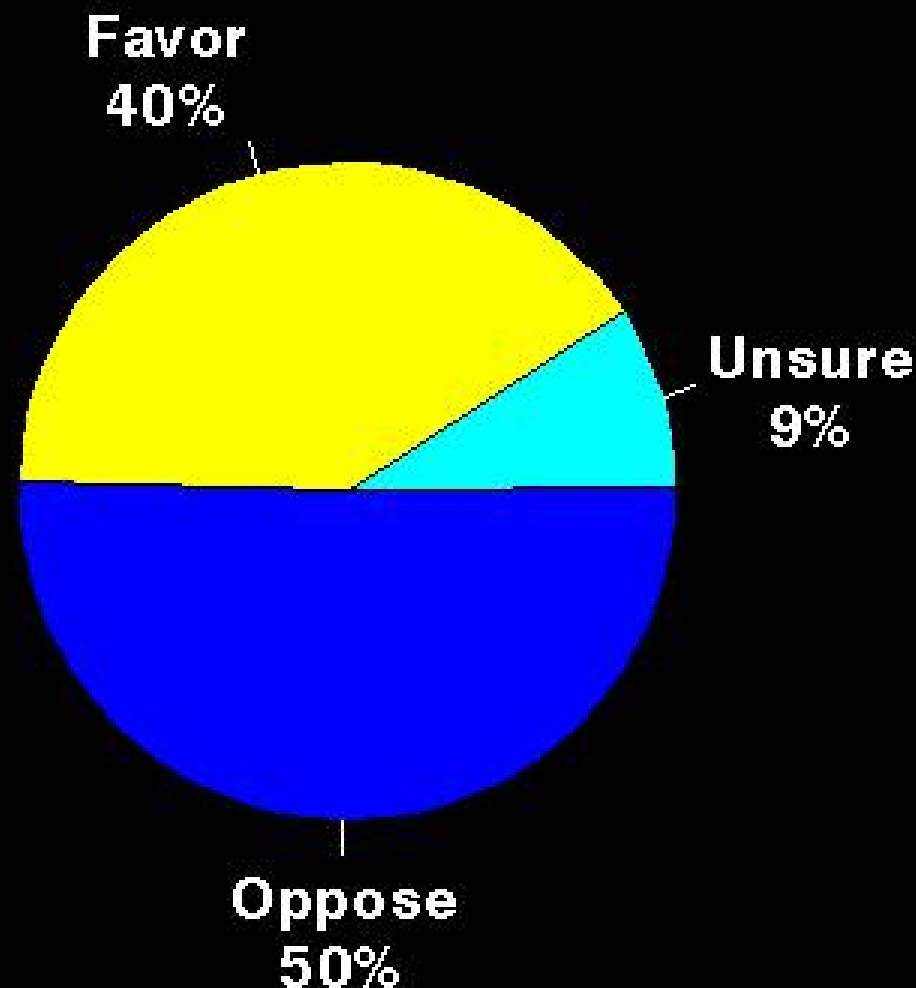
Single payer increases the choices that matter

- ☐ Would you rather have “choice” among a few insurance plans with limited benefits, or one health insurance policy with broad benefits that allows unfettered choice of doctors?
 - ☐ Universal care financed through a single payer allows patients an unlimited choice of physician
-

Harris Poll: "Government Should Provide Quality Medical Coverage to All Adults"



Even Many Small Business Owners Favor NHI



**"A national health plan, financed by taxpayers,
covering all Americans in a single government plan"**

Source: Kaiser Foundation. National Survey of Small Businesses, April, 2002

Although many health experts agree that universal publicly-funded insurance would solve many of our most pressing health care problems (access, under-insurance, waste, costs), the main argument against universal coverage is *political infeasibility*.

Where would we be if. . .

- ☐ Americans had waited to press for civil rights until it was 'politically feasible'
 - ☐ The nations of the free world had waited to pressure Communism until after the Berlin Wall fell
-

We Can Get There

- ❑ From a recent Texas poll:
52% favor - A national health plan, financed by taxpayers, in which all Americans would get their insurance from a single government plan
- ❑ Other recent polls find similar results
- ❑ This suggests that with a lot of education, work, and political organizing, a reasonable single payer proposal could win.

University of Houston Center for Public Policy
Health Care Survey conducted June 20-29, 2002

1. Provide necessary health care to every citizen.

- ☐ Most uninsured are working or dependent
 - ☐ Therefore, the uninsured are taxpaying citizens, thus funding health care for the elderly and government employees
 - ☐ No policy is more unfair
-

2. Let patients choose their own physician.

- ☐ Choice of doctor is a non-economic decision
 - ☐ The business of health care disrupts the patient-physician relationship which reduces quality of care
 - ☐ After choosing a doctor, there are no other independent patient decisions
-

3. No increase in per capita health spending.

- ❑ \$6000/person/year now, increasing to \$9000/person/year by 2010
 - ❑ \$8 billion in Nevada
 - ❑ 60% taxes, 20% out of pocket, 20% private employer
 - ❑ We have enough money
 - ❑ US health care is primarily publicly funded
-

4. Fund health care by reducing bureaucracy.

- ❑ NEJM 8/21/03: Health care bureaucracy costs Americans \$300 billion per year
 - ❑ Private insurers have high overhead
 - ❑ Fragmented health financing increases costs for doctors and hospitals
 - ❑ High health care costs are killing American business
-

5. Health care is cooperative, not competing or for-profit

- ❑ For-profit hospitals are more expensive and have poorer outcomes
 - ❑ Fraud by for-profit health care rivals Enron and MCI-Worldcom
 - ❑ Competition in health care increases the price and decreases the quality
-

6. Finance all health care with a private, non-profit cooperative

- ☐ The Nevada Health Cooperative
 - ☐ The States' Rights to Innovate in Health Care Act
 - ☐ Public financing, private health care delivery
 - ☐ Conservative proposal: no new revenues, choice, state sovereignty
-

Steps towards health care reform based on the six principles

- ❑ Revive the constitutional authority of states to determine health policy
 - ❑ 2005: Pass a Resolution in support of "The States' Right to Innovate in Health Care Act"
 - ❑ Find a Nevada Congressional Sponsor
 - ❑ This does not commit Nevada to single payer
-

Further steps. . .

- ☐ 2005: Organize and fund a study:
 - ☐ Confirm administrative savings of the Nevada Health Cooperative
 - ☐ Options for replacing employer and out-of-pocket health revenues
 - ☐ Business and labor impact of stable health financing
 - ☐ Cost and mechanism of for-profit asset buy-out
 - ☐ Cost to re-train health care bureaucrats
-

Allow the public to submit ideas

- ☐ In addition to the proposed study of the Nevada Health Cooperative. . .
 - ☐ Include any proposal which fits the specifications of the six principles, i.e., universal, medically necessary care; unlimited choice of physician; no increased per capita cost; minimal overhead; cooperative, non-profit; and responsible to the public
-

Specifications for Study of the Nevada Health Cooperative

- ❑ Legislative committee oversight
 - ❑ Citizen's Advisory Committee:
Uninsured, Chronically ill/disabled,
Small business, Large employer,
rural, labor, ethnically diverse
 - ❑ No representation of corporate health interests
-

The Study Team: Expertise and Neutrality

- ☐ Economics
 - ☐ Tax policy
 - ☐ Public health
 - ☐ Medical and nursing education
 - ☐ Human resources and labor
 - ☐ Rural Health
 - ☐ Business and finance
 - ☐ Use Nevada's Academic Resources
-

TIMELINE

- ❑ 2004: Draft resolution (States' right to innovate in health care) and legislation (funding and organizing the study)
 - ❑ 2005-6: Assuming both measures pass, work with Congress, carry out community based study
 - ❑ 2007: Target year for legislation enabling "Nevada Health Cooperative"
-

A Final Thought: Radical Change is Inevitable

- ❑ “Our health system—a fragmented hodgepodge of private and public-health plans—is broken.”—Ruth Rosen, *The San Francisco Chronicle*, December 29, 2003
 - ❑ SB 289 provides Nevada a chance to plan for health system change before the inevitable collapse of a dysfunctional system.
-