

Health Reform's Fate May Hang on Public Plan

BY MARY ELLEN SCHNEIDER

The chances of passing health reform legislation this year could depend on whether lawmakers can resolve their differences over the public insurance plan option.

The decision on whether to include a government-sponsored health plan that would compete against private insurance has become a major wedge in the health care debate, according to observers. And how much to pay physicians under such a plan is one of the major sticking points.

"It could wind up bringing down the whole agenda," said Grace-Marie Turner, president of the Galen Institute, a nonprofit research organization that advocates for free-market ideas in health care.

Ms. Turner, who opposes the public plan option, said that although Democrats have control of the presidency and both chambers of Congress, there is disagreement within their own ranks, with many moderate and conservative Democrats saying they cannot support a public plan.

The physician community is also wrestling with this issue. The idea of a public plan was debated extensively at the recent policy-making meeting of the American Medical Association, and delegates there ended up passing policy that supports "health system reform alternatives that are consistent with AMA principles of pluralism, freedom of choice, freedom of practice, and universal access for patients."

The AMA leadership has shied away from coming out for or against the public plan option. But the organization has stated publicly that it does not support any plan that would force physicians to participate in a public plan or that would pay physicians based on Medicare rates.

The AMA has said, however, that it will consider some of the variations on a public plan that are being discussed in Congress now, such as a federally chartered co-op health plan.

Officials at the American College of Physicians agree that provider participation in any plan should be voluntary and not tied to current participation in Medicare. The college also advocates for payment rates to be competitive with commercial payers, rather than based on the low rates currently offered by Medicare.

But the ACP also sees potential advantages to creating a public plan, according to its president, Dr. Joseph W. Stubbs. A public plan could provide a "nationwide blanket" of fall-back coverage, which would be especially helpful in areas of low penetration by insurance carriers. It could also offer a mechanism for rapidly introducing new models of care and reimbursement, such as the medical home concept. A public plan could also be a way to hold private plans accountable in areas where there is little competition currently.

"The devil will be in the details as far as whether this is a good idea or not," Dr. Stubbs said.

Meanwhile, other physicians have been disappointed by talk of a public plan for different reasons. Dr. David Himmelstein of Harvard Medical School, Boston, and the cofounder of Physicians for a National Health Pro-



President Barack Obama addressed the annual meeting of the American Medical Association in Chicago.

gram, said that what's being discussed in Congress now is really "just a clone of private insurance."

Dr. Himmelstein, who favors a single-payer health system, said a public plan would fall far short of realizing the savings that could be seen with a single-payer system. A public plan wouldn't even be able to achieve the type of low overhead seen with Medicare, he said, which benefits from automatic enrollment and easy premium collection, and has no need to spend money on marketing.

President Obama, who reached out to physicians for support at the AMA meeting last month, said he understands that many physicians are skeptical about how they would fare under a public plan. In his speech to the AMA, President Obama said he intended to change the way physicians get paid, rewarding best practices and good patient care. "The public option is not your enemy," he said. "It is your friend."

Part of the problem with evaluating the public plan option is that there isn't just one. There are a number of health reform proposals circulating in both the

House and the Senate, some of which include a government-run or quasi-government-run option to compete with private insurance.

The purest form of a so-called public plan would be one that is something like Medicare, in which federal dollars, not just premiums, are used to support it, said Kathleen Stoll, health policy director at Families USA, which supports the general idea of a public plan but hasn't yet supported a particular proposal. But many lawmakers and analysts have said that this design would give the public plan an advantage over private insurance products and cause private payers to leave the market, she said.

A proposal being put forward by leaders in the House would create a public plan on the same footing as other insurance plans. For example, public and private plans alike would have to adhere to the same benefit requirements and insurance market reforms, and would have to be financially self-sustaining based on premiums. This proposal would not require participation by physicians but initially would use payment rates similar to those of Medicare.

Rates would be unlinked from Medicare rates over time as other payment mechanisms were developed.

In the Senate, an approach getting a lot of attention is to create not a public plan but rather a federally chartered, nonprofit cooperative plan, Ms. Stoll said. This proposal is seen by many as a compromise between a government-run plan and no public plan at all.

Overall, the discussion on a public plan is heading in a direction that is positive for physicians, said Elizabeth Carpenter, associate policy director for the Health Policy Program at the New America Foundation, a nonpartisan think tank. ■

Tobacco Regulation Law Stops Short of Banning Products

BY MARY ELLEN SCHNEIDER

Public health advocates are applauding a new law that gives the Food and Drug Administration unprecedented authority to regulate the sale, marketing, and ingredients in tobacco products.

President Obama signed into law the Family Smoking Prevention and Tobacco Control Act (H.R. 1256) at a June 22 White House ceremony. The new law gives the FDA the power to regulate the levels of tar, nicotine, and other ingredients in tobacco products. While the law does not give the FDA the authority to ban tobacco products, it does give the agency broad authority to regulate labeling, packaging, and advertising of such products.

During a White House Rose Garden signing ceremony, President Obama said the law would "save lives and dollars" and would aid health reform efforts by reducing tobacco-related health care costs.

The law bans the use of cigarette additives or flavoring such as strawberry or grape that many public health advocates have said has been used by tobacco manufacturers to make smoking more appealing to minors. The law also prohibits tobacco companies from using descriptors such as "light" or "mild."

Additionally, the bill calls on the FDA to consider fast-tracking the approval of new smoking-cessation products.

The new law also aims to prevent youth smoking by placing restrictions on outdoor tobacco

advertising within 1,000 feet of schools and playgrounds, as well as on tobacco-product sponsorships of entertainment and sporting events.

Cigarette packs themselves will also be designed to deter smoking. Under the law, about half of the front and back of the package will be taken up by the warning label.

Manufacturers can choose from a selection of warnings such as "WARNING: Smoking can kill you" or "WARNING: Cigarettes cause cancer."

These types of restrictions on advertising and labeling will help chip away at some of the ways tobacco companies have successfully created an aura of "cool" around smoking, said Danny McGoldrick, vice president for research at the Campaign for Tobacco-Free Kids.

Physician groups hailed enactment of the new law. "The new law represents an important break from the past, as it signifies broad acceptance that nicotine is a drug harmful to people's health," Dr. J. James Rohack, president of the American Medical Association, said in a statement.

The American College of Physicians also praised the new law. Dr. Joseph W. Stubbs, ACP president, said it was "high time" the government began to regulate tobacco products, which contribute to so many chronic illnesses. Dr. Stubbs said that he hopes that the law will lead to stronger efforts related to smoking cessation.

One of the ways the FDA will be able to use its new authority to assist in smoking cessation is by regulating the in-

redients in tobacco products. But finding the best way to do that may take some time, said Erika Sward, director of national advocacy for the American Lung Association.

Under the law, for example, the FDA is gaining the authority to reduce the amount of nicotine in cigarettes but scientists don't yet know if that would only lead people to compensate by smoking more, she said.

Aside from the concrete elements of the law, Ms. Sward said she hopes the law will also help people understand that tobacco addiction is powerful and that most people can't quit "cold turkey."

It's important for physicians to talk to patients repeatedly about the need to quit smoking, she said. ■