Health Reform '09: Major Overhaul–Or Not?

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WASHINGTON — Can President-elect Barack Obama really shepherd through major health reform? Not until the Medicare physician payment system gets fixed, according to Robert Laszewski.

"How do you plan a health care budget in Medicare and the private sector for years on out if you haven't agreed on how you're going to pay the doctors?" Mr. Laszewski said at a conference on the impact of the November elections sponsored by Congressional Quarterly and the Public Affairs Council.

Unfortunately, many obstacles lie ahead before the payment system can be fixed, said Mr. Laszewski, president of Health Policy and Strategy Associates, a health care consulting firm. "The primary care physicians are clearly underpaid, and a lot of people think that specialists are overpaid."

Although everyone agrees that the Medicare payment system needs to be reformed and that Medicare costs need to be trimmed, "the problem is, who's going to give up the money?" he continued. "The definition of physician payment reform is to pay the primary care physicians more and pay the rest of us more, and that's not going to fly."

Congress can't keep making temporary fixes, Mr. Laszewski said, because a fix that lasts for, say, 3 years will be followed by a 36% fee cut because of the way the Sustainable Growth Rate (SGR) payment formula works.

In the meantime, analysts and legislative aides are considering whether smaller health reforms might be possible.

"Do you have to do something big?" asked Robert Blendon, Ph.D., professor of health policy and political analysis at the Harvard University School of Public Health. "I believe not, but it has to be something that looks like a big down payment."

And policy makers have to be clear about what their overall goals are, said Christine Ferguson, J.D., of the department of health policy at George Washington University, Washington. "There is a group of people who want to use health reform to improve health outcomes; another group that wants to control costs [in terms of] the percentage of gross domestic product that goes to health care; and a third group that wants to protect people from high [out-of-pocket] costs," she said. "So it's very important we're very clear about which of those goals we're trying to achieve."

Rather than passing a major health reform bill right away, the panelists suggested that President-elect Obama could urge Congress to pass a package of smaller reforms, which could include less-controversial items as expanding the State Children's Health Insurance Program (SCHIP), setting up a cost containment board to come up with ideas for reducing health spending, and helping individuals and small businesses buy health insurance—possibly by giving them subsidies to help pay for it.

"These items are all no-brainers," according to Mr. Laszewski.

But some Senate Democrats are looking to take a more aggressive approach. Sen. Edward M. Kennedy (D-Mass.), who chairs the Senate Health, Education, Labor and Pensions Committee, wants to craft comprehensive health reform legislation that follows the framework of the Obama plan, said Michael Myers, staff director for the committee.

"With the Obama victory, the question is no longer whether we'll pursue comprehensive health reform but when and exactly what form," Mr. Myers said during a postelection briefing sponsored by the advocacy group, Families USA.

While there are many health reform proposals circulating on Capitol Hill, the best chance for success is a single-bill strategy, Mr. Myers said, and Sen. Kennedy is urging fellow Democrats to unite behind the proposal from President-elect Obama.

No legislation has been drafted yet, but whatever comes out of the Congress will need to address both the cost and quality of health care and expanding coverage to the uninsured, Mr. Myers said.

The interest in achieving comprehensive health reform and the cooperation among stakeholders is higher now than at any point in the last 25 years, said Ron Pollack, executive director of Families USA. "There's a very significant likelihood that meaningful health reform will be a top and early priority for action in the 111th Congress," Mr. Pollack said. ■

Mary Ellen Schneider, New York Bureau, contributed to this report.

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