Obama Plan Would Leave Employer System Intact

BY MARY ELLEN SCHNEIDER
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With Sen. Barack Obama (D-Ill.) set to become the Democratic Party's presidential nominee this month, health care experts are once again scrutinizing his plans to reform the health care system.

The centerpiece of Sen. Obama's plan is a public-private system that would allow people to remain in their employer-sponsored health plans while offering the uninsured the chance to purchase either a private or government-sponsored plan.

For the government-sponsored plan, the proposal uses as a model the Federal Employees Health Benefits Program—the system available to federal employees and members of Congress.

For individuals and families who want to purchase insurance on the private market, Sen. Obama is proposing to create a National Health Insurance Exchange through which they could enroll in either the new government-sponsored plan or purchase a private plan.

All plans offered through the exchange would be required to offer at least the same coverage as the government-sponsored plan and adhere to the same standards for quality and efficiency.

Employers also would have a role to play under the Obama plan. Those employers that do not offer or contribute to employee health coverage would be required to pay a percentage of their payroll toward the cost of the government health plan. There would be an exemption for some small employers under the proposal.

The Obama proposal also calls for expanding eligibility for Medicaid and the State Children's Health Insurance Program.

Under the proposal, the government would offer subsidies to individuals who do not qualify for Medicaid or SCHIP but still needed financial assistance to purchase health insurance. Sen. Obama also would guarantee that no American could be turned down for health insurance because of illness or a preexisting condition. However, his proposal stops short of requiring all Americans to purchase coverage. Instead, the plan mandates coverage for children only.

The other half of Sen. Obama's plan is aimed at reducing premiums and decreasing overall health system costs. For example, he would target the catastrophic health expenses that account for a significant portion of the costs incurred by private payers. Under his plan, the federal government would reimburse employer-sponsored health plans for a portion of the cost of catastrophic health events above a certain threshold. In exchange, the plans would have to use the savings to reduce the cost of premiums.

Election 2008

Cost control also is addressed in the Obama plan, with electronic health records playing a big role. The candidate proposes to spend $10 billion a year for the next 5 years in an effort to encourage adoption of EHRs. The idea is that the investment would reap savings through increased efficiencies since paper records are more costly to store and process than are electronic ones, according to the Obama campaign. The plan also seeks to control costs through greater regulation of insurance companies and by allowing the federal government to negotiate drug prices.

The Obama campaign estimates that, if implemented, the reforms they are proposing would save the average family about $2,500 a year in medical expenses.

"I want to wake up and know that every single American has health care when they need it, that every senior has prescription drugs they can afford, and that no parents are going to bed at night worrying about how they'll afford medicine for a sick child," Sen. Obama said in June during a health care town hall meeting in Bristol, Va.

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Sen. Barack Obama estimates his plan would save the average family $2,500 per year.

If elected, Sen. Obama has pledged to implement his health care proposal by the end of his first term as president.

But the plan continues to face critics on the left and the right. Grace-Marie Turner, president of the Galen Institute, an organization that favors free-market approaches to health care, said she is concerned that the government-sponsored program would be underpriced and crowd out the private insurance options the same way that Medicare has crowded out private insurance in the over-65 market.

"That is not a level playing field," said Ms. Turner, who also is an adviser to the presidential campaign of Sen. John McCain (R-Ariz.).

Sen. Obama's approach is really a "backdoor" to getting everyone on a government-funded health plan, she said.

Ms. Turner also criticized Sen. Obama's plan to have the federal government take on a portion of the costs of catastrophic health costs in employer-sponsored health plans. This type of approach would require the government to be heavily involved in auditing health care expenditures, she said.

Sen. Obama's plan also faced criticism from the left. Dr. Don McCanne, a senior health policy fellow with Physicians for a National Health Program, said the plan "falls far, far, short."

Dr. McCanne said he objects to the plan because it continues to use the private health insurance industry as part of the structure. His organization favors the elimination of private plans and the creation of a single public program for health care.

The concern with providing a government-sponsored plan in competition with private plans is that it would be subjected to adverse selection and the premiums would become unaffordable, Dr. McCanne said.

Sen. Obama also has been vague about subsidies, requirements on businesses, and the interaction of the public and private plans, said Len Nichols, director of the health policy program at the New America Foundation, a nonpartisan public policy institute. However, that murkiness may be appropriate since members of Congress will be the ones to refine the details of any health care reforms, he said.

And Sen. Obama's plan is likely to get a warm reception in Congress next year, Mr. Nichols predicted. Unlike in 1992, there has been far more "plowing of the ground," he said. The debate over SCHIP has started the conversation about the need for universal coverage.

Naomi P. Senkeeto, a health policy analyst at the American College of Physicians, agreed that there are reasons to be optimistic about health reform passage this time around.

While much depends on the new president and the makeup of Congress, it is increasingly clear that how the reform will look will also depend on how quickly the issues are taken up following the inauguration. There is a growing sense that given all the competing priorities, if health care is not addressed in the first 100 days it will be increasingly difficult to pass. "It's really important to hit the ground running," Ms. Senkeeto said. ■

Medicare Advisers Protest Agency's Plan to Publish PQRI Data

BY JOEL B. FINKELSTEIN
Contributing Writer

WASHINGTON — A panel of Medicare advisers warned agency officials against moving forward with a proposal to make public a list of doctors participating in a voluntary federal quality reporting effort.

The Physician Quality Reporting Initiative was created under a provision of 2006 tax relief and offers physicians a 1.5% Medicare bonus for sending data on several quality measures to the Centers for Medicare and Medicaid Services. So far, about 16% of Medicare participating physicians have elected to participate in PQRI, although about half of those who are not participating see fewer than 50 Medicare patients a year, according to agency officials.

"We have had in place for a number of years public reporting of quality information and now cost information for a number of settings, hospitals most prominently, dialysis facilities, nursing homes, and home health agencies," Dr. Barry Straube, CMS chief medical officer, said at a meeting of the Practicing Physicians Advisory Council. "The agency, the [Health and Human Services] department, the White House, [lawmakers], and many consumer advocates and employers would like for us and everyone to start focusing more on physician office public reporting."

Dr. Straube announced at the meeting that the CMS was considering whether to publish the names of physicians who have agreed to participate in the PQRI as well as to indicate whether those physicians were paid the incentive, a proxy for whether they met or exceeded the agency's reporting requirements.

That proposal didn't sit well with several PPAC members. "I'm concerned that you are taking these PQRI data that were presented to the physician community for one reason and now you're taking that information garnered out of that and you're going to put it on a Web site," said Dr. Tye Ouzounian, an orthopedic surgeon in Tarzana, Calif.

Publishing the names of PQRI participants could create a public perception that physicians who are not on the list are not quality providers, he told Dr. Straube.

The perception might be even worse for those physicians who chose to participate, but were not able to fully comply, said Dr. Fredrica Smith, an internist in Los Alamos, N.M.

"It's not that they are not listed as having participated. They are listed as participating and failing, which has horrible implications," said Dr. Smith. A solo practitioner, Dr. Smith said that she spent 1-2 hours a week trying to comply with the reporting requirement only to be left confused by them.

CMS officials told the council that they were applying the reporting requirements flexibly and that they expected most physicians who chose to participate to receive the incentive payment.

Despite such assurances, PPAC recommended that the CMS give physicians and their colleagues enough lead time to consider whether they want to participate in the initiative, knowing their participation will be published, before that information is made available to the public. "If you are going to put [those] data up there, you need to advise the physician community, with ample notice," Dr. Ouzounian said.

Dr. Straube said he understood council members' concerns, but that it was inevitable, given the push for transparency, that such information will some day be made public. "I suspect that this is going to happen sometime in the future. I don't see how the physician office setting will not have some need to be publicly accountable," he said. ■