# Edwards Proposes Tort Reform, Universal Coverage

BY JOYCE FRIEDEN

*Senior Editor*

WASHINGTON — According to Democratic presidential candidate and malpractice attorney John Edwards, the best way to solve the malpractice insurance crisis is to put the onus on … the malpractice attorneys.

Election 2008

The former senator from North Carolina spoke at the first of a series of health policy forums with presidential candidates sponsored by Families USA and the Federation of American Hospitals.

"I think that the bulk of the problem is created when cases are filed in the legal system that should never be there," he said. "The result is years of litigation and costs incurred by the health care provider that should not have been incurred. What I would do is put more responsibility on the lawyers."

In Sen. Edwards' ideal world, before a medical malpractice case could be filed, the plaintiff's lawyer would have to conduct a complete investigation, which would include independent review by at least two experts in the field "who determine that the case is, first, meritorious, and second, serious," he said. "Then you require the lawyer to certify that that has been done as part of the filing. … If they fail to certify, the lawyer should bear the cost. If they do it three times, it's three strikes and you're out; you lose your right as a lawyer to file these cases."

The bigger topic at the forum, though, was covering the uninsured. In February, Sen. Edwards unveiled a universal coverage plan, which calls for expanding both the State Children's Health Insurance Program and Medicaid, and for keeping Medicare in place. Employers would be required either to provide coverage to employees or to contribute to a system of regional Health Care Markets—nonprofit purchasing pools offering a choice of insurance plans. At least one of the plans would be a public plan based on the Medicare program.

Once the markets were set up and other provisions put in place—including tax credits to help people purchase policies and limits on premium contributions for low- and moderate-income families—an individual mandate would go into effect requiring all citizens to obtain health insurance. The penalty for people who didn't sign up for coverage would likely be "losing your individual tax exemption or some [other] tax consequence for not signing up," Sen. Edwards said at a press conference after the forum. "Anybody who comes into contact with the health care system or any public agency will be signed up. If you go into the emergency room and are not part of the system, in order to get care you will be signed up."

To help save costs in Medicare, Sen. Edwards said that beneficiaries should have a "medical home" with a single provider responsible for coordinating chronic care "so we don't have overlapping care or unnecessary care."

He also said that he favors three steps to lower the cost of prescription drugs in the Medicare program: using the bargaining power of government to negotiate prices with pharmaceutical companies, allowing prescription drugs to be "safely imported" into the United States, and "[doing] what we can constitutionally to control drug company ads on television."

This universal coverage plan "was not intended to take us from where we are today directly to [a single-payer system]," Sen. Edwards said at the forum. "It was intended to allow Americans to decide whether they want government-run health care, or whether they want to continue the private system they have today."

He noted that there are "real benefits to single-payer [systems]. The administrative cost associated with [government-run systems like] Medicare is 3%-4%, compared with 30%-40% profit and overhead in private insurance companies." But some people hate single-payer systems like those in Canada and the United Kingdom, and they say that people have to wait too long for some procedures, he added.

"We're going to let Americans make that decision" by choosing which type of plan they prefer, he said. "Over time, we will see in which direction this system gravitates. It will be an extraordinary American model for what works and what doesn't work."

> **One way to lower drug prices would be to allow prescription drugs to be 'safely imported.'**
>
> **SEN. EDWARDS**

Sen. Edwards said that the cost of his plan was estimated at $90 billion to $120 billion, and that he would pay for it by rolling back tax cuts for Americans making more than $200,000 per year.

A reporter asked Sen. Edwards about the differences between his plan and that of Sen. Hillary Rodham Clinton (D-N.Y.), another Democratic presidential candidate. Sen. Clinton released her plan in September, and it contained many provisions similar to Sen. Edwards' plan, such as an array of private plans for people to choose from as well as a public plan similar to Medicare.

"One difference [is] how big a priority you made this and how early you came out with a comprehensive plan," he said. "It's a huge priority to me, and I will not bend on universal [coverage].

"Sen. Clinton appears to believe that you can take money from health insurance and drug company lobbyists and sit at the table with them and negotiate a compromise. I absolutely reject that. The way you get it done is to convince the American people about the rightness of what you want to do," Sen. Edwards said. ■

### Editor's Note

*This look at the health care proposals of former Sen. John Edwards (D-N.C.) is the first in an occasional series highlighting the health policy views of those seeking to be our next president. Each article is based on a 1-hour health policy forum with an individual candidate held at the Kaiser Family Foundation in Washington, and sponsored by Families USA and the Federation of American Hospitals. Forums that have been announced so far feature Sen. Hillary Clinton (D-N.Y.), Rep. Dennis Kucinich (D-Ohio), Sen. Joe Biden (D-Del.), Sen. John McCain (R-Ariz.), Sen. Christopher Dodd (D-Conn.), former Gov. Mike Huckabee (R-Ark.), Gov. Bill Richardson (D-N.M.), and Rep. Ron Paul (R-Tex.).*

# Tiered Drug Plans Have Reduced Both Prescription Cost, Use

BY MARY ELLEN SCHNEIDER

*New York Bureau*

Cost containment strategies, such as tiered drug plans, reduce overall prescription drug utilization and increase the use of generics, according to an analysis of prescription drug use by Medicare-eligible retirees.

But even with decreased utilization, individuals enrolled in three-tiered drug plans, which charge higher copayments for certain medications, spent more money out of pocket than did individuals enrolled in single-tiered plans.

The study, conducted by researchers at Mathematica Policy Research Inc. and RTI International, included 352,760 Medicare beneficiaries with employer-sponsored drug coverage and dependent spouses aged 65 or older.

The researchers analyzed five employer-sponsored drug plans: two with a single copayment tier, and three with a three-tiered structure.

The study is further confirmation that the retiree population is sensitive to price, Boyd H. Gilman, Ph.D., one of the study authors and a senior researcher at the Cambridge, Mass., office of Mathematica, said in an interview.

"They do respond to price, but we don't know what that means in terms of health outcomes," he said.

On average, individuals in single-tiered plans filled 46 prescriptions a year, compared with 38 prescriptions among those enrolled in three-tiered plans. But enrollees in singled-tiered plans used fewer generics, the researchers found.

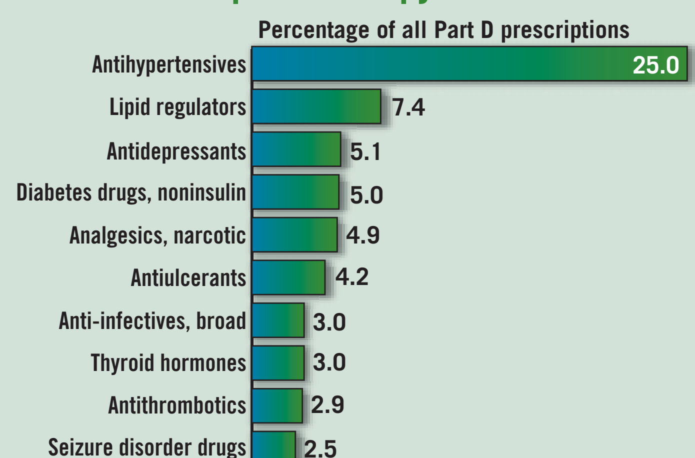
Nearly 39% of the drugs purchased under single-tier plans were generics, compared with nearly 44% in three-tiered plans. Both findings were statistically significant. The average annual expenditures by the drug plan per enrollee were higher in single-tiered plans. In contrast, enrollee out-of-pocket costs were higher among those enrolled in three-tiered drug plans, despite their lower drug utilization.

Drug plans spent about $1,943 per individual in single-tiered plans, versus $1,354 in three-tiered plans.

Individuals enrolled in single-tier plans spent about $245 a year, compared with $469 spent by individuals enrolled in multitiered plans. These results were also statistically significant.

When they examined trends among individuals who filled prescriptions for chronic conditions, the researchers found that cost containment strategies had less of an effect on prescription drug use. Total expenditures and the number of prescriptions filled were still lower among beneficiaries enrolled in three-tiered plans, but to a lesser extent than when these individuals filled prescriptions for episodic care.

The findings were published online on Sept. 11 in the journal Health Services Research (Health Serv. Res. 2007 Sept. 11 [Epub doi:10.1111/j.1475-6773.2007.00774.x]). The study was funded by an internal grant from RTI International. ■

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