

The Health Care System's "Perfect Storm"

By Sue Sharpe

The Whatcom Alliance for Healthcare Access formed in 2003 because of a number of troubling local trends:

- Nearly 100% of *private* PCP's closed their doors to new Medicare/Medicaid patients. At the same time there was a need for over 20 new M.D.'s. to meet local demand.
- When access is limited people go to the ER. Since 1998 the % of low income (Medicaid) and uninsured visits to the ER has grown to 42% of all visits...a 33% increase
- 27% of local low-income residents are uninsured, 14% could not get needed health care in 2002.

The Alliance is working to improve local health care access but as we work on strategies to improve outreach for the uninsured, increase specialty care access and look at ways to recruit needed new physicians we can't help but ask..."Is it enough?" and the answer is probably not.

There are many in the Alliance and throughout the country that believe the health care system has entered the "Perfect Storm", where forces that have been building for decades have come together to threaten the viability and sustainability of the health care system.

This "storm" is driven by three contributing factors: 1) growing and out of control costs, 2) eroding access even for people with health insurance and 3) lack of any cohesive sound public health policy.

#1. *The issue of rising costs:* Businesses are experiencing double digit increases in their health insurance every year and as benefit costs skyrocket, employers cut health benefits, shift more costs to workers...or drop insurance all together. As much as 15% of the American people do not have health insurance and that number is growing. But what is driving these costs?

According to a study done by Price Waterhouse prescription drugs and medical advances account for 22% of the increase, government mandates and regulation another 15%, increased consumer demand caused by an aging population and media driven utilization (the "purple pill") accounts for 15% and then litigation and risk management. The result is that a growing percentage of the health care dollar is going to administration, technology and pharmaceuticals and less for direct patient care.

#2 Eroding Access - Rising costs mean that the number of people without access to affordable health care coverage is growing. But what is more troubling is that there are more and more patients who can't find a doctor even if they have insurance.

In Washington State the majority of primary care physicians are not accepting *new* Medicare and Medicaid patients and the state is experiencing a growing physician shortage at a time when the need has never been greater.

Costs to run a physician office practice are escalating and not being reimbursed. Some of the greatest challenges for private physicians include medical malpractice rate increases, the growing burden of insurer and government paper work and the need for costly information technology to support these requirements.

Many physicians are experiencing a decline in reimbursement at a time when their costs are growing. The largest purchaser of health care, Medicare, cut payments to providers 5.4% in 2002 and proposed but did not implement another 4.4% cut in 2003. Recent Medicare legislation prevented further cuts but did not to address past loses.

#3. Lack of Sound Public Health Policy. There is a common belief in this country that we have the best health care system in the world.

According to a 1999 study by the World Health Organization the United States had the costliest health care system on a per capita basis in the world at \$3,724. The next closest was France at \$2,125 and Japan at \$1,729.

What is more alarming than the cost is the fact that in the same study the United States ranked 37th in terms of the health and well being of its people measured by such factors as infant mortality rates and incidents of chronic diseases. France on the other hand ranked #1 and Japan #10.

What stands in the way of making constructive policy change? A lack of a collective vision or health policy goal.

We have no goal to provide access to basic health care services regardless of one's employment. Most policy changes don't address overall access but make changes in benefits and payments which are most responsive to special interests and usually further fragments access.

There is tremendous investment and special interest influence on maintaining the status quo. The recent passing of the Medicare pharmacy bill is a good example. This bill did not address reimbursement shortfalls that are making it difficult for Medicare patients to see a doctor but provided pharmacy benefits that are estimated to result in \$13 billion in profits to drug companies a year while at the same time prohibiting the government (the largest purchaser of health care) from using its purchasing power to negotiate drug prices with the pharmaceutical firms.

So if we are in the eye of the “Perfect Storm” what can be done? The Alliance believes that the following steps are important:

- 1. Implement policies that assure coverage of basic health services for all residents**
- 2. Maintain a strong network of community providers that supports**
 - Effective recruitment and retention practices
 - Reasonable malpractice insurance premiums
 - Fair and adequate reimbursement
- 3. Promote cost effective practices** that streamline administrative procedures and removes barriers to implementation of innovative local access solutions.
- 4. Promote personal responsibility by implementing incentives** for adopting a healthy lifestyle and the use of responsible and informed health care access choices
- 5. Require participation and investment by all parties who use and benefit from the system including** government, employers and individuals as a way to finance basic services for all.

As the Alliance moves forward on their objectives we welcome your involvement. Check out our web site at www.whatcomhealthalliance.org or call the St. Luke’s Foundation at (360)671-3349 and they will forward your questions or comments to the Whatcom Alliance for Healthcare Access.