



HEALTH CARE REFORM:
STRATEGIES TO CONTAIN COSTS,
IMPROVE QUALITY AND EXPAND COVERAGE

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INTRODUCTION

My mother died of leukemia. She struggled through painful treatments and her last months were a sad and stressful time for our entire family. My family and I spent day after day at the hospital trying to distract my mother from the constant pain. We were fortunate to have very good insurance and, as such, she received the best care possible. However, millions of Americans today are not as fortunate. Forty-seven million Americans lack coverage, and many of those who do have coverage are paying higher premiums and receiving lower quality care.

Though Massachusetts has some of the best doctors, nurses and other caregivers in the world; our local and national health care system costs too much and covers too few. We are flooded with ad after ad for new and improved drugs and procedures that promise to make lives better, but climbing costs put basic coverage beyond the reach of millions. The status quo is unaffordable and a moral disgrace.

We can no longer afford to wait for meaningful health care reform. I believe that national health care reform should have three principal goals: expanding health insurance coverage to those who today lack it; improving the quality of health care for all; and containing costs. The legislation currently working its way through Congress takes steps toward these goals, but is only a starting point. Even if President Obama signs a final health care reform bill, federal and state governments will need to work with doctors, hospitals, nurses, insurers, and consumers to improve a complex system that badly needs repair.

Promoting affordable, quality health care has been one of my top priorities as Attorney General, and it will continue to be a top priority of mine in the Senate. The goal of containing costs is the most difficult of my three goals, and the most urgent for Massachusetts. Many of the critical strategies for curbing costs are based on improving quality. I believe that national efforts should draw on lessons that we have learned in Massachusetts.

PROVIDING INSURANCE FOR ALL

Today, 97% of Massachusetts residents have health insurance, the highest rate in the nation. Through Massachusetts' landmark health reform law, we have increased the number of people who have insurance. We achieved this by building consensus with the business community, doctors and hospitals, insurers, and most of all, health care consumers.

The national figures present a stark contrast to our successes here in Massachusetts. More than 47 million Americans today have no health insurance. Many Americans don't even receive basic check-ups, never mind other needed care. As a result, they experience more pain, are less productive at work, and take more sick days. When they do receive care, it is often in a hospital emergency room, which is more expensive and less efficient. The health care they receive is not free – the costs are passed along by hospitals and doctors to taxpayers and private insurers.

National health care reform must move toward coverage for all. I agree with the basic elements in bills pending before Congress to achieve this goal: a mandate that individuals obtain coverage; an expansion of Medicaid coverage for the poorest people; new subsidies for those who are not eligible for Medicaid yet cannot afford the full cost of insurance; and employer shared responsibility to help extend coverage to all.

I also support a strong public insurance option as an important way to achieve more widespread insurance coverage. Such a public plan would provide individuals with greater choice and likely offer more affordable coverage. A public option would also create competition in the insurance market, further driving costs down.

It is not enough, however, for everyone to merely have a contract with an insurance company. Particularly with an individual mandate, federal and state government must enforce strong consumer protection measures to ensure that those contracts translate into quality coverage. We cannot allow insurers to deny coverage based on pre-existing conditions or by making false marketing promises. In some states, insurers have denied victims of domestic violence coverage. This is unacceptable and we must not stand for it.

As Attorney General, I have stood up to unfair and deceptive conduct by insurers. I reached an historic \$17 million settlement with MEGA, an insurance company that misled consumers and unfairly denied coverage, and was also successful in banning the company from selling policies in Massachusetts. In the Senate, I will fight for strong consumer protections and continued state enforcement authority to ensure that when people pay for insurance coverage, it is quality, meaningful insurance that meets its promises and covers critical human needs.

HEALTH CARE COST TRENDS UNSUSTAINABLE

Current trends in U.S. health care spending and health care premiums are unsustainable – for the state and federal government, for employers and for families. Health care spending in Massachusetts and across the nation has been rising faster than inflation, wages and per capita gross domestic product. In recent years, consumers in Massachusetts have seen their health insurance premiums increase an average of 9% each year. Health care spending accounts for a significant and ever-increasing percentage of household, business, state and federal budgets.

Yet, even as Americans spend more, they are not necessarily getting the value they deserve. Studies have found that the quality of care in the U.S. is no better than in our peer industrialized countries with much lower spending. Moreover, it is estimated that fully 30% of our health care spending is wasted on unnecessary services and over-treatment.

Health care reform cannot truly succeed without turning the tide on escalating costs. Any gains in access will be lost if we do not implement complementary cost containment strategies. Such strategies must be directed toward improving quality and delivering value to consumers.

There is no easy, quick fix to health care cost escalation. Tackling the complexities of health care financing and reimbursements will not be easy. But, I am prepared to roll up my sleeves and bring all of the players to the table to address these problems. We must engage health care providers, insurers, economists and consumers to develop workable solutions. As Attorney General, my office has been deeply involved in a variety of cost containment initiatives. Our

approach has been to consult with the top experts and to search for creative, systemic reforms that will improve a very complicated health care delivery system.

STRATEGIES TO CONTAIN COSTS & IMPROVE QUALITY

Based on my work as Attorney General in Massachusetts, I believe the following strategies to contain health care costs and improve care are critical.

CHANGE PAYMENT INCENTIVES

For perhaps the greatest impact on cost growth, the incentives in the way we pay for health care services must be changed so that volume and complexity are no longer rewarded. Instead, payment incentives should be aligned with quality outcomes and efficiency. Providers should be rewarded for keeping people healthy, not simply for treating them after they get sick. Such a change in the payment methodology will help eliminate unnecessary and overly intensive care, without harming consumers or denying appropriate services.

I support efforts to develop alternative payment methodologies for both government and commercial payers, such as global, bundled or episodic payments. For example, I have been working with state agencies in Massachusetts to consider transitioning to a global payment model in which an “accountable care organization” provides health care to patients under a global budget, creating incentives for better coordination of patient care across care settings. The federal government should aggressively pilot and test the feasibility of similar models. I will work to ensure that implementation of any such model takes into account consumer protections and market imbalances, incorporates quality benchmarks and has appropriate oversight.

TRANSPARENCY

We must increase transparency of health care quality and cost information. While there have been tremendous advances in quality studies in recent decades with both government and non-government collection efforts, we must do more to improve quality measurement. As United

States Senator, I will press for the development of a standard set of core quality measures to be used by all health care providers and payers to facilitate uniform collection and reporting of performance data.

Likewise, I will promote mechanisms for public reporting of health care cost information using fair methodologies that allow true comparisons. As Attorney General, I have actively supported the work of the Massachusetts Health Care Quality and Cost Council, which has been a leader in transparency efforts. The Council developed a website that posts cost and quality data for Massachusetts providers to help consumers make more informed choices about where they receive care.

Making quality and price information public will promote greater accountability of health care providers, encourage payers to reward quality and efficiency, and enable consumers – both individuals and employers – to make better-informed choices for their health care services

IMPROVING QUALITY AND SAFETY

Consumers deserve safe and effective care. Government, providers and health plans must work together to improve quality and patient safety and reduce unnecessary costs in the system. For example, reducing preventable readmissions, hospitalizations, and emergency room visits will not only lower costs but also improve patient quality outcomes. In many cases, we know, based on expert research, what should be done to ensure patient safety. We must do more to make sure providers implement basic safety protocols to avoid patient harm.

As Attorney General, I have worked with the Betsy Lehman Center for Patient Safety and the Reduction of Medical Errors to tackle issues such as the prevention of hospital-acquired infections and the improvement of hospital-to-home transitions. Many of these issues can also be effectively addressed through payment policies. For example, Massachusetts now has a state law that prohibits payment for all serious reportable events (SREs) which are significant preventable errors such as wrong-site surgery. I support efforts to curb SREs and hospital-acquired infections and I believe government can play a significant leadership role in identifying other areas for potential savings.

ADMINISTRATIVE SIMPLIFICATION

Our current health care system features notoriously complex and uncoordinated payment systems and administrative processes that contribute to overall system costs. Time spent by hospitals and doctors on billing and coding takes away from direct patient care. Higher health plan administrative expenses mean higher premiums. Consumers deserve their health care dollars to be spent on health care – not on bureaucracy.

I support efforts to encourage standardization to reduce administrative costs in health care, such as requiring the development of uniform administrative systems (such as for billing, claims processing, credentialing, etc.) to reduce the transactional costs between health plans and providers. Such efforts could lead to significant savings, an estimated one-sixth of the growth in health spending.

SYSTEMS DELIVERY CHANGE

We should encourage better integration of care and improve access to primary care. I support investments in Health Information Technology (HIT) to facilitate patient information sharing, reduce administrative costs and improve care delivery. In the Senate, I will push for innovative strategies for payment for primary care and explore models such as medical homes as ways to improve chronic disease management. We should also encourage consumers to seek care at cost effective primary care providers, such as nurse practitioners and community health centers. Of course, in all of these efforts, we should find ways to reduce health disparities for racial and ethnic minorities.

PRIMARY CARE AND PREVENTION

In Massachusetts and nationwide, graduates from medical schools disproportionately choose careers in various specialties rather than primary care. Yet we know that primary care doctors are a critical part of our system – they help with chronic disease management and develop personal

relationships with their patients, giving them the unique ability to help those patients live healthier lives. Just as Massachusetts has explored ways to expand the availability of primary care providers, national reform must focus on this issue as well.

I strongly support efforts initiated by Senator Kennedy to expand investments in wellness and prevention programs. Chronic illnesses, some of which are preventable, are expensive. Private industry spends billions of dollars on advertising that encourages people to indulge in unhealthy habits. Government and private programs must balance those messages with a strong campaign and incentives to promote physical fitness and healthy lifestyles, especially for youth and others at risk.

FUNDING FOR MASSACHUSETTS HEALTH CARE AND RESEARCH

Lurking in the complex health care debate in Washington is a hidden threat that some will press major cuts to our teaching hospitals through adjustments to Medicare rates. In the Senate, I will oppose federal funding cuts aimed at our state's health care providers, which would jeopardize the progress we have made in covering the uninsured. I will also focus on preserving Medicare for future generations. I will support funding for the research and development of new protocol and treatments that will cure disease and illness, mitigate suffering, and save us health care dollars in the long run.

END OF LIFE

In attempting to improve quality and reduce costs, various officials and experts have offered good faith ideas across the board, including ideas to address the controversial issues related to end-of-life care. Studies show that a very large portion of our national health care costs go towards caring for very sick patients in the last months of their lives. Over the past summer, some commentators and Republicans have falsely and irresponsibly accused President Obama of supporting "death panels," when in fact the administration and others have looked for appropriate and responsible ways to improve and change end-of-life care.

Ultimately, I view end-of-life care as a matter of ensuring that individuals are able to make their own choices about how they wish to live, and to die. A person with terminal cancer should have the right to request procedures that might extend her life; but she should also have the right to spend her last weeks in a hospice, surrounded by family and able to die with dignity. My mother's own experience highlights how important it is for our system to provide patients at the end of life with information about their options and choices.

End-of-life care is therefore a matter of choice and dignity, not saving money. Health reform should include measures that encourage all adults – healthy and sick – to learn about their options and to fill out health care proxies and other legal documents to ensure that hospitals and doctors respect their wishes. As Attorney General, my office has participated in statewide efforts to create a demonstration program relating to the use of Medical Orders for Life-Sustaining Treatment (MOLST). If these reforms are implemented in the right way, they may end up saving money, but that is not the reason to pursue them.

MEDICAL MALPRACTICE REFORM

Another controversial element of health care reform over the past decades has been the issue of medical malpractice. Although malpractice insurance is expensive, especially for some specialties, many studies suggest that malpractice coverage costs are not a major contributor to the nation's recent increases in health care spending.

As an attorney, I fully realize that our judicial system is often far from perfect, and there may well be ways to improve that way our malpractice rules operate. At the same time, we must take care to ensure that proposed malpractice reform is not merely a veiled attempt to limit the rights of individuals who have suffered grave injuries due to avoidable medical errors resulting from negligence. Medical malpractice reform will be a subject worth close study, and it is important to review the data. It should not be used as an excuse to slow down progress on other critical aspects of health care reform, such as expanding coverage and creating a strong public option.

CONCLUSION

While I am hopeful that a solid health care reform bill will soon be before President Obama for his signature, reform must not end there. The federal government, working with states, private interests, and the public, will need to implement the law and keep working toward reaching challenging but critical goals. I look forward to the opportunity to tackle these issues as a United States Senator to ensure that we continue to build on our progress, apply the lessons learned from Massachusetts health care reform, and keep pushing for a healthier nation.