

Friday, March 26, 2010

Reacting to health reform

Philadelphia Business Journal - by [John George](#) Staff Writer



Business Journal

Dr. John M. Tedeschi of Advocare.

The CEO of the region's largest health-insurance company, **Independence Blue Cross**, thinks the health-care reform legislation signed Tuesday by President Obama does not do enough to address the underlying problems that are causing the cost of health care to increase at twice the rate of inflation.

The senior vice president of the region's largest health system, **Jefferson Health System**, said a lot of uncertainty remains about the bill's impact on providers.

The founder and chairman of one of the region's largest physician groups, Advocare, thinks more needs to be done to emphasize wellness and bring down health-care costs.

All three are reacting to the Patient Protection and Affordable Care Act passed by the House Sunday night.

The landmark health-reform measure seeks to expand health-care coverage to the uninsured by: allowing small business owners and individuals who can't afford coverage to band together to obtain better rates, imposing penalties for those who don't obtain coverage, providing subsidies for low-income individuals and restricting insurers from denying coverage for people with pre-existing conditions.

The legislation requires businesses with more than 50 employees to, starting in 2014, offer health-care coverage to workers or pay a penalty of \$750 a year per full-time worker. Plans will be required to cover both a specific set of services and 60 percent of their employees' overall health costs. Plans with premiums of above \$10,200 a year for an individual or \$27,500 for a family, the so-called "Cadillac" plans, will be subject to a 40 percent tax — to be paid by the insurer — on the premium amount above those limits.

Joseph A. Frick, president and CEO of Independence Blue Cross, said his company "strongly favors comprehensive reform and believes that every American, regardless of health or economic status, should have the peace of mind that comes with having health insurance coverage. In fact, a number of the key provisions in the legislation are changes we have been advocating in Pennsylvania for years, such as eliminating exclusions for pre-existing conditions."

Frick said as the country moves into implementing reform, the focus on making coverage affordable for consumers needs to target primary cost drivers, such as higher priced medical technology, more costly drugs and the increased use of health services caused by a rise in chronic illness.

"And it's also important to slow the growth of health-care costs by emphasizing wellness and preventive care and by aligning incentives to improve health-care quality and efficiency," he said.

David F. Simon, senior vice president of the Jefferson Health System, noted that under the legislation, by 2020, 16 million more people will be enrolled in Medicaid and the Children's Health Insurance Program, and another 24 million people will be covered through the insurance exchanges.

The exchanges will be places where small business owners and people whose employers don't offer insurance can band together in pools to negotiate better rates with health insurers.

“While the coverage expansion should reduce uncompensated care, there is great uncertainty about the bill’s impact because Medicaid notoriously underpays doctors and hospitals, and no one yet knows how these exchanges will be set up and function,” said Simon, a former **U.S. Healthcare Inc.** executive and a former chief counsel of the Pennsylvania Insurance Department. “They need to be carefully implemented to preserve employer-based coverage.”

Simon was particularly concerned about a provision in the legislation that would freeze payment levels to Medicare Advantage plans in 2011 and reduce them in 2012, which he believes will result in dramatically increased monthly premiums. “This will hurt the thousands of Pennsylvania seniors who currently receive comprehensive benefits through these plans, many of whom will have no choice but to drop their plan and their comprehensive benefits,” he said.

He also raised an issue with the requirement that Medicaid pay primary care physicians no less than Medicare-level rates by 2013. “[This] is a commendable recognition of the inadequacy of current Medicaid reimbursements for primary care,” he said. “However, the below-cost Medicaid reimbursements to other providers was not addressed. ... If this causes the states to further reduce the already well-below-cost Medicaid rates, even more providers would refuse to accept Medicaid patients, while others would be forced to seek higher rates from health plans so as to have them subsidize the Medicaid shortfall. That cost-shift would constitute a hidden tax on employers through higher premiums as well as employees in the form of higher payroll deductions.”

Dr. John M. Tedeschi, chairman and CEO of the multispecialty physician group Advocare based in Marlton, N.J., added his own wrinkle to the debate.

“I like the fact that high-risk patients will have the ability to have insurance with pre-existing conditions,” Tedeschi said. “I am not sure how it addresses the cost of insuring high-risk patients and whether it is the responsibility of the citizen or it should be the responsibility of all citizens. Many pre-existing conditions exist because of poor preventative care and poor adherence to national guidelines that prevent many long term illnesses.

“We must address more wellness issues and we must hold those responsible who choose to ignore high-risk circumstance such as smoking and obesity. If it is constitutionally prudent to force all people to have insurance, then it must be constitutionally prudent to have the people adhere to the standards that create long-term wellness.”

Tedeschi was bothered by the political process that preceded Sunday’s vote and Tuesday’s bill signing. “I do not like the fact that those deciding on this bill are unfamiliar with the business processes involved in delivering medicine as well as the nuances involved in the delivery of clinical medical care. It is our elected officials’ responsibility to not only read legislation but to research it for a greater understanding of the topic.”