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*The collective voice of Long Island's
not-for-profit and public hospitals*

A Proposal for Health Care Reform in the United States

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NSHC is the association that represents the 24 not-for-profit and public hospitals on Long Island. Its goal is to enhance health care for all Long Islanders through its advocacy efforts with lawmakers, regulatory agencies, the media, and the public.

Good morning County Executive Steve Levy and Health Commissioner Dr. Hank Chaudhry. Thank you for holding this community forum and for the opportunity to offer input, on behalf of Long Island's 24 not-for-profit and public hospitals, regarding initiatives to reform our national health care system.

No one disputes that our current health care system and the way in which we deliver care is as efficient or as effective as it should be or could be. It is admirable that the incoming administration wants to tackle reform and that it is looking to not only policy makers, law makers, the medical and hospital community, businesses and industry, but to the ordinary American citizen to affect this reform. It is, after all, the American citizen, you and I and every one else in this room, who are the end users of the current system and who will be the benefactors of any reforms.

To achieve meaningful reform, we must base change on a foundation of care delivery that ensures affordability, accessibility, quality, and health coverage for all, paid for by all. This massive reform we all seek must be shared by individuals, business, insurers, and government. Further, a renewed health care delivery system must be based on more consistent provision of primary and preventive-based care. According to the Wellness Councils of America, \$3 is saved for every \$1 spent on wellness and prevention.

Just as there is no quick fix for the economic situation in which this country finds itself, there is no quick fix for our health care system. To ensure it is done right it will take time and sacrifice on everyone's part. The realities of the current economic situation may mean that a complete overhaul of the way we pay for and deliver health care cannot be achieved right away. There are, however, some measures that we can quickly put in

place that will move us in the direction of major reform of the entire system. I offer these suggestions on behalf of Long Island's hospitals:

- **Federal Medical Assistance Percentage (FMAP):** Our economic health is increasingly tied to our nation's health and that is why one must be considered in concert with the other. This is because health insurance is predominantly tied to employment. And as unemployment rises the numbers of uninsured rise. Therefore, the economic stimulus package that the new Congress and President will configure must include an increase in the FMAP percentage to states. This will provide immediate relief to those who most need it. Ideally, a permanent FMAP would ensure stability of this much needed safety net program. In New York, we are facing a \$15 billion deficit over the course of the next 15 months. The Medicaid program has been targeted for massive cuts in order to close this gap. Statewide, the figure is more than \$1.3 billion in cuts and taxes to New York's hospitals. On Long Island, the cuts are in excess of \$64 million to Long Island's hospitals. These amounts double when one factors in the federal matching share. There are now 39 states facing significant budget deficits. An FMAP increase provides our state with an opportunity to mitigate that gap and preserve this program, which has become a safety net for more and more middle-income New Yorkers who have lost their jobs and their employer-sponsored health insurance. In New York alone, the State Department of Health reported a 30% increase in Medicaid applications for the first four months of this year – well before the collapse of the financial market in September and the ensuing

economic downturn. Our hospitals report more individuals resorting to emergency departments for routine care. This is particularly worrisome as we head into flu season, when emergency rooms traditionally see a peak in admissions.

- **State Children's Health Insurance Program.** An expansion of this well established program would be easy to implement and is an important first step toward ensuring that all children have health insurance. Legislation would allow for federal reimbursement to states that expand SCHIP eligibility to families with higher income levels. Once this is accomplished, the benefits of preventive and routine health would pay dividends, as our next generation would enter its adulthood healthier and more knowledgeable about prevention.
- **Health Information Technology.** An immediate investment in health information technology is a sure way to improve safety and outcomes, save money, and create jobs. Interoperability between providers in conjunction with personal electronic health records for every American is an important step toward streamlining and improving the way we deliver care. Special funding for hospitals and regional health information exchanges should be made available through the Agency for Healthcare Research and Quality or the Centers for Medicare and Medicaid Services in partnership with the Office of the National Coordinator for Health Information Technology. Grants that tie information technology to patient safety and quality are necessary to start providers on their way toward incorporating this technology into every day practice. The Congressional Budget Office has reported that savings from health information

technology will only come if it is widespread and achieved in conjunction with other significant reform, primarily the realignment of financial incentives for providers and payers.

- **Medicare Expansion.** Expanding Medicare to allow to those 55 and over to purchase affordable coverage would provide access to care for a population increasingly vulnerable to downsizings and layoffs. Providing coverage for this population now could reduce the burden on Medicare after their retirement. A Harvard Medical School study published earlier this year found that uninsured near-elderly people got sicker at a faster rate than comparable people with insurance. Those disparities were sharply reduced when people turned 65 and became eligible for Medicare.
- **Small Business Buy In.** The U.S. economy is overwhelmingly comprised of small businesses, mostly 50 employees or less, and it has been extremely expensive for this group to afford health insurance coverage for their employees. These employees comprise one component of America's working uninsured. For others who work in lower-paying jobs, they turn to publicly subsidized insurance programs, hospital emergency rooms, and other sources of community delivered primary care. We suggest the administration provide these companies, the backbone of our nation's economy, with the opportunity to buy into the Federal Employees Health Benefit Plan. This established plan has the ability to easily absorb participants, while reasonably spreading covered risk.
- **Prevention and Wellness.** Further, a renewed health care delivery system must be based on more consistent provision of primary and preventive-based care.

According to the Wellness Councils of America, \$3 is saved for every \$1 spent on wellness and prevention. The long term savings inherent in health monitoring, such as blood pressure measurement and other health screenings, has been well documented. However, our current system that is sick care-based rather than well care-based does not motivate individuals to take an active part in their health. Insurers must be required to include basic prevention/wellness services into their coverage plans without a hike in cost to either the employer or the employee. Many states and the federal government have begun to roll out prevention and wellness campaigns and initiatives aimed at educating Americans about ways to better health. New York's Obesity Prevention Program is one example. However, for the prevention model to work, the effort needs to be more unified nationwide.

- **Physician Supply.** Primary care physicians are in short supply. A recent web-based study by the University of California (San Francisco) found that only two percent of U.S. graduating medical students plan to work in primary care. Further, the Health and Human Services estimates that by 2020 we will have 66,000 fewer primary care physicians than the 337,400 we will need. This dearth in physician supply will occur just as millions of American baby boomers enter their senior years and will present with more complex and chronic diseases. By 2012, 78 million baby boomers will turn 65. Our nation's health reform plan must include mechanisms to ensure an adequate supply of primary care physicians. We suggest loan forgiveness and tuition assistance plans that the federal government provides to aspiring physicians willing to commit to primary

care practice for a specified length of time. A residual benefit of such incentive plans would also help support a health care delivery system that must rely increasingly on prevention and wellness programs, if we are to achieve improved health outcomes and cost savings. New York recently instituted a Doctors Across New York Program that follows these parameters.

- **Economic Stimulus:** The national reform movement must take notice of the fact that hospitals are economic engines in their communities. Nationally, they are the largest private sector source of jobs – five million and every dollar spent by a hospital supports more than \$2 of additional business activity in a community. Here on Long Island, the hospital community provides 82,000 jobs. Our hospitals also contribute nearly \$13 billion to our local economy through income tax revenue, direct hospital spending, and indirect spending by employees. The nation has a chance to create jobs immediately and harness the residual economic power of our hospitals by ensuring that regulatory reforms, funding mechanisms, and other oversight does not burden these facilities, but rather empowers them.

If we do not act now to reform our health care system there is a great price our society will pay. In its extreme, the loss or absence of health care coverage leads to greater societal problems, like homelessness, diminished health for individuals, more public health risks for the majority, and higher delivery costs to treat problems in their more advanced and acute stages, because individuals delay or forego health care at the time of disease onset. Another sobering fact is that 27 percent of bankruptcies in this country are

directly related to medical costs. This simply is not tolerated in most other industrialized countries.

The hospitals on Long Island welcome the opportunity to work with the incoming administration on health care reform. It is not only a matter of ensuring health for our citizens, but it is a matter of ensuring economic stability for our nation.