

## HEALTHCARE REFORM: THE RIGHT WAY

Thank you for visiting my Healthcare Reform Blog and participating in the debate.

As a healthcare industry professional, I felt the need to create Healthcare Reform Proposal because I do believe we need reform, but I have not heard much that I have liked. Primarily, I do not believe the “public option” advocated by the House Democrats is the answer (more on that later). My Proposal is founded on the principles of personal responsibility coupled with capitalism, with just enough government oversight to prevent the abuse of power that is now occurring among the insurance carriers.

My perspective in some respects is not unique: I am a husband, father, business owner, tax payer, and, occasionally, a patient. In other respects, it is unique. As the owner of a medical billing service, I see firsthand many of the problems that exist: insurance companies denying coverage without medical or legal grounds; patients not understanding their coverage and incurring avoidable costs; doctors (legally and ethically) performing and billing for every possible fee because reimbursement rates are so low they cannot pay their school loans and malpractice coverage.

My Proposal solves the main problems we face today in healthcare: it guarantees coverage for all Americans (if they wish to have it) and reduces costs, without raising taxes.

The tenets of my Proposal are based on the following:

1. Make individuals responsible for their own health by basing their premiums on it, rather than on age and genetic predisposition.
2. Continue to allow free markets within the insurance industry but add new government regulations to prevent insurance carriers from “cherry picking” the healthy and leaving the sick to fend for themselves.
3. Institute an electronic record system (Electronic Medical Records, aka EMR) that improves communication between doctors, hospitals, pharmacies, patients, and insurance companies thereby improving the quality of care, reducing waste, and illuminating instances of abuse.

### **Our Current System Demands Healthcare Reform**

We need healthcare reform primarily because the insurance carriers, with minimal government oversight, have

- Designed their application process to insure those who are the lowest risk of actually needing healthcare.
- Devised systems to deny coverage to those who need it.
- Raised rates on the people who have no alternative but to succumb.

Fact # 1: If you are diagnosed with a terminal disease, the insurance companies can terminate your coverage if they can determine that you did not provide notice of your condition “as soon as practicable”. Many policies do not specifically define the length of this period so the insurance carrier maintains the flexibility to define it as they choose on a case-by-case basis.

Fact # 2: Insurance carriers can deny coverage of treatment on the grounds that it is not medically necessary or involved experimental or investigative procedures. However, there is no federally mandated definition of these terms so insurance carriers take it upon themselves to define them as they need.

Fact # 3: if you change insurance companies and they deem you have a pre-existing condition, then you are not covered for six months for treatment of that condition. But then they take it a step further: if you do see a doctor about your pre-existing condition, the office staff will verify eligibility. The insurance carrier will verify coverage but will not tell the doctor that your pre-existing condition is excluded. The doctor treats you but then 30 days later they get a letter from the insurance carrier stating it is the patient’s responsibility. Then the patient gets angry with the doctor when they receive a bill. An enormous mess is created by insurance companies not providing critical coverage information.

(Some of you may say that the carrier is within its rights to deny coverage of a pre-existing condition: why should they have to pay for something that did not occur during their coverage period? I address the issue of insurance premiums and how they should be calculated in “Phase 2: Allow Free Markets to Work” section.)

Fact #4: Individuals who purchase insurance are at the mercy of the insurance carriers when it comes to premiums and premium increases. If you lose your job, you are entitled to the same healthcare for eighteen months, although your rates increase without your former employer’s contribution. After eighteen months, new coverage must be found. Because you are no longer employed, you do not have the group negotiating power to get the same coverage at the same price. Your rate increases again. Now, you are unemployed and your insurances rates have doubled because the insurance carriers know you have no leverage. Guess what happens to an individual’s rates when it is time to renew the policy?

Fact # 5: If you are admitted to the emergency room, you must notify your insurance carrier within 72 hours or they will deny coverage. If you stay in a hospital for three days without notifying your insurance, you will be liable for the bill and it will range from \$10,000 to \$200,000. The message from your carrier: “We know you almost died, but you should have made calling us a priority.”

Fact #6: Many health services are denied without prior authorization. However, the insurance carriers do not volunteer authorization requirements when a patient or a doctor calls to verify coverage. Most doctors know to specifically ask if authorization or pre-certification is required. But patients do not know. They receive services, thinking they are covered based on the information the carrier told them. When they receive a bill from the doctor for the full amount of the service, they are rightfully outraged. This is yet another problem that can easily be solved with more transparency from the insurance carrier.

Many of the above problems could be solved by (1) Passing “insurance reform” which would add additional regulatory measures to protect patients and (2) Patients taking more responsibility by understanding their coverage and (3) Instituting electronic health records that can automatically notify carriers, providers, patients, and pharmacies of relevant information.

However, “insurance reform” does not address the escalating costs of healthcare. That is why “healthcare reform” is vital. Regardless, insurance reform is the first step in the process.

## **PHASE 1: INSURANCE REFORM**

### **CONSUMER PROTECTION THROUGH TRANSPARENCY IN COVERAGE AND RATES**

The purpose of Insurance Reform would be to

1. Guarantee individuals the right to private healthcare. I do not propose mandatory healthcare, simply the right to procure it regardless of genetic predisposition, pre-existing conditions, employment status, or any other reason.
  - Coverage cannot be denied to anyone for any reason. This does not mean everyone receives the same quality of care. For example, if you pay a lower rate for healthcare, then you will wait in longer lines to see your primary care physician. You will wait longer to have non-emergency surgical procedures performed. You will receive care from either a recent graduate or from a doctor who is not fulfilling his continuing education requirements. If you pay a higher rate, then you receive care from better doctors, you don't have to wait as long for an appointment, etc. The choice will be each individual's to make.
  - Pre-existing conditions shall be covered.
  - If one's employment status changes, that person has the right to maintain the same coverage indefinitely, although they will no longer be entitled to their former employer's contributions.
  - Genetic predisposition to disease or disorders shall have no bearing on one's ability to obtain health insurance.
  - Insurance carriers would not be able to cancel coverage unless (1) premiums are not paid or (2) the carrier can prove the patient committed fraud when completing the application for coverage.
2. Make the coverage and benefits more transparent. Patients, doctors, pharmacies and hospitals must all be able to easily access coverage information.
3. Simplify the means of calculating premiums. See Phase 2 for more details.

By implementing these changes we will be able to reduce bankruptcies related to medical bills. We will make the insurance carriers responsible for their role in healthcare. Most importantly, every American will be able to obtain health insurance if they so desire.

## PHASE 2: ALLOW FREE MARKETS TO WORK

The basis of this proposal for healthcare reform is simple: make individuals responsible for their own health. Right now, insurance rates are based on mostly on age and genetic makeup. They are not based on an individual's actual health!

I propose regular physical exams/insurance exams where individuals would be evaluated on the state of their health. The exams would occur regularly (biennially perhaps) but would be more frequent for the young, old, and sick (who wish to be re-evaluated).

The insurance exam would consist of:

- Blood pressure, Resting Heart Rate
- Body Mass Index and Body Composition (Body Fat Count)
- Urinalysis
- Cholesterol and Triglycerides screening
- Cancer screening (depending on gender and age)
- Heart, Lung, and Abdomen Evaluation
- Comprehensive Metabolic Panel (CMP) to test Liver and Kidney function
- Flexibility testing
- One-Minute Step Test (to measure cardiovascular endurance)

These test results would evaluate an individual's overall health as well as to assess each individual's risk for heart disease and Type 2 Diabetes. The purpose would be to equate one's insurance rates with one's commitment to personal health. *In essence, if you take care of yourself (i.e. eat a healthy diet and exercise regularly), then your rates will be lower.* According to an article by Steven Reinberg in Business Week, almost 10% of medical costs in this country are directly related to obesity. See the article here [http://www.businessweek.com/lifestyle/content/healthday/629419.html?chan=autos\\_executive+health+---+lifestyle+subindex+page\\_health+news](http://www.businessweek.com/lifestyle/content/healthday/629419.html?chan=autos_executive+health+---+lifestyle+subindex+page_health+news)

Each exam would consist of the above components (note: some of the components are preventative medicine techniques) and a consultation on how the individual could lower their insurance rates.

After your exam, you would be assigned a Health Score. Insurance rates would be based on this Health Score and this alone (with consideration possibly given to the cost of living in different regions). Rates would not be based on age. I know plenty of "old" people who are far healthier than most of the "young" people I know. Additionally, rates will not be based on genetic predisposition as these factors are out of control of the individual. (To the insurance carriers who will decry this "injustice", my response is: all insurance carriers should share the cost of treatment of genetic disorders.)

Disabled people would be exempt from certain physical aspects of this exam. (Disabled as a result of obesity would not be reason for exemption.) In general, basing insurance rates in this fashion would encourage individuals to lead healthier lifestyles. This will reduce each individual's healthcare costs as

well as overall healthcare costs. It will prevent early disability and therefore strengthen our workforce. People that work pay more taxes and purchase more things, in turn strengthening our economy.

### **Choice: The Staple of a Free Market Economy**

Our country was founded by people who fled Europe to avoid religious persecution. They wanted to be able to choose their religion. Freedom of Choice, while not explicitly stated in our Constitution, is inherently American. It is also a requirement to ensure free markets. Free markets are what, ultimately, will reduce our healthcare costs.

Why else is choice important? We should be able to choose our doctors. If we do not have choices then certain doctors or facilities could become monopolistic. (This could easily occur under the “public option”.) Customer service and competitive pricing are not priorities to monopolies. On a more personal level, we should be able to choose who we trust with the health and wellness of ourselves and our families.

I am not opposed to Health Maintenance Organizations (HMOs). If an individual is willing to trade choice for lower premiums, that should also be his/her right.

### **PHASE 3: IMPLEMENTING ELECTRONIC MEDICAL RECORDS**

Throughout history, military leaders have strived for constantly improving communication between their forces so they could most effectively combat the enemy. From Genghis Khan’s flaming arrows to General Custer’s bugles to the Morse code to electronic encryption. Why doesn’t our healthcare system value communication as much?

#### **Case in Point: How Our Healthcare System Works Now.**

You go to your doctor for knee pain. You wait in the office for several minutes while the secretary calls your insurance. The secretary is quoted benefits but there are exclusions and limitations which the carrier will not explain without the secretary specifically asking for them. The secretary informs you that you will owe 20% of the (allowed) costs for today’s visit, but neither you, nor the doctor, have any idea how much that will be. When you see the doctor, he begins asking questions to obtain the necessary history in order to diagnose and treat you. He asks the origin of the condition, other factors that may have contributed to it, and other treatment you have received. After twenty minutes of taking your history (the longer you are face-to-face with a doctor, the more they charge the insurance carrier and therefore you) the doctor learns you have received chiropractic treatment on a few occasions for it. He calls his secretary to call your chiropractor to fax your medical records. The doctor wants to review the x-rays and range of motion tests before making a referral to an orthopedic specialist (or the doctor could choose duplicate the x-rays and tests that were previously performed). The doctor prescribes some pain medication and asks you to call him in a week to determine the next step. You go to your pharmacy and

drop off the prescription. You wait 20 minutes while they fill it. You call your doctor back in a week and you are given a referral to an orthopedic specialist. Now you can call your insurance carrier to obtain the authorization. After waiting on hold for twenty minutes, you are given the authorization. Now you may schedule the appointment. You call the specialist's office and wait on hold because the secretary is getting benefit information for a different patient. You are told they will schedule you for an appointment in two weeks because they need to get the medical records from the referring physician. If the records do not arrive before then, you will have duplicate x-rays taken (for which you have previously paid but will have to do so again).

### **Case in Point: How Our Healthcare System Would Work Using EMR**

You go to your doctor for knee pain. You swipe your Electronic Medical Records (EMR) card and you and your doctor know exactly what your coverage and financial responsibility is. Your insurance is notified and precertification is handled automatically. Your doctor knows if you have any other ailments that may be contributing (mental health records and certain other data would remain private) factors. He knows if you have been receiving prior treatment for it and he knows the results of that treatment. He also reviews the x-rays your chiropractor had taken. The doctor is able to diagnose you within a couple minutes. When you leave, the doctor uploads his notes to your EMR card and any necessary prescriptions are automatically forwarded to your pharmacy. His referral to an orthopedic surgeon is automatically processed and the doctor's notes are also automatically forwarded.

What is reduced?

- Fees.
- Paper.
- Wasted time.
- Confusion.
- Resources.

What else does EMR do?

- It prevents fraud. Patients can easily see what services doctors are billing to the insurance company.
- It prevents drug abuse and dangerous drug combinations. Pharmacies will be able to see other prescribed medications and take appropriate action to protect the patient.
- It prevents duplicate services. X-rays, MRIs, and lab results will be available on the EMR card, reducing the duplication of those procedures.
- It facilitates insurance billing and payments.

It is time to bring healthcare into the 21<sup>st</sup> century.

## **PROVIDER COMPENSATION**

One item that was not addressed in this proposal was how to compensate doctors. While I agree that fee-for-service is not perfect, I do believe that we should allow the market to dictate how doctors are compensated. For example, some carriers may choose to establish a Super-PPO consisting of physicians and surgeons at the top of their profession. The carriers would have to pay the doctors more in order to attract the best and brightest, but they would also be able to charge consumers more for the quality that is provided. Conversely, carriers might set up a Bargain-PPO consisting of recent graduates. Premiums for patients of the Bargain-PPO, as well as reimbursement rates for these doctors, would be lower.

Extracting the free markets from provider compensation would be harmful to the quality of our healthcare as I will attempt to illustrate in the next section.

## **WHY THE PUBLIC OPTION WILL FAIL**

The “public option” is the primary Healthcare Reform Proposal being touted by democrats, specifically Howard Dean. The intent would be to establish a government run health insurer that would provide healthcare to any American unable (or unwilling) to pay for private healthcare. President Obama has stated he wants the new Healthcare Plan to be “deficit neutral” so as not to add new taxes. However, it is becoming increasingly obvious that if the public option comes to fruition, there will be significant tax increases to the middle and upper classes. As someone who eats a healthy diet and exercises regularly, I find it appalling that I may soon be paying the healthcare costs of those who have no regard for their own health.

Personal issues aside, simple economics will not allow the public option to succeed. The easiest means of implementing the public option would be to expand Medicare to cover all Americans (or, at least those who no longer want to pay for private insurance). The main problem with this is that Medicare does not fairly compensate doctors for their services.

The American Medical Association reports that the average medical school graduate has \$139,517 of debt. If doctors cannot repay their student loans we will have a host of new problems. Fewer students would enroll in medical school, leading to fewer doctors. Fewer doctors would increase the wait-time to have a procedure performed. Fewer doctors would mean fewer choices. Fewer choices mean less personalized service. With a growing and aging population, we need more qualified doctors not fewer.

One proposal in favor of the public option suggests we use the Medicare system but increase the rates paid to providers. Considering Medicare will be bankrupt in eight years, the only way to do this would be to significantly raise taxes. It also raises a host of other questions. Would that mean that all providers would be paid the same rate regardless of training and experience? Is it even possible to use a fee-for service compensation model in a government-regulated “marketplace”? If it is not possible, what compensation model would be used? Or would compensation be based on “successful”

procedures? How would “successful” be defined? Who would define it? Would this model inhibit doctors from trying new procedures? Would there be any motivation for doctors to improve their skills?

Eliminating free markets from healthcare would create more problems, reduce the amount of innovation, discourage new doctors from entering the field, create longer wait-times for procedures, and introduce government bureaucracy into a system that is need of less bureaucracy, not more.

Thank you for reading. Please register and post your opinion. Tell me how another proposal is superior. Tell me how my plan won't work. I look forward to the debate!

[Register Now](#)

[Log in and Post Your Opinion now](#)