

**HEALTH CARE FOR ALL - WASHINGTON
Annual Members' Meeting, Nov. 12, 2011**

comments from Dr. Steve Kemble (Hawaii)

I. My Own Approach to Selling Health Care Reform:

Think issues through from underlying principles:

- A. Look for examples of what has been shown to work, both internationally and domestically
- B. Follow the money, try to be quantitative (biggest cost driver for US health care is excessive administrative overhead, much more than unnecessary care)
- C. The nature of insurance and why competition in health care financing doesn't work (risk pools and adverse selection when a high percentage of the population has known risk)
- D. Developed set of principles (operational characteristics) for cost-effective health care reform:



- 1. Universality – single risk pool
- 2. Standardized benefits, adequate for effective medically necessary care
- 3. Minimize administration
- 4. Promote professionalism in health care
- 5. Quality Improvement
- 6. Ensure adequate professional workforce, especially for primary care
- 7. Accountability must be to recipients and providers of care
- 8. Separate, sustainable funding for health care

II. What are the major obstacles to moving nationally to single-payer?

- A. Entrenched middle-men whose relationship to health care is essentially parasitic, but who wield considerable political power – health insurance companies, pharmacy benefit managers, & managed care carve-outs. (PHARMA is mixed – they are essential to health care, but also profit from and push for unnecessary care. Hospitals are also mixed – they are essential, and are both victims and perpetrators of waste in our “non-system.”)
- B. Misinformation and false assumptions:
 - i. *We need competition among payers to keep health care accountable and cost-effective.*
Accountability in health insurance is to avoid covering sicker individuals and groups, and competition among health plans, especially across state lines, does anything but make health care more cost effective (e.g. recent experience in ME).
 - ii. *A root cause of excessive cost in US health care is fee-for-service for providers, because it causes an incentive to provide more (unnecessary) services.*
Although there is some truth to this, it is a much smaller part of the problem than US administrative waste. Incentives to do more can be positive when there is an under-supply of doctors in a given specialty. Blaming fee-for-service is used to justify insurance companies as (parasitic) managers of health care. It is also used to justify consolidation of doctors into integrated systems that have more to do

with protecting the interests of the organizing entities - hospitals or insurance companies - than in making health care more cost-effective.

III. *Where are the efforts in Hawaii based on single-payer?*

- A. Positive: Both houses of legislature and our governor are in favor of universal health care. A bill to create Hawaii Health Authority to design and then run a universal health care system has been passed and is state law. The governor has appointed the HHA.
- B. Negative:
 - 1. Hawaii Medicaid was broken up and privatized into 5 different managed care plans, 3 for GA and AFDC in the mid-90's, and 2 for ABD in 2009. The ABD plans are subsidiaries of major investor-owned national insurance companies – Wellpoint and United Health. Due to budget shortfalls, DHS has been chipping away at Medicaid eligibility and benefits, and private sector participation has declined markedly since managed care was introduced. Medicaid is under the Hawaii DHS and has been run by managed care advocates, although Abercrombie's new Director of DHS appears sympathetic to single-payer reform.
 - 2. In addition to the HHA, the 2011 legislature created a Hawaii Health Insurance Exchange Connector/Board to design an exchange that assumes the desirability of competition and is not coordinated with the HHA.
 - 3. Although we have a structure to design and run a single-payer system, there is almost no public awareness of it, or of the issues involved. We are way behind Vermont in developing public education and awareness of what single-payer is and of its advantages.
 - 4. Gov. Abercrombie has made a series of PR mistakes, his core staff recently resigned, and he is currently unpopular. He needs a PR strategy for health care reform.

IV. *What do you consider to be the next two (or three) important steps the movement should take in your state?*

- A. Persuade the Abercrombie administration to make planning for an insurance exchange subordinate to planning for a universal plan. Design an exchange that has a minimum number of plans, require standardized comprehensive benefits and fees, and require plans to take all applicants regardless of their risk status, similar to what is done in several European countries. Once we have the waivers for single-payer, dissolve the exchange. Since plans in the exchange will already have comprehensive standardized benefits and standardized provider fees, it will be easy to make the transition to a single plan.
- B. Persuade the Abercrombie administration to abandon privatization of Medicaid and move to consolidate all Medicaid plans into one plan under a single plan administrator, accountable to the HHA as their Board of Directors. The goal is to pave the way to merge Medicaid with all other plans under state control (state and county employees and retirees, plus the uninsured) and then into a single state-wide plan when the necessary waivers are obtained.
- C. Help the Abercrombie administration develop a well thought out PR and public education strategy on what kind of reform is planned and why these steps are being taken.