ACP
American College of Physicians
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The State of the Nation's Health Care in 2012

How Bad Budget Choices and Broken Politics Are Undermining Progress in Health

And What Should be Done About It

January 26, 2012

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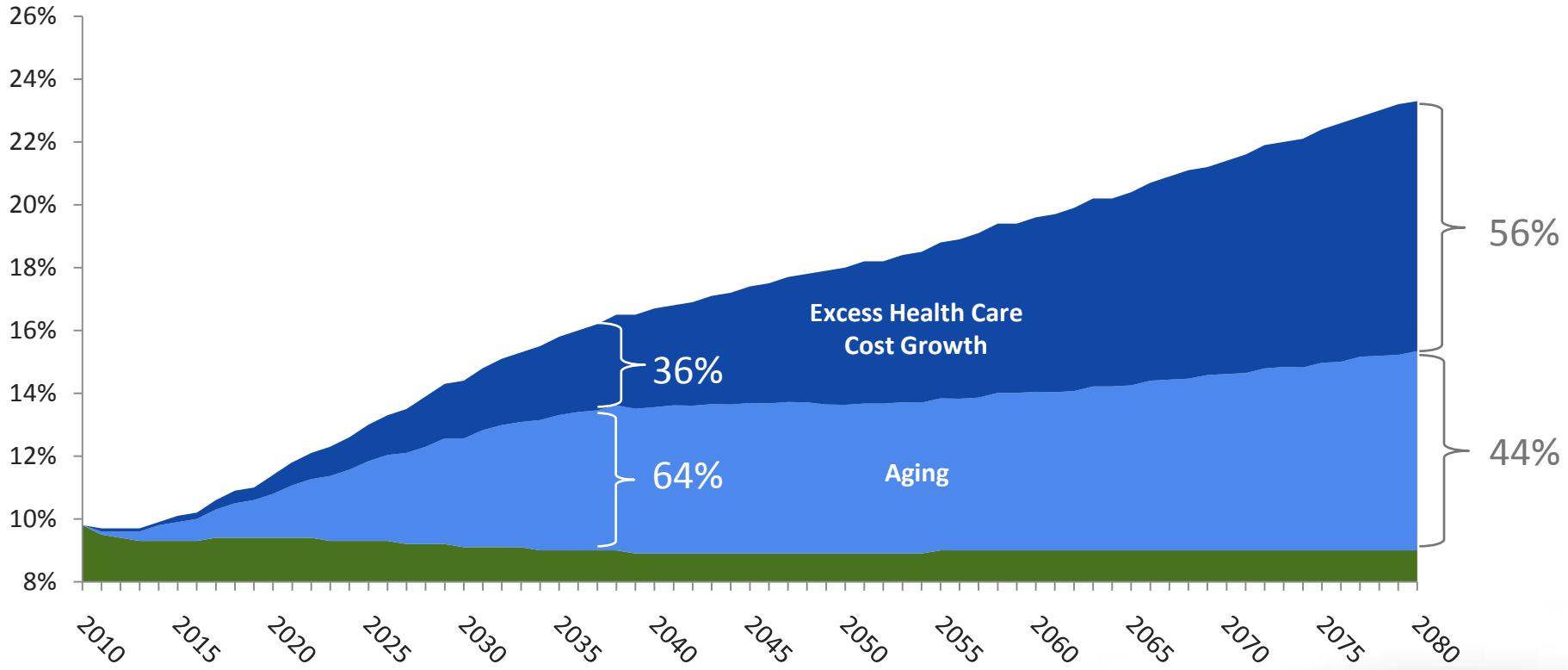
Progress and Challenges

Progress	Challenges
Lowest spending growth in 50 years, continuing 8-year trend	Spending at all-time high, and will continue to consume more of GDP and federal budget
Reductions in people dying from all five leading causes of death	Uneven access and continuing disparities for millions
Seniors, young adults, children with pre-existing conditions benefiting from ACA's programs to reduce barriers to HI	46 million reported being without health insurance and 37% of uninsured adults delayed getting care
NHSC has nearly tripled, improving primary care access in under-served communities	Projected shortage of more than 40,000 primary care physicians for adults

Why Is Entitlement Spending Growing?

Drivers of Entitlement Spending Growth (Percent of GDP)



Source: CBO Long-term Budget Outlook, 2010.

How can health spending be slowed?

The WRONG way	The RIGHT way
By enacting cuts to programs that are *essential* to public health and safety, access, and primary care	By *prioritizing* budget decisions based on importance and effectiveness
And by cutting the most effective and highest priority programs by the same % as least effective and lowest priority (sequestration)	And by making *real* reforms to address the *real* cost-drivers in health care

Bad budget choices = bad health care

- **40 states decreased funding for programs to protect public health and safety**
  - **Since 2008, more than 49,000 state and local public health department jobs have been lost**
- **Federal funds for state and local preparedness have declined by 38 percent from fiscal year (FY) 2005 to 2012 (adjusted for inflation)**

Bad budget choices = bad health care

- **Medicaid cuts = reduced access for the poor**
  - **18 states eliminated, reduced, or restricted benefits**
  - **39 states restricted payments to physicians and other providers in FY 2011, and 46 states plan to do so in FY 2012**
  - **Five states in FY 2011 and 14 states in FY 2012 increased copayments or imposed new copayments**

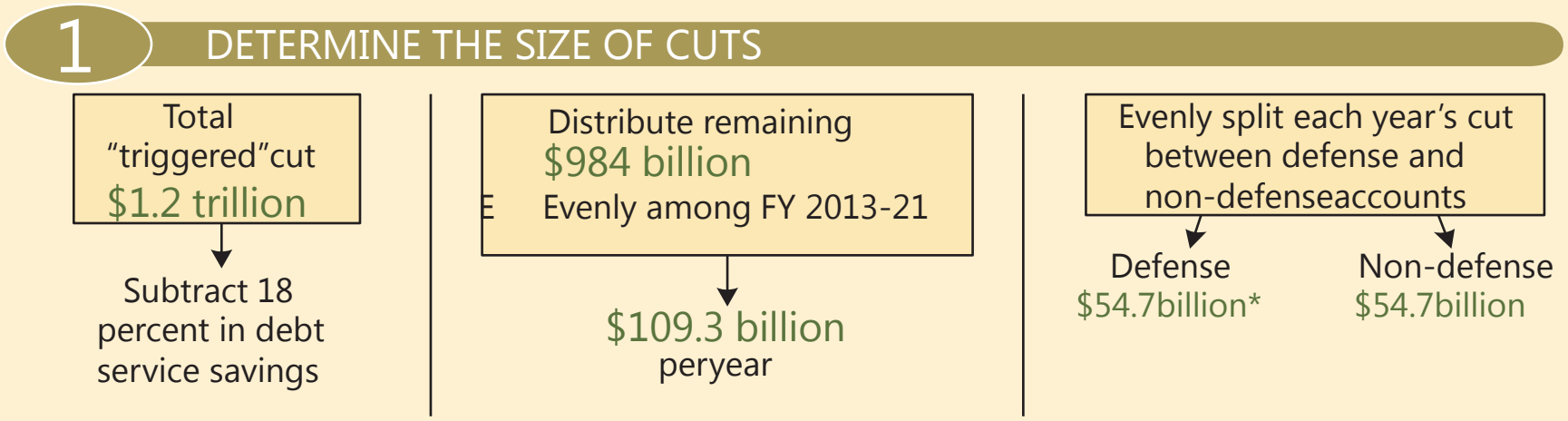
Bad budget choices = bad health care

- **Workforce program cuts will slow progress in reversing primary care shortage**
  - **Loss of NHSC's discretionary funds will result in fewer primary care physicians being trained and reduced access to care**
    - *Nearly 1100 fewer Corp participants in 2012 compared to 2011*
  - **Expert commission to assess workforce and barriers to primary care can't even meet because it wasn't funded**
  - **Grant program to support medical school primary care training received no increase, even as the shortage grows**

More unwise budget cuts

- **Failure of Congress' "Super-Committee" will result in $1.2 trillion in *across-the-board* cuts:**
  - **Cuts *annual* funding for non-exempt domestic discretionary programs by 7.8 percent (in 2013) to 5.5 percent (in 2021)**
  - **Cuts *annual* funding for defense programs by 10.0 percent (in 2013) to 8.5 percent (in 2021)**

How the Automatic Cuts Will Work



Sequestration means:

- **Across-the-board cuts in:**
  - **Public health and safety (CDC, FDA)**
  - **Health care access (HSRA, NHSC)**
  - **Research (NIH, AHRQ)**
  - **Physician workforce (HRSA, NHSC, AHRQ)**

ACP's alternative:

- **A *fiscally and socially responsible* framework to achieve hundreds of billions in savings**
  - **By addressing the real health care cost-drivers**
  - **While funding critical health programs**

ACP's alternative:

1. **Repeal the Medicare Sustainable Growth Rate (SGR) formula and transition to patient-centered payment models**
2. **Reduce the costs of defensive medicine**
3. **Promote high-value, cost-conscious care**
4. **Make structural entitlement reforms**
5. **Reform federal tax policy to encourage consumers to consider cost of health benefits**

Reform physician payments

- **Repeal SGR, using Overseas Contingency Operations funds**
- **Provide stable updates for at least 5 years, with higher updates for primary care**
- **Implement and evaluate new models**
- **Set date to adopt new models**

Why use OCO money to repeal SGR?

- **Corrects budget assumptions of continued spending (OCO funds) on Afghanistan/Iraq *that will never be spent***
- **and expected savings (from SGR pay cuts to doctors) *that will never take place***
- **cancelling out each other and *producing a more honest and accurate budget* while**
- **preventing *future* and *deeper* cuts at *higher budget cost***
- **without budget offsets affecting other health care providers and/or Medicare enrollees**

Reduce costs of defensive medicine

- Caps on non-economic damages
- Limits on contingency fees
- National pilot of no-fault health courts

High-Value, Cost-Conscious Care

- **ACP's *High-Value, Cost-Conscious Care* initiative provides clinicians and patients with evidence-based recommendations on providing care of high value while reducing low-value care**
- ***No one can do it alone*: a multi-stakeholder initiative should be created to come up with recommendations to reduce the $700 billion spent each year on ineffective, unsafe and marginal care**

Structural entitlement reforms

- Negotiate Medicare Part D drug prices
- Single deductible for Medicare Parts A and B
- Ensure accurate pricing of physician services
- Require all payers to contribute to GME and spend GME dollars more effectively
- Allow Medicare to consider comparative effectiveness in coverage decisions

Reform federal tax policies

- **Accelerate or modify "Cadillac plan" tax**
- **Create a limit on deductibility of high cost health plans**

Why can't we get agreement?

- **Most of ACP's recommendations have been supported by bipartisan groups in their plans to reduce the federal deficit (Simpson-Bowles, Rivlin-Domenici) and/or were included in CBO's budget options**
- **But "broken politics" have made agreement next to impossible**

Health care and the 2012 elections

- **Elections likely to increase polarization and confrontation**
- **Unless we demand solutions from the candidates, not rhetoric**
- **Voters should ask *three essential questions* of the candidates, Republicans and Democrats**

Questions for Republicans

1. **If the ACA is to be repealed, are there any policies authorized by the law that you would maintain? (C*heck-list of specific provisions*)**

2. **How would you increase access to health insurance, address the shortage of primary care physicians, and reduce costs? (*Provide specific listed details*)**

3. **If states should be responsible instead of federal government, how would you address unequal resources and the considerable variation among states in the percent of residents with HI?**

Questions for President Obama and Democrats

1. **What changes would you consider making in the ACA to address concerns that it gives the federal government too big a role and that it doesn't do enough to reduce costs? (*Answer specific listed questions*)**

2. **What specific policies would you advocate to reform Medicare and Medicaid in order to sustain their financing and reduce their impact on increasing the deficit and debt? (*Answer specific listed questions*)**

3. **What specific policies would you support to reduce the costs of defensive medicine?**


NOTICE
DUE TO BUDGET CUTS
THE LIGHT AT THE
END OF THE TUNNEL
IS BEING TURNED OFF.
EFFECTIVE IMMEDIAT

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