

Rationing in the Obama Health Law

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[Agree or Disagree?]

- “Federal law should limit
- what private citizens can choose,
- out of their own funds,
- to spend on medical treatment to save the lives of their own family.”

[Obama Health Law's Ideology]

- No “Two Tier” Health Care System
- Basic question:
 - A. Do you even things out by helping those who can't afford adequate health care? OR
 - B. By limiting the health care available to those who can afford it?
- Obama health law does some of A and a lot of B . . .

The Claim that Greater Efficiency Will Avert Rationing

- “Dartmouth Atlas” – compares what different hospitals spend per patient on those in last months or years of life
- Claim: some hospitals spend much less with same outcome (death), so we can limit payments to the level of the most efficient hospitals without harm

[NY Times article 12/22/09]

- The Obama Administration's director of the Office of Management and Budget, Peter Orzag, has attacked the fact that the Ronald Reagan University of California at Los Angeles [UCLA] Medical Center spends more than Rochester, Minnesota's Mayo Clinic.

[NY Times article 12/22/09]

- Orzag: "One of them costs twice as much as the other, and I can tell you that we have no idea what we're getting in exchange for the extra \$25,000 a year at U.C.L.A. Medical. We can no longer afford an overall health care system in which the thought is more is always better, because it's not."

[NY Times article 12/22/09]

- BUT: “[T]he hospital that spent the most on heart failure patients had one-third fewer deaths after six months of an initial hospital stay.”
- Difference between looking forward and looking back

ANOTHER N.Y. Times article

6/14/2010

- “The atlas’s hospital rankings do not take into account care that prolongs or improves lives. If one hospital spends a lot on five patients and manages to keep four of them alive, while another spends less on each but all five die, the hospital that saved patients could rank lower because Dartmouth compares only costs before death.”

[4 Routes to Rationing]

- 1. Independent Payment Advisory Commission & “quality and efficiency” standards
- 2. Medicare Limits
- 3. Exchange Limits on What People Can Choose to Pay for Insurance
- 4. “Shared Decisionmaking”

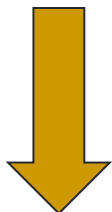
1. Independent Payment Advisory Commission

- **IPAC**



Aim: push *private* HC spending down
Recommendations every 2 years

- **HHS**



Imposes “quality and efficiency” standards
HC providers must comply or lose insurance contracts

- **You**

- Can't get HC exceeding standards

2. Medicare Limits

- \$ 529 billion cut from Medicare
- But will the government allow senior citizens to make up the difference from their own funds?

2. Medicare Limits

■ BEFORE:

- Older Americans permitted to add their own money, if they chose, on top of the governmental payment, in order to get insurance plans less likely to ration.
- (Known as Medicare Advantage private-fee-for-service plans.)

2. Medicare Limits

- UNDER OBAMA HEALTH LAW:
 - HHS given standardless discretion to reject any Medicare Advantage plan.
 - HHS can limit or eliminate ability to add own money to obtain health insurance less likely to ration seniors' health care.

3. Exchange Limits on What People Can Pay for Insurance

- New state-based insurance “exchanges”
- At first, individuals & small business employees
- Later, all employees

3. Exchange Limits on What People Can Pay for Insurance

- Government officials will *exclude* health insurers
- Whose plans inside or *outside* the exchange
- Allow private citizens to spend whatever gov't officials think is an “excessive or unjustified” amount on their own health insurance

[4. “Shared Decisionmaking”]

- Funding to nongovernment groups to develop “patient decision-making aids” to help “patients, caregivers or authorized representatives . . . to decide with their health care provider what treatments are best for them.”

[4. “Shared Decisionmaking”]

- Establish regional “Shared Decisionmaking Resource Centers
“to provide technical assistance to providers and to develop and disseminate best practices”

[4. “Shared Decisionmaking”]

- What groups will be paid tax dollars to set the guidelines for and create “patient-decisionmaking aids”?

Foundation for Informed Decisionmaking

- Website box: “Did You Know?”
- “More care does not equal better outcomes.”

Foundation for Informed Decisionmaking

- Website box: “Did You Know?”
- “In many people with stable heart disease, medications are just as good as stents or bypass surgery.”

Foundation for Informed Decisionmaking

- Website box: “Did You Know?”
- “Whether or not they receive active treatment, most men diagnosed with early stage prostate cancer will die of something else.”

Foundation for Informed Decisionmaking

- Website box: “Did You Know?”
- “Back patients in Idaho Falls, Idaho are 20 times more likely to have lumbar fusion surgery than those in Bangor, Maine, with no clear difference in . . . quality of life.”

Foundation for Informed Decisionmaking

- Website box: “Did You Know?”
- “About 25% of Medicare dollars are spent on people in their last 60 days of life.”

[Healthwise]

- Website proclaims: “avoid unnecessary care with Healthwise consumer health information”

[Center for Information Therapy]

- Website: “Toward the end of life, too many people receive ineffective, expensive medical treatments.”

[What's going on?]

- Obama's nominee to head the agency administering much of the new health law, Donald Berwick:
- Through "rational collective action overriding some individual self-interest," he wrote, "we can reduce per capita costs."

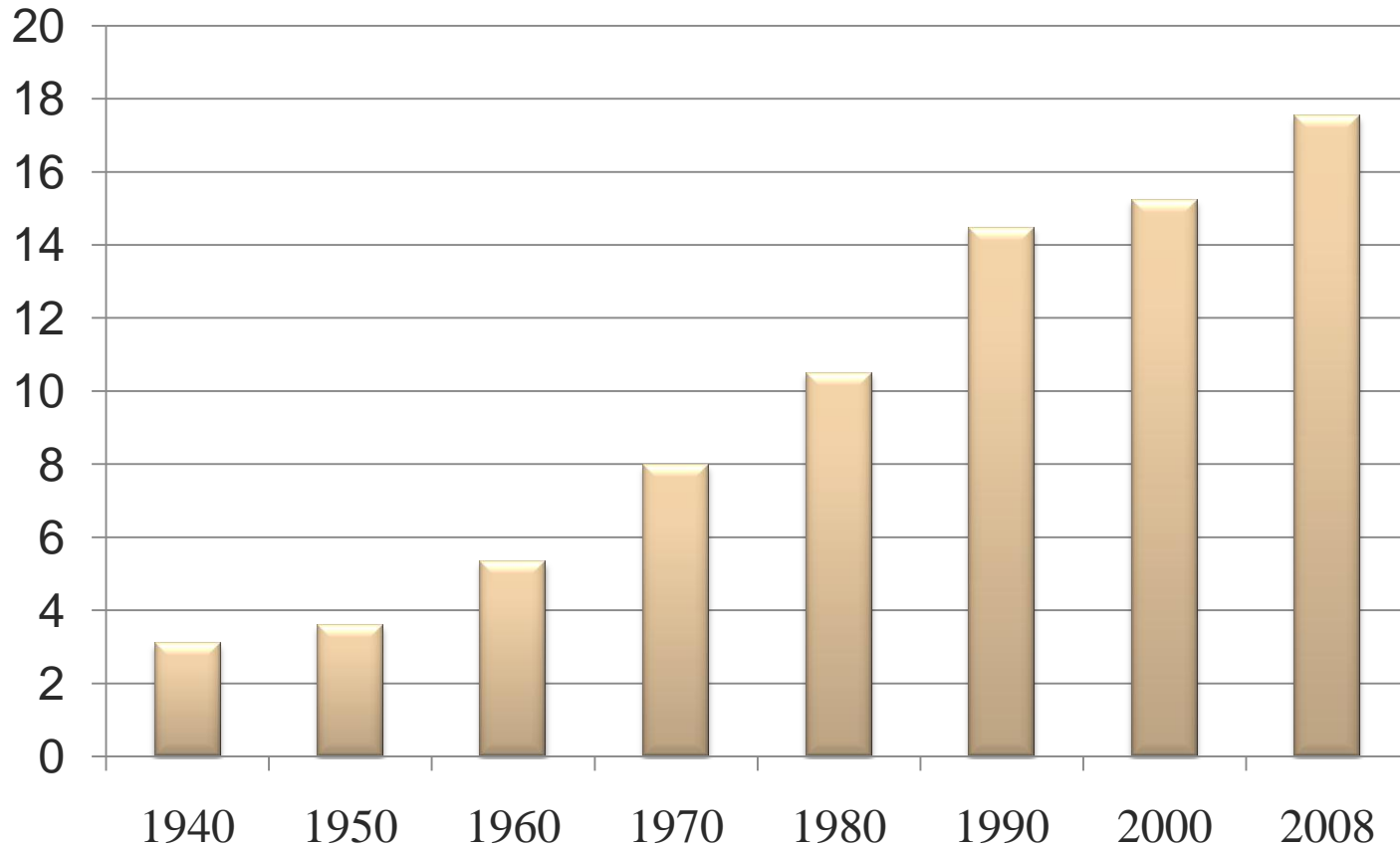
[What's going on?]

- Obama's nominee to head the agency administering much of the new health law, Donald Berwick:
- “The decision is not whether or not we will ration care – the decision is whether we will ration with our eyes open. . . .”



Is It True That America *HAS*
to Ration Health Care?

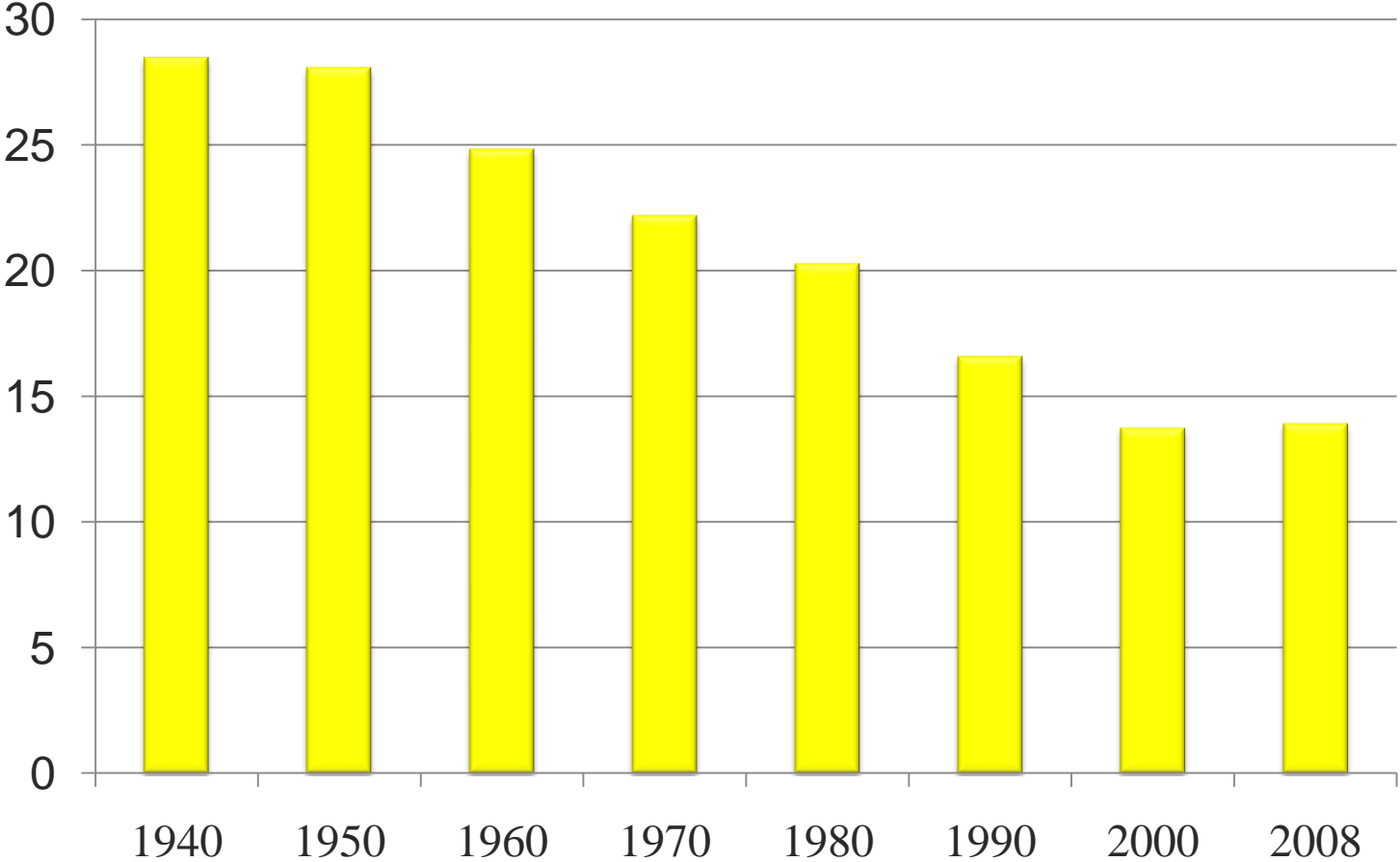
Health Care Spending as a % of Personal Consumption Expenditures



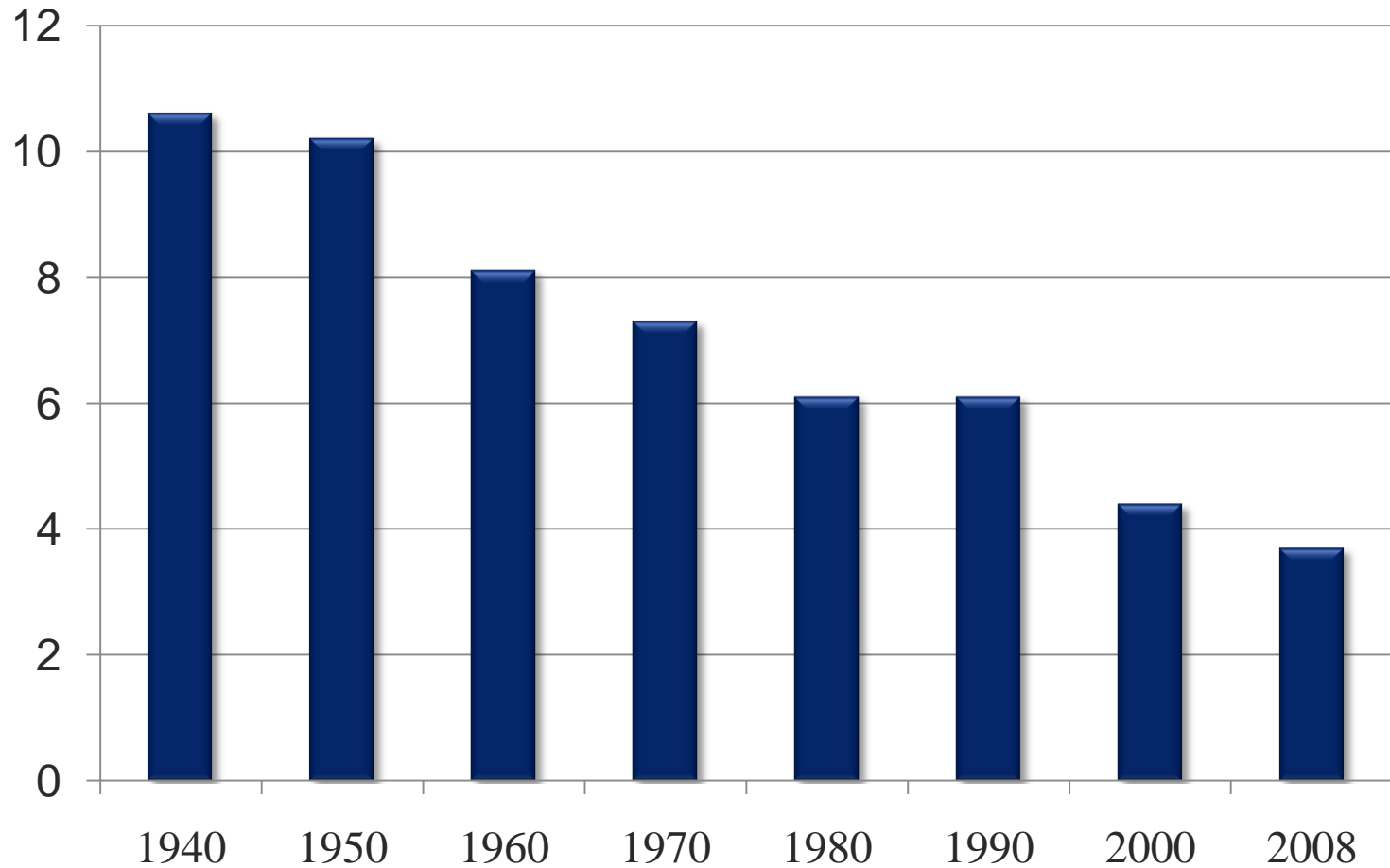
**These charts are versions, derived from updated data, based on Figure 4.3 in Sherry Glied, Chronic Condition: Why Health Reform Fails (Cambridge MA & London: Harvard Univ. Press, 1997), p.103.

Data Source: (CEA 1991, 2009.) Available at <http://origin.www.gpoaccess.gov/eop/tables09.html>

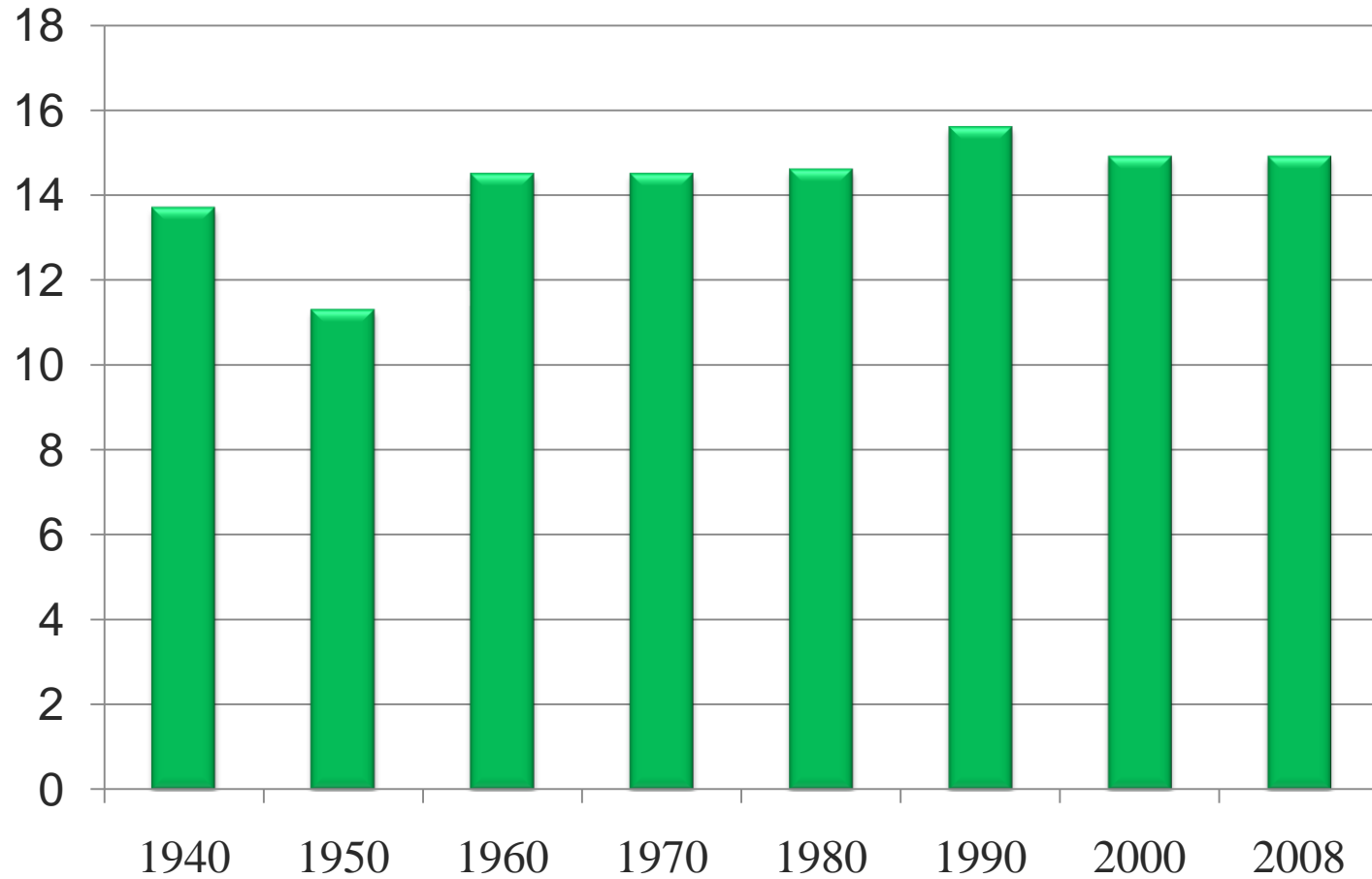
Food as a % of Personal Consumption Expenditures



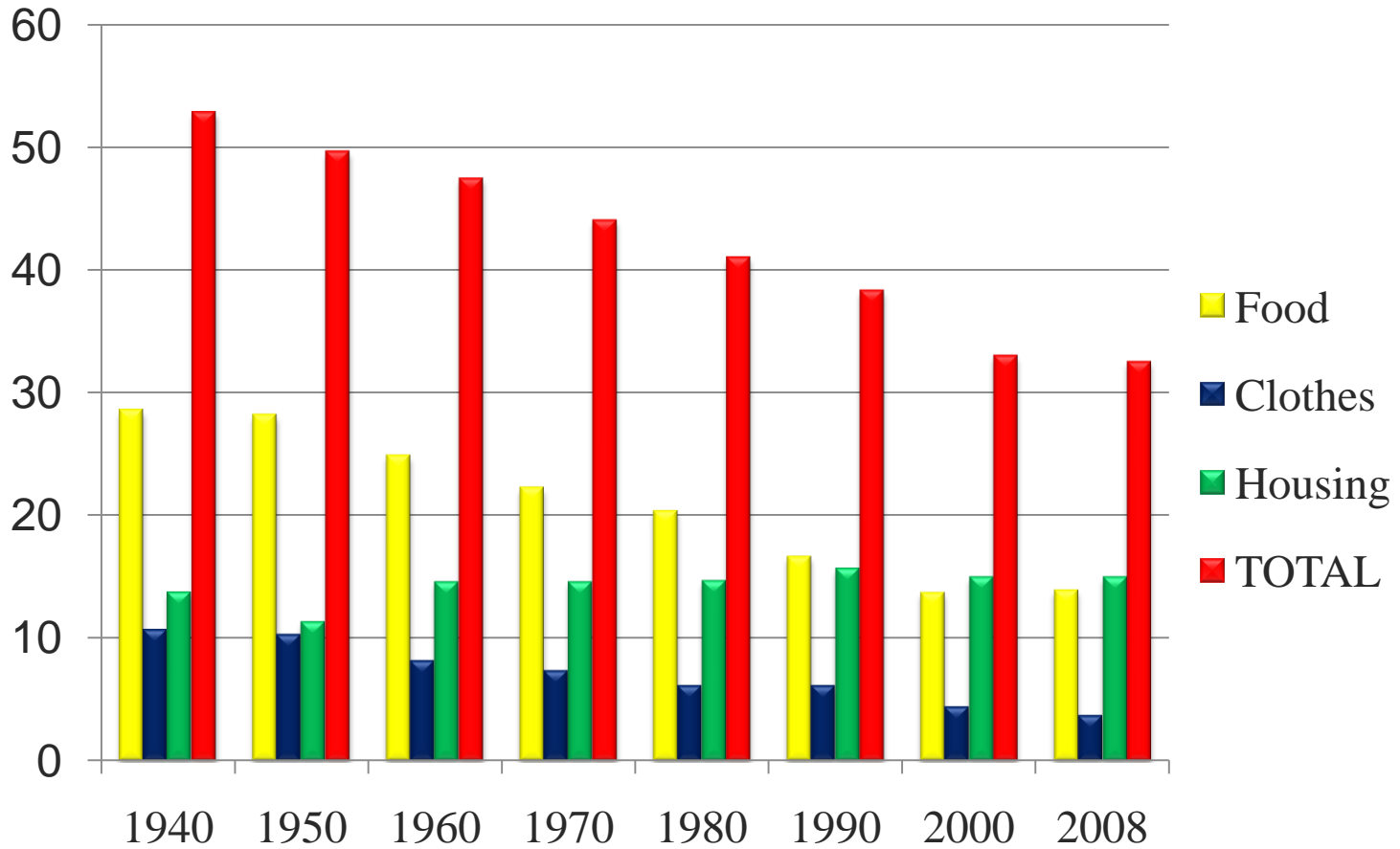
Clothing/Shoes as a % of Personal Consumption Expenditures



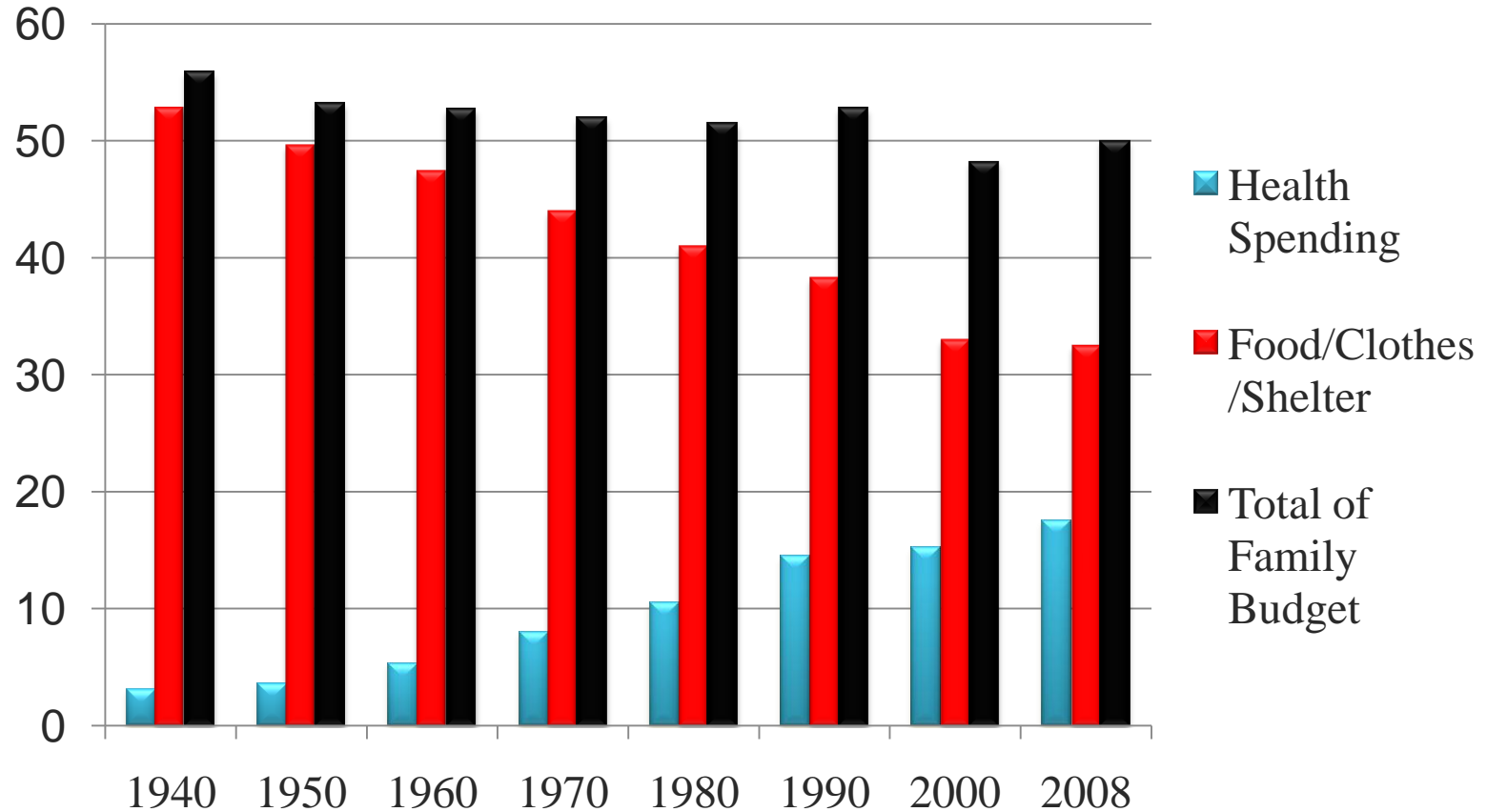
Housing as a % of Personal Consumption Expenditures



Essentials Combined as a % of the Family Budget

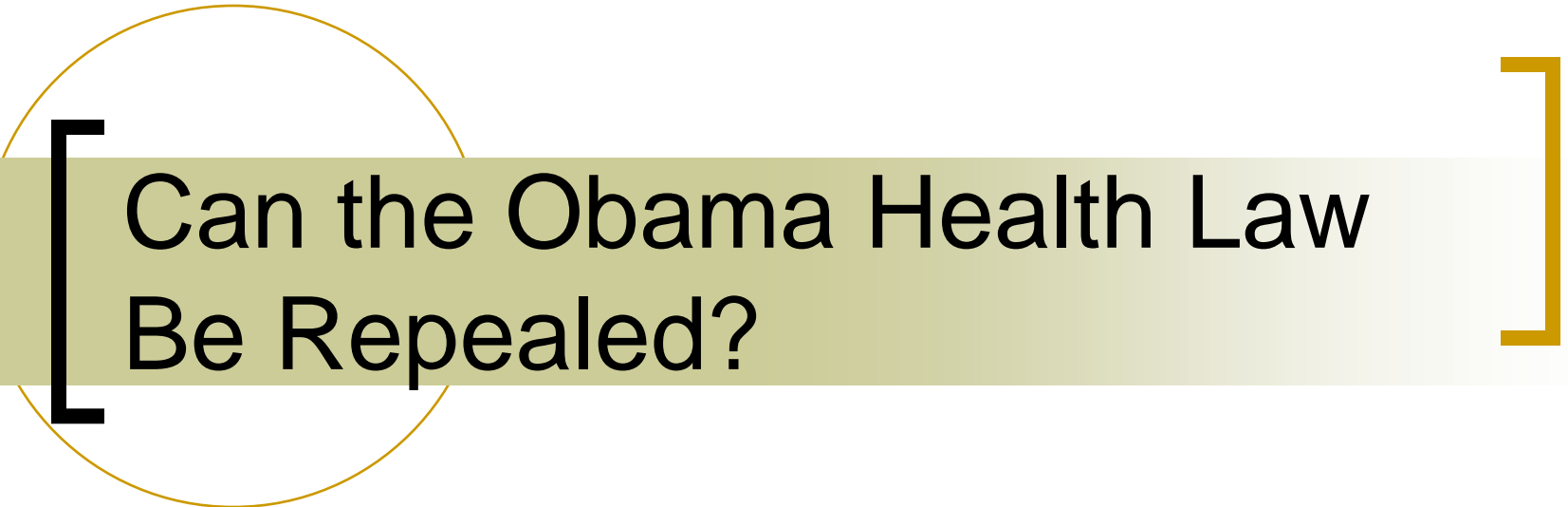


What the Family Spends on 1. Essentials and 2. Healthcare Combined



America *Could* Ensure Decent Health Care for All

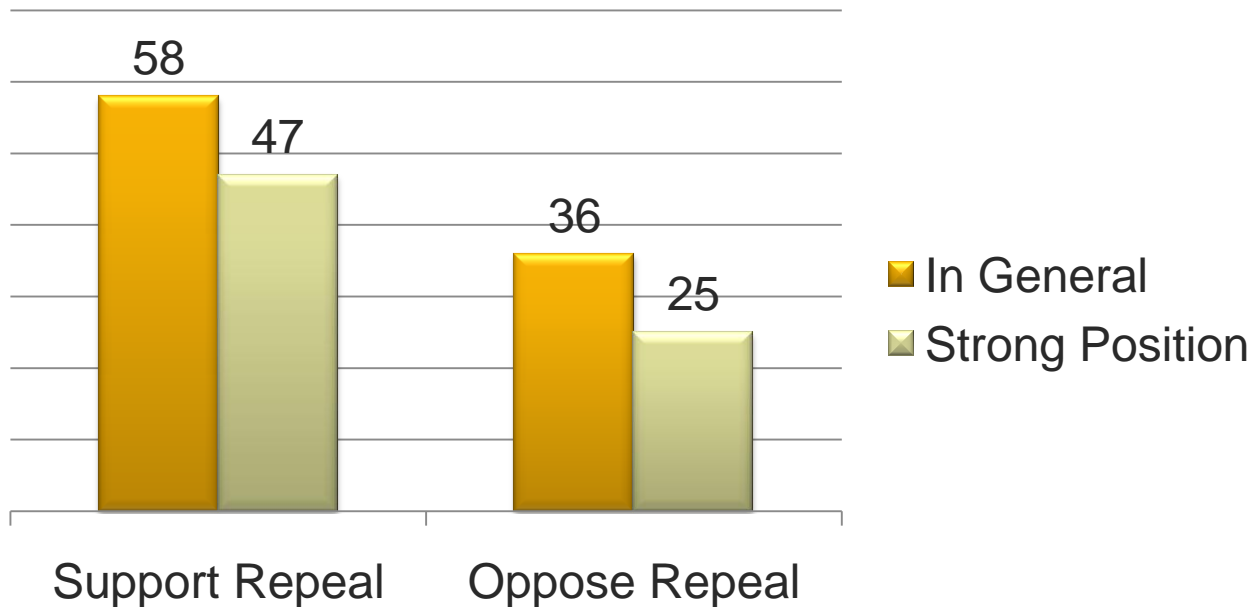
- Now we have private sector cost-shifting
- NRLC proposed a way to use cost-shifting more rationally to subsidize care for the uninsured
- www.nrlc.org/MedEthics/SaveNotRation.html



Can the Obama Health Law
Be Repealed?

From June 14, 2010:

“Rasmussen Reports has been tracking sentiments about repeal since the plan’s passage, and opposition to the legislation remains as strong since its adoption as it was beforehand.”



The survey of 1,000 Likely U.S. Voters was conducted on June 11-12, 2010 by Rasmussen Reports. The margin of sampling error is +/- 3 percentage points

[The Road to Repeal]

- Silver lining: the fundamental elements, including the worst rationing aspects
- Don't go into effect until 2014

[The Road to Repeal]


- By 2013:
 - Need a pro-repeal President
 - Need a pro-repeal majority in the House
 - What about the Senate?

[The Road to Repeal]

- 41 Senators can filibuster
- 60 Pro-repeal Senators would win
- What if there is a majority, but not 60?
 - Some previous pro-law Senators might switch
 - Reconciliation might work
 - Appropriation limits might work

[Our Job: Educate!]

- www.nrlc.org/HealthCareRationing

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- A large black left square bracket is on the left side of the slide. A large yellow right square bracket is on the right side. A horizontal line with a light green-to-yellow gradient runs across the slide, starting from the left bracket and ending at the right bracket.
- If you remember nothing else, remember – and relate – the rationing danger of the Independent Payment Advisory Commission:

Independent Payment Advisory Commission

IPAC

- Aim: Keep *private* HC spending down
- Recommendations every 2 yrs from 2015

HHS

- Imposes “quality and efficiency” standards
- HC providers must follow to get insurance Ks

YOU

- You can't pay for care exceeding standard
- Your HC can't keep up with medical inflation