

Denial of Life-Saving Medical Treatment under the Obama Health Care Law

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RATIONING AND THE OBAMA HEALTH CARE LAW

[What Is Rationing?]

- Some say since we cannot have *unlimited* health care, health care will always be “rationed,” whether by the government or by simple inability to pay for it

[What Is Rationing?]

- Few can afford unlimited vacations
 - Are vacations therefore “rationed”?
- Few can afford to eat out at expensive restaurants for every meal every day of the year
 - Is food “rationed”?

[What Is Rationing?]

- Compare:
 - Inability to afford unlimited food
 - Gov't coupons required for meat, butter, etc. during World War II

[What Is Rationing?]

- “Government allocation of scarce resources and consumer goods, usually adopted during wars, famines, or other national emergencies.”

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RATIONING IN THE OBAMA HEALTH CARE LAW

1. Independent Payment Advisory Board

- Present public focus is on impact on Medicare

1. Independent Payment Advisory Board

- Independent Payment Advisory Board is directed to limit Medicare funding so it does not keep pace with medical inflation
- Methods:
 - Limit reimbursement rates under gov't FFS
 - Reduce payments to Medicare Advantage plans

1. Independent Payment Advisory Board

- *Especially controversial:*
- Board Medicare Cuts automatically become law
- Congress may substitute *different* cuts but must have *same result*
- Congressional majority *cannot* prevent cuts

1. Independent Payment Advisory Board

- LITTLE ATTENTION TO *MUCH MORE FAR-REACHING* ROLE IN RATIONING:

[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.”

1. Independent Payment Advisory Board

- IPAB directed to make recommendations every 2 years, starting in 2015
- “to slow the growth in national health expenditures” – i.e., *nongovernmental* spending
- *Below* the rate of medical inflation

IPAB Must Limit HC Spending Growth to the LESSER OF:

Year	Limit
2015	Halfway between medical and general inflation
2016	Same
2017	Same
Later Years	Nominal GDP per capita + 1% [President Obama has proposed lowering to Nominal GDP per capita + .5%]

Year	% below projected spending
2015	.5 %
2016	1%
2017	1.25%
2018	1.5%
Later Years	1.5%

1. Independent Payment Advisory Board

- The recommendations are to include those that federal Department of Health and Human Services “can implement administratively”
- HOW will HHS enforce?

[“Quality” Measures]

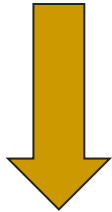
- HHS empowered to impose on hospitals, doctors, & other health care providers
- One uniform standard of care specifying under what circumstances treatment can – and *cannot* – be given

[Enforcement]

- Doctors who give treatment not permitted by “quality” measures disqualified from contracting with the insurance plans all Americans will be required to have (individual mandate)

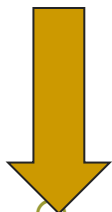
1. Independent Payment Advisory Board

- **IPAB**



Push *private* HC spending below med. inflation
Recommendations every 2 years

- **HHS**



Imposes “quality” standards
Doctors must comply or lose insurance
contracts

- **You**

- Can't get HC exceeding standards

2. Medicare Limits

- \$ 555 billion cut from Medicare over 10 years
- 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

[Routes to Rationing]

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

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**CAN HEALTH CARE
SPENDING BE LIMITED
*WITHOUT RATIONING?***

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

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[NY Times article 12/22/09]

- The Obama Administration's former director of the Office of Management and Budget, Peter Orzag, 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.”



**RATIONING: THE *REAL*
AGENDA**

[What's going on?]

- Obama's appointee 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 appointee 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. . . ."

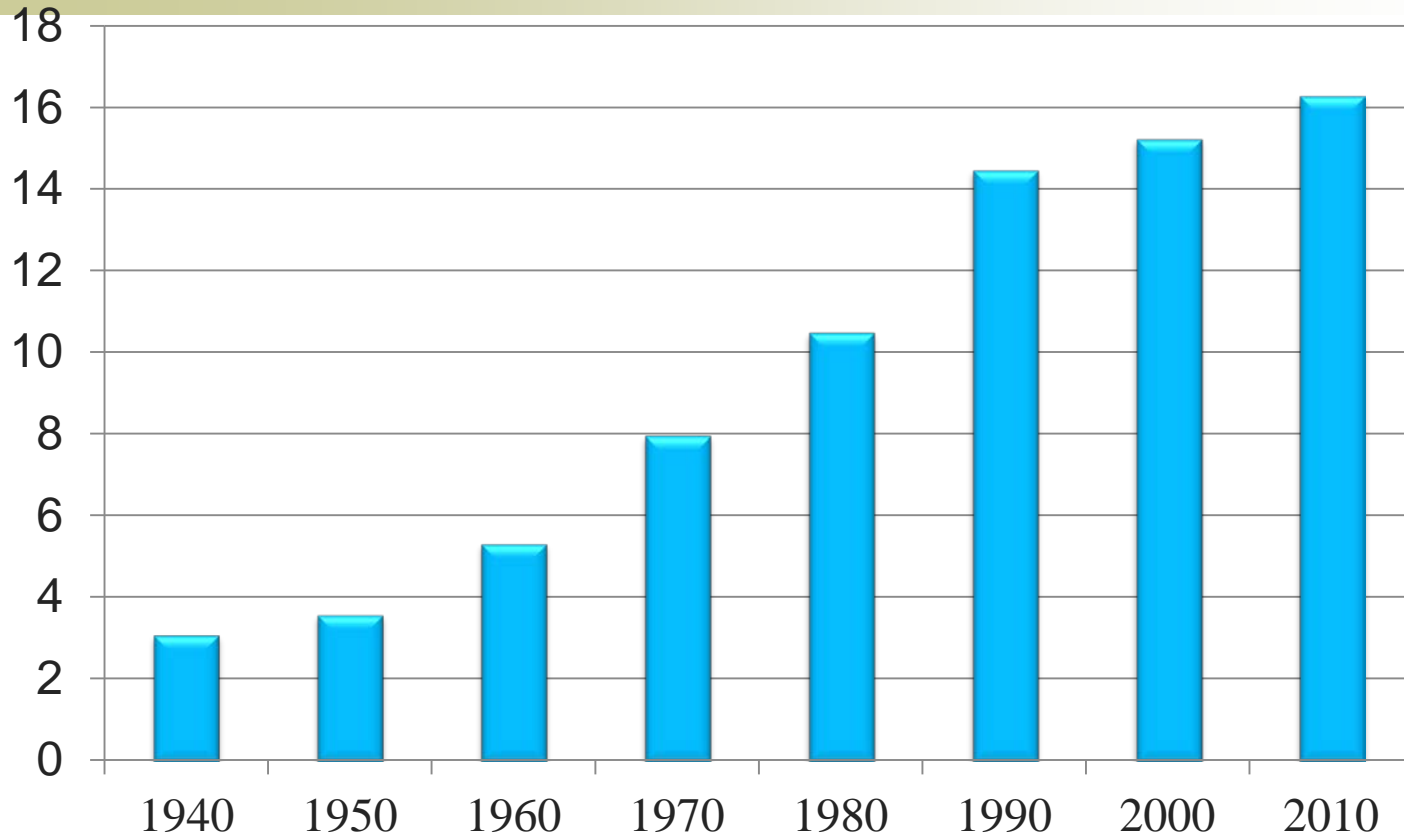


Is It True That America *HAS*
to Ration Health Care?

[The Paradox]

- Appearance:
 - HC costs eating up ability to pay for other goods and services (ultimately unsustainable)
- Reality:
 - Rising productivity in other goods and services is freeing up resources to use to save lives and preserve health

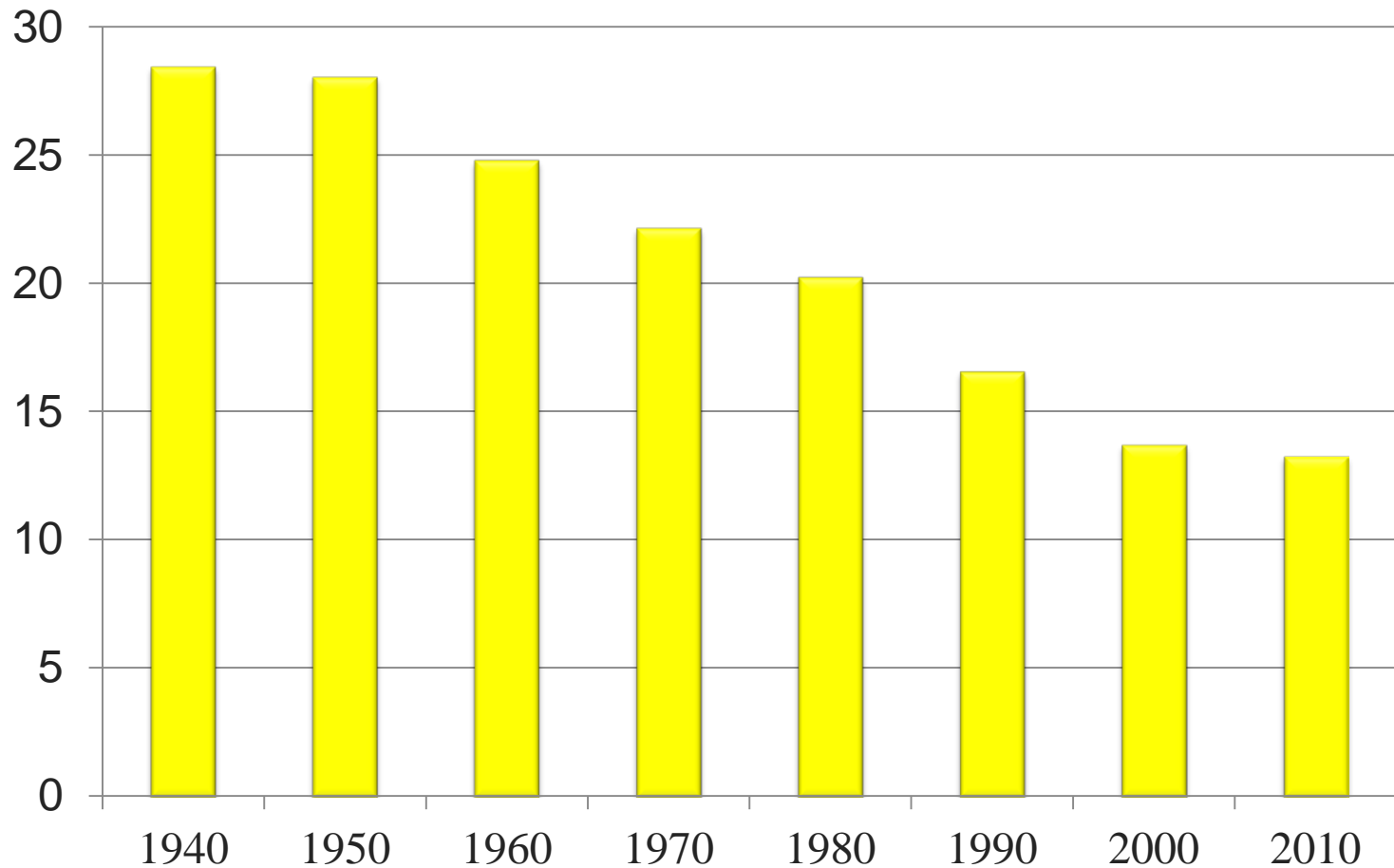
Health Care Spending as a % of Personal Consumption Expenditures



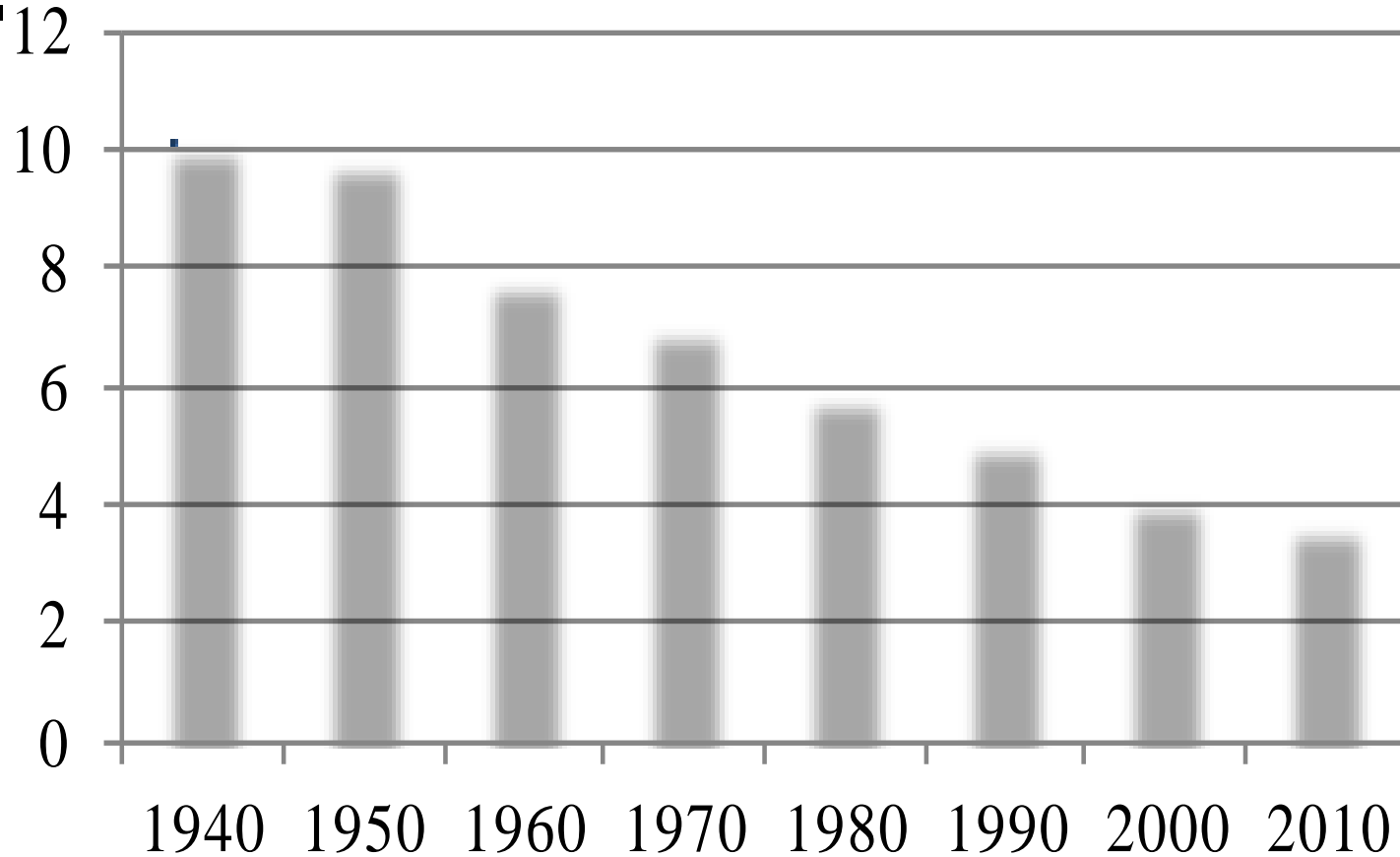
**The HC, food, clothing & shoes, housing, and combination charts are versions, derived from updated data, based on Figure 4.3 in Sherry Glied, *Chronic Condition: Why Health Reform Fails* (Cambridge MA & London: Harvard Univ. Press, 1997), p.103.

Data Source: (CEA 1991, 2011.) Available at <http://origin.www.gpoaccess.gov/eop/tables09.html>

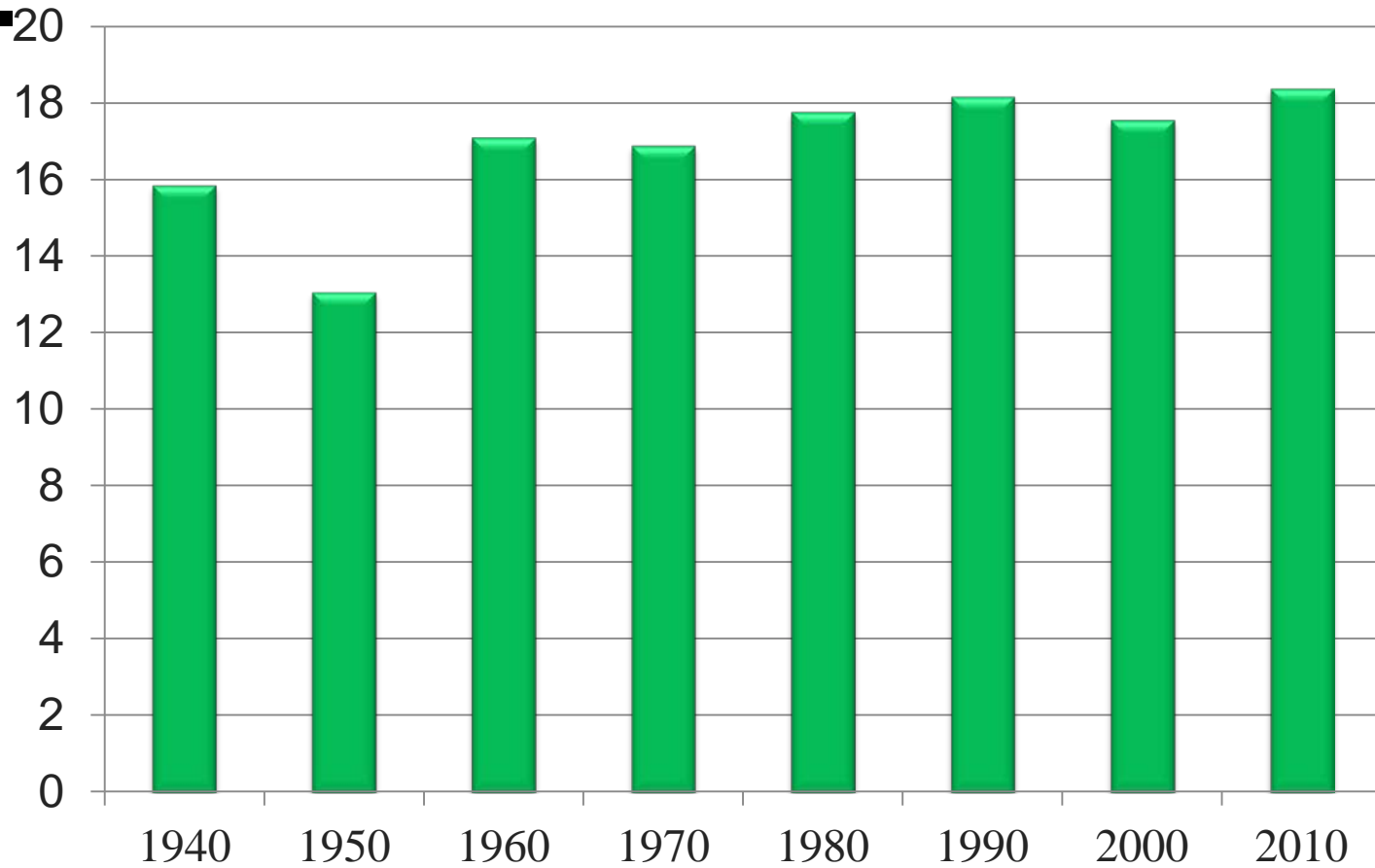
Food as a % of Personal Consumption Expenditures



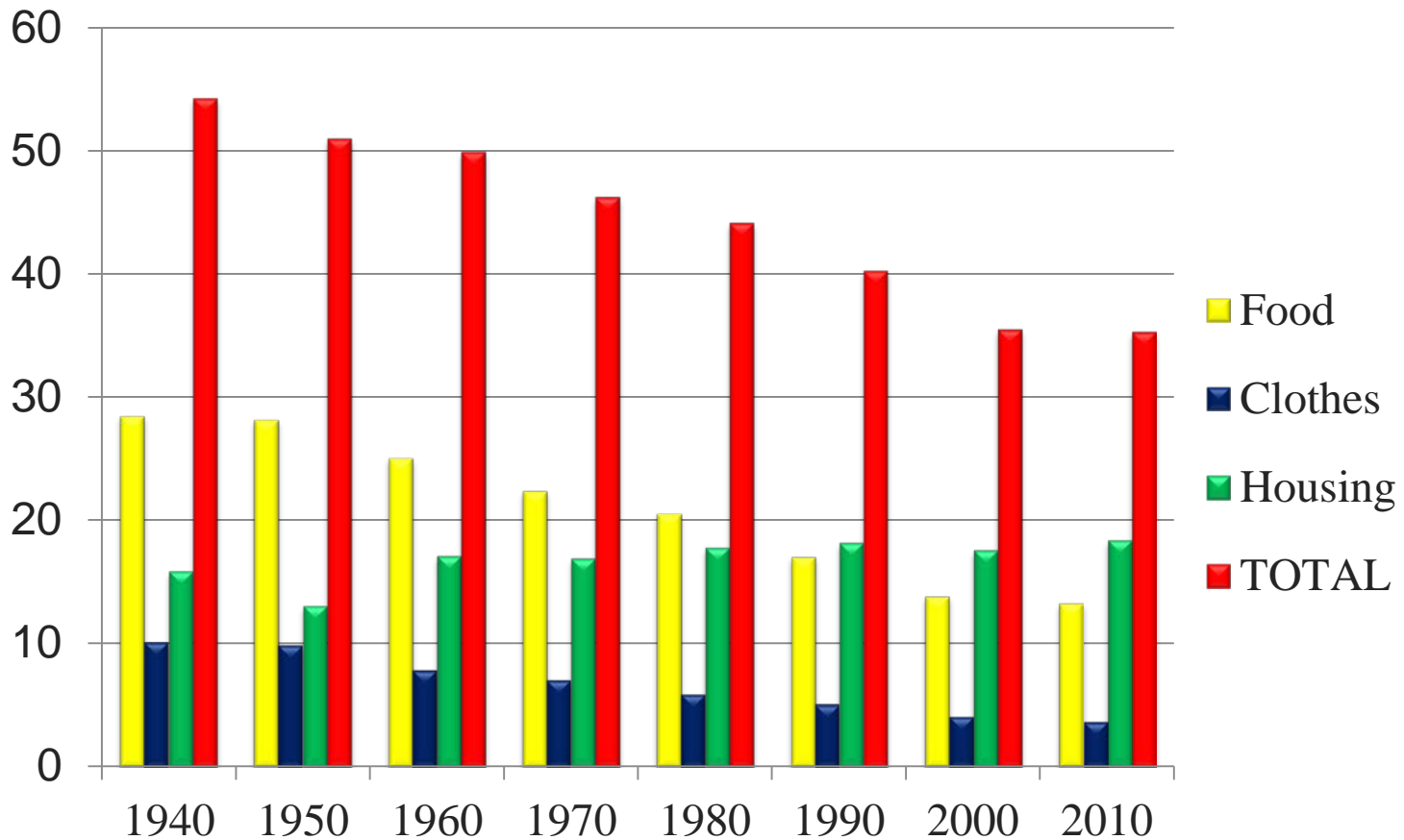
Clothing and Shoes as a % of Personal Consumption Expenditures



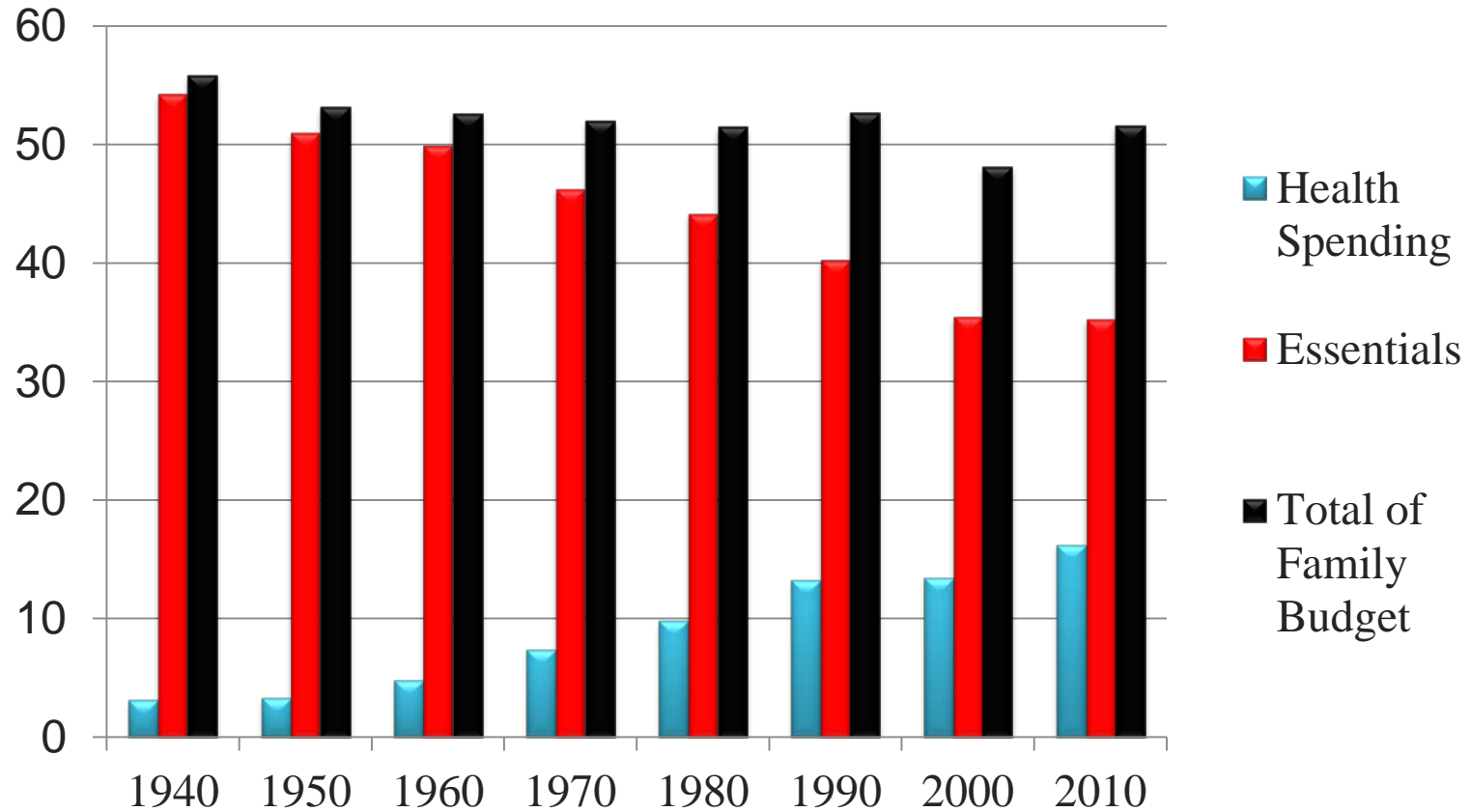
Housing as a % of Personal Consumption Expenditures




Food, Clothing & Shelter Combined as a % of the Family Budget

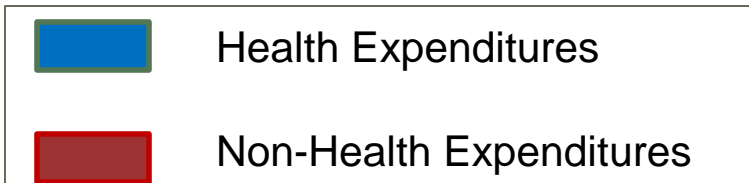
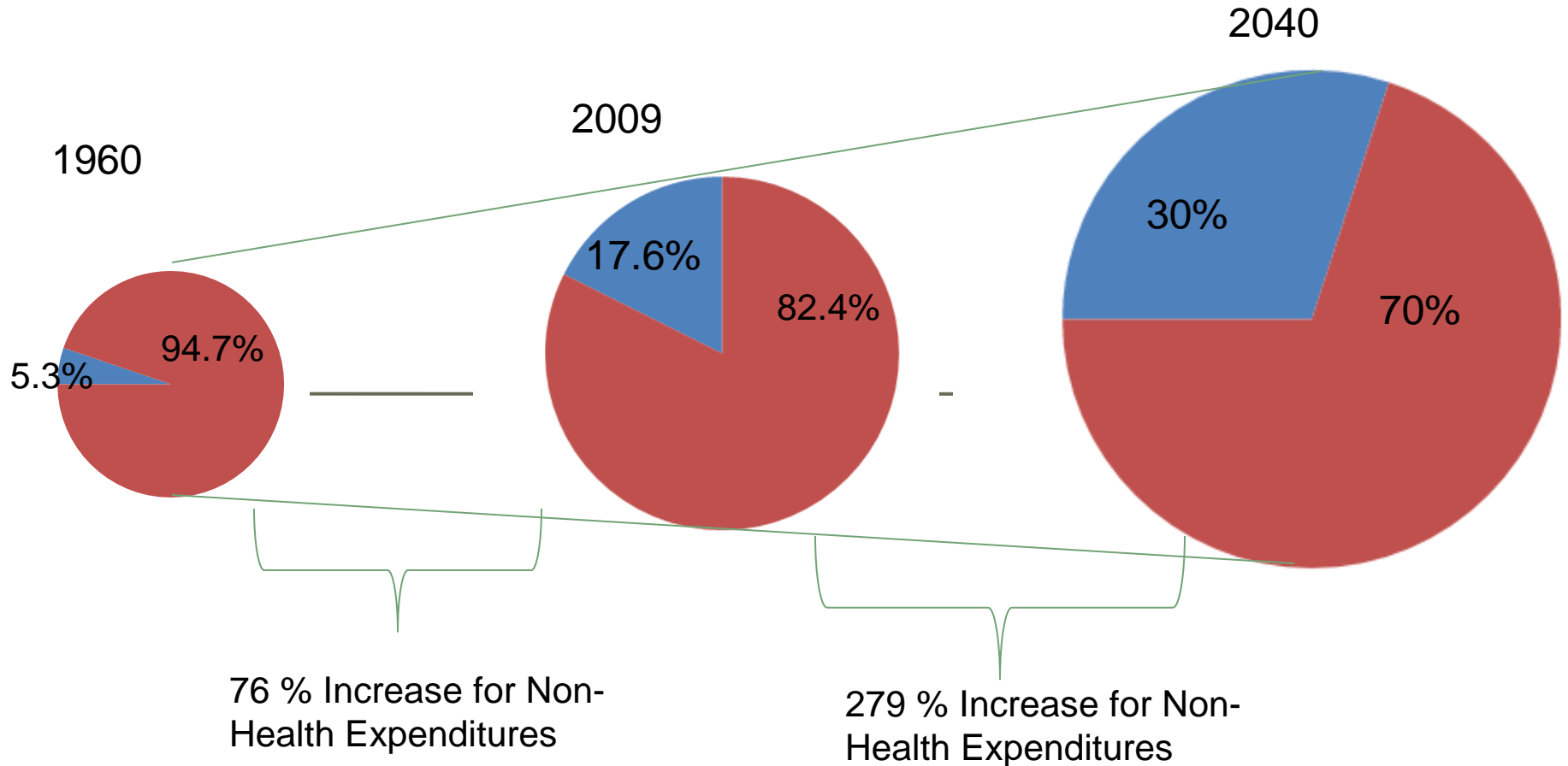


What the Family Spends on 1. Essentials and 2. Essentials & Healthcare Combined



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- As the preceding chart shows, as the % spent on food, clothing, and shelter has declined over the decades (because productivity increases permit), the % spent on health care has risen accordingly
 - Americans have spent more on saving lives *because they've needed to spend less on other essentials*

American Health Expenditures and Per Capita Gross Domestic Product



Sources: available on request to bbalch@nrlc.org

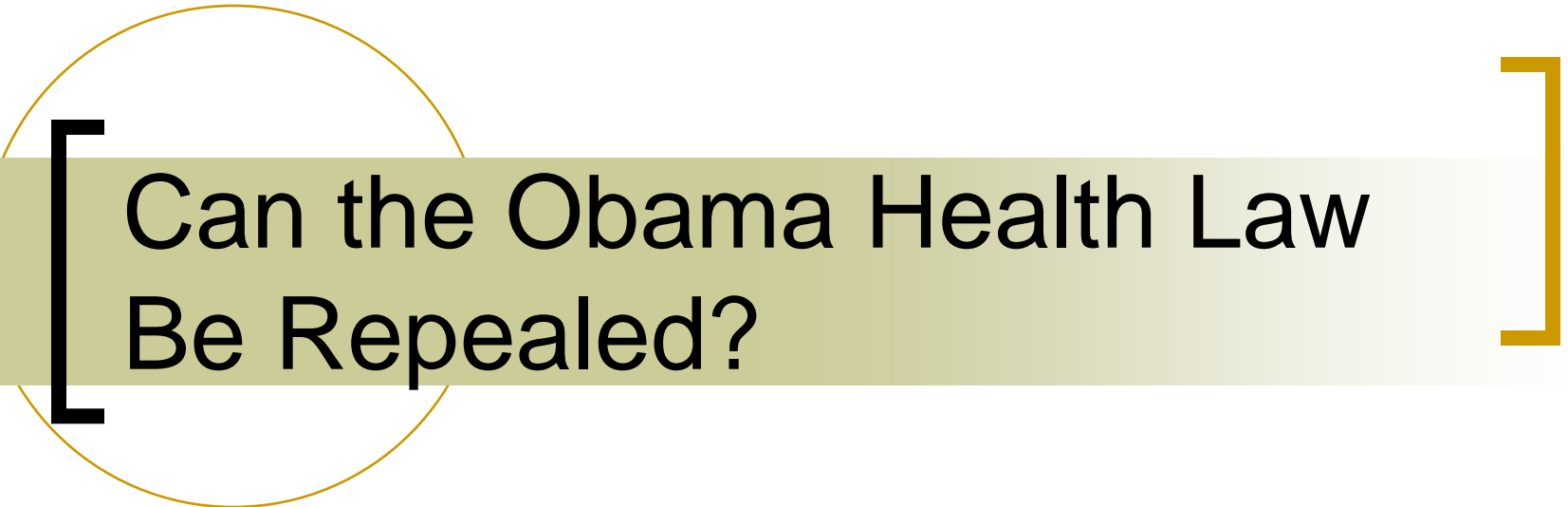
- As the preceding pie charts demonstrate:
 - Although health care is taking up an increasing proportion of the gross domestic product (larger slices of the pie)
 - It is also true that, due primarily to productivity increases, the gross domestic product itself has been growing (larger pies)
- As a result:
 - The *total amount* Americans have to spend on items *other* than health care continues to grow even as the *proportion* of GDP spent on non-health care decreases
- Thus, spending more and a larger proportion of GDP on health care does *not* mean Americans spend *less* on items other than health care
- The growth in spending on saving lives is sustainable!

[Conclusions]

- *NOT* that American health care system is ideally efficient and can't be improved
- *BUT* if improvements are made in cost-effectiveness, we shouldn't necessarily expect growth in health care spending to abate – we might just get more and better health care

[Bottom Line:]

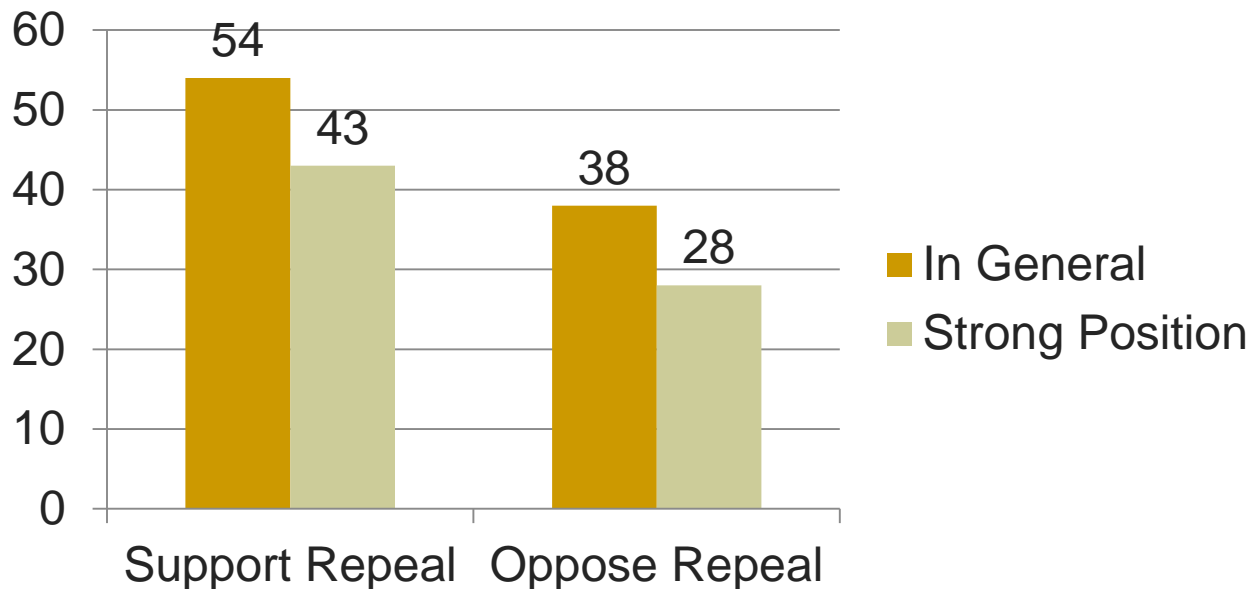
- As long as American productivity keeps increasing, America can afford to continue to increase the resources used to save lives and preserve health
- **Real** problem is providing safety net for those whose incomes are not average
- Solutions that don't require rationing:
- www.nrlc.org/HealthCareRationing



Can the Obama Health Law
Be Repealed?

Rasmussen Reports

June 23-24, 2012



Survey of 1,000 Likely U.S. Voters. The margin of sampling error is +/- 3 percentage points with a 95% level of confidence

[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

[Our Job: Educate!]

- www.nrlc.org/HealthCareRationing

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- If you remember nothing else, remember – and relate – the rationing danger of the Independent Payment Advisory Commission and the quality standards HHS would have authority to impose:

Independent Payment Advisory Board

IPAC

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

HHS

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

YOU

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

[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 . . .