

The Washington Times

We need to reform the reform

Sen. Judd Gregg

The president, Republicans and Democrats in Congress and millions of Americans all agree -- our health care system is broken and must be fixed. We also agree that we must reform how we pay for this system, and, at the same time, reduce the number of people who lack coverage without disrupting the coverage that insured people already have.

We must encourage quality of care and reduce the skyrocketing medical bills so many families face. These are goals President Obama has endorsed and these should be the center of our bipartisan health reform efforts.

However, in Washington, it is always easier to talk about reform than it is to make the tough decisions necessary for change. The Kennedy-Dodd health bill put forward by the Democratic Senate has turned the basic goals of reform upside down. Instead of expanding coverage to the uninsured, the legislation upends the current employer-sponsored insurance system, ends patients' choices, and puts a bureaucrat between you and your doctor. Instead of reforming our insurance payment system, the legislation that was just voted out of committee would allow continuation of flawed policies that incentivize quantity over quality.

More than 160 million Americans are covered by health insurance made available from employers, and more important, most like the coverage they have. But according to testimony by the Congressional Budget Office this past month, millions may lose access to their current employer-sponsored health plan under the Kennedy-Dodd bill now before the Senate Committee on Health, Education, Labor and Pensions.

Health reform, for many Americans, means enacting policy changes that will result in covering the 47 million people nationwide who lack any health insurance. Yet rather than concentrating aid to those who need it most by offering subsidies to low-income families to make health insurance affordable,

this bill subsidizes health insurance for those with an income up to 400 percent of the federal poverty level, or \$88,200 for a family of four. Due to such misdirected policy proposals, the current Kennedy-Dodd plan for "reform" still leaves 34 million in our country without health insurance. This is unacceptable, and many are right to wonder, "Where, exactly, is the reform?"

Unfortunately, you won't find reform in how we pay for health care. Medicare currently pays doctors and other providers based on the volume of care, such as the number of tests performed or the number of office visits a patient has. As one would expect, this encourages more prescriptions, more tests and more surgeries than might otherwise be necessary.

More care, however, doesn't always mean better outcomes. Yet unfortunately Medicare's current structure encourages more by paying for more, which increases costs but doesn't necessarily improve health. It's the worst of both worlds.

To reduce costs and improve quality, we need to uproot this broken system. As a nation, we spend more than 17 percent of our gross domestic product on health care -- in 2009, it is estimated this spending will amount to more than \$2.5 trillion. We don't need to spend more, we need to spend better.

To its credit, the Obama administration has said repeatedly we need to adopt changes to the current volume-based system. However, last week when Office of Management and Budget Director Peter R. Orszag wrote to House leaders encouraging reforms, he failed to identify policies that would fix the current flawed payment system.

In fact, recently announced "agreements" among the drug manufacturers, hospitals and the administration touted to save billions of dollars could end up encouraging higher spending. For example, the deal with drug manufacturers encourages use of more expensive brand name drugs, rather than promoting the use of generics, which is hardly a way to reduce overall costs.

Even worse, the reported deal with hospitals would put in place across-the-board cuts in the annual inflationary payment increase hospitals receive from Medicare each year. While this may be an effective means to reduce spending, such an across-the-board cut will penalize institutions like the Mayo Clinic in Minnesota that provide the best quality health care in the country at a low price.

We should put in place policies that reward these high-quality, cost-efficient performers for their efforts, not punish them.

There is a lot agreement on where health care reform should end up. Unfortunately, the policymakers steering the effort are reading the map upside down. Instead of providing needed coverage to the uninsured, reducing costs and improving quality, we are going to tear down an employer-sponsored insurance system that most Americans believe works for them, begin to establish a single-payer system that eliminates choice, and increase costs without improving quality.

It's not too late to get this right, but it will require setting aside partisan politics and working together to find the right solutions for our nation.

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