

Wisconsin Medical Society Health System Reform Plan

Paul Wertsch, MD

Health care premiums are skyrocketing. The number of uninsured continues to climb. States are in a fiscal crisis, struggling to plug huge deficits.

Back in 2002, the Wisconsin Medical Society Board of Directors saw the enormous issues facing health care and voted to convene a Task Force on Health System Reform. The charge of the task force was to guide the Society's role and positions in the debate on health care expenditures and system reform. The task force and its committees analyzed health care funding and ways to expand access to appropriate and high quality health care. The task force also addressed the ongoing issues of the uninsured and underinsured in Wisconsin and considered various cost-containment approaches. To ensure that the task force viewed health care system reform from a broad perspective, the Society invited participation from various other Wisconsin groups (*see sidebar*). I participated on the task force as the then-President Elect of the Society. The task force recommended a Health System Reform Plan (Plan), which was endorsed by the Society. Its three main goals are:

1. to attain universal health insurance coverage

2. to provide high quality health care
3. to control health care costs

All three goals are strongly interrelated. Wisconsin physicians are extremely concerned about the ever-increasing cost of health care in our state. We are concerned for our patients, and we feel the pinch as health care consumers ourselves. We are also concerned about the increasing cost of health care's effect on the ability of the working poor to afford health care coverage. And higher costs go hand in hand with the number of uninsured in Wisconsin. The 44.8 million uninsured in the United States and the 450,000 uninsured in Wisconsin must be brought under some health care coverage. But it is not enough to have everyone insured if the quality of care is not there.

Attaining Universal Health Care Coverage

Pluralistic System

While the plan advocates for Universal Coverage, it does not endorse a Single Payer System. The task force favors a pluralistic health care system, where diverse social groups maintain autonomous participation in, and development of, their special interest, which promotes competition on the basis of quality and cost. Many of the task force members felt that a government-run single payer system was too risky.

Purchasing Pools

The task force supported purchasing pools where people could join together, share risks, and have more clout when dealing with insurance companies. Premium subsidies would allow less wealthy people to afford better coverage.

Play or Pay

The group also supported a "Play or Pay" model, in which employers would either buy health insurance for their employees or be required to contribute to a statewide fund that would then provide the insurance. However, the task force found that business representatives and legislators were concerned about the effect this model would have on Wisconsin business. There are many employers barely getting by financially, and if they had to buy health insurance they might go under or have to leave Wisconsin. The group finally compromised, suggesting that we build on our current good employer-based system and only work toward Play or Pay after suitable insurance market reforms took place and after there was increased opportunity to participate in buying pools. The task force also thought there should be an exemption for small businesses or recent start-up businesses.

Current State Programs

It was important to the task force to maintain our safety net programs like Medicaid and BadgerCare and expand eligibility as needed to reduce

Doctor Wertsch is a Past President of the Wisconsin Medical Society and a family physician in Madison, Wis.

the number of uninsured. We are aware that many people eligible for these programs do not utilize them, either because they are unaware of the programs or because they have become apathetic. We need to work actively to enroll them. We must consider an explicit priority-setting process, similar to one developed in Oregon, using an evidence-based approach to attempt to prioritize care in a cost-effective manner.

State-Defined Standard Benefit Plan

The Society also planned to develop a state-defined standard benefit plan that would list the covered services one would expect in a good, albeit basic, health care plan. As part of its design, it would foster consumer participation in the costs and decisions regarding utilization of health care services. This basic plan would be tax deductible for businesses. Employers could add more “bells and whistles” to the policy, but anything beyond the basic plan would not be tax deductible. The task force was disturbed by the wide variation in what is covered in different health care policies and was concerned that our patients may not know what services they might need until it is too late. A defined standard benefit plan would take a lot of the guesswork out of choosing coverage.

Improved Data

As physicians, we often are not very familiar with the costs of the services, procedures, and drugs we prescribe. We need to improve upon this if we are to deliver more cost-effective care, and to do that, we need better, reliable data. Current information is derived primarily from claims data. Instead, the task force strongly recommended ending the state-run outpatient quality data collection and replacing it with the new public-private data collection program coordinated by the Wisconsin Health Information Organization (WHIO).

This will help ensure we get accurate data specific to our needs.

Providing High Quality Care

You can't discuss cost of care without considering quality of care. If decreasing costs lead to poor-quality care, costs in the whole system may actually increase. Repeating things that were done poorly never saves money. It's possible to be fooled into thinking that delaying costs is the same as saving costs, but the error in this is clear when global costs are considered.

Assess Locally

The task force felt that the ideal place for evaluating quality was at the local, community level and would like to see an automated, data driven system for professional review of medical care that could be fed back to health care professionals. We should make quality evaluation a non-punitive activity that could become a device for actually improving care.

Disease Management

Disease management was seen as a way to improve quality in those patients with chronic diseases who utilize a disproportionate amount of health care resources. Developing or adopting practice guidelines—using evidence-based principles—would help manage these illnesses in proven ways for better, more cost-effective results. The Society should work with the Wisconsin Hospital Association to look at hospital admissions, especially for preventable reasons, and then try to improve the system to prevent reoccurrences. For disease management to gain credibility and acceptance, it must be continually reviewed and its successes in improving quality and providing cost savings must be reported.

State Health Promotion

Another part of quality is to pro-

mote wellness through an effective state health promotion program. Preventing injuries and reducing preventable diseases is a good method to improve health and reduce costs. The task force recommended elevating a state health officer to “Surgeon General” to increase the visibility of efforts in health promotion, pursuing legislation that promotes injury prevention and tobacco use reduction, and creating local coalitions of medicine, business, and government to promote community health.

Controlling Health Care Costs

In discussing the Plan's other two goals, the third goal—controlling costs—is constantly mentioned. In fact, as the task force studied the health care system, we became acutely aware of the interrelation of these parts, which are constantly changing. One aspect cannot be adjusted without causing changes everywhere else in the system. Health care must be approached as a system, rather than a group of individual pieces.

Government Programs

One of the largest, but most underappreciated factors affecting costs is the government itself. The government-funded Medicare and Medicaid programs are major payers in the health care system, and they don't pay their own way. Medicaid reimburses between 22% and 42% of the billed amount while the cost to provide the services ranges from 50% to 70%, according to a 2000 Wisconsin Medical Society survey on Medicaid Cost and Reimbursement. In addition, there is substantial geographic disparity in physician reimbursement levels in the Medicare Part B program. While Americans everywhere pay equal premiums to support Medicare, Wisconsin physicians receive less reimbursement for per-

Wisconsin Medical Society Task Force on Health System Reform Members

Robert Phillips, MD, Task Force Chair (also Chair, Society Board of Directors), Marshfield

Mark Andrew, MD, President, Wisconsin Medical Society, Viroqua

Michele Bachhuber, MD, Chair, Council on Health of the Public, Marshfield

John Beasley, MD, Board member, Madison

Philip Bedrossian, MD, Medical Director, MercyCare Insurance, Janesville

Patrick Board, President, Covenant Medical Group, Milwaukee

Steve Brenton, President, WHA, Madison

Clarence Chou, MD, Board member, Milwaukee

Peter Christman, MD, EVP, UW Medical Foundation, Madison

Richard Dart, MD, Chair, Task Force on Professionalism, Marshfield

Kevin Hayden, President, Dean Health Systems, Madison

Cyril Hetsko, MD, AMA Delegate, Madison

Tom Huffer, MD, Prevea Clinic, Green Bay

Al Jacobs, Executive Director, WEA Trust

Norm Jensen, MD, Vice Chair, Task Force on Professionalism, Madison

Jack Lockhart, MD, Past President; Member, Task Force on Professionalism, La Crosse

Richard Lofgren, MD, MCW, Milwaukee

Brad Manning, MD, Board member; Society Treasurer, Madison

Edith McFadden, MD, Board member, Milwaukee

John R. Petersen, MD, Member, Task Force on Professionalism, Milwaukee

William Raduege, MD, Board member; Member, Task Force on Professionalism, Woodruff

Tom Reilly, Aurora Health Care, Milwaukee

Tom Reminga, MD, Infinity Health Care, Milwaukee

Jim Riordan, President and CEO, WPS, Madison

Catherine Slota-Varma, MD, Board member, Milwaukee

Christa Steene, Prevea Clinic, Green Bay

Susan Turney, MD; Board member; Chair, Council on Health Care Access and Financing, Marshfield

Kirk Veit, MD, Agnesian Health Care/Fond du Lac Regional Clinic Medical Director

Ken Viste, Jr., MD, AMA Delegate; Past President of the Medical Society, Oshkosh

Paul Wertsch, MD, President-Elect; Board member, Madison

Tosha Wetterneck, MD, Member, Task Force on Professionalism, Madison

Ray Zastrow, MD, Immediate Past President, Hartland.

Health Policy Advisors

Donna Friedsam and Alison Klawiter, Wisconsin Public Health & Policy Institute, Madison.

Presenters

Steve Brenton, President, WHA, Madison

James Buchen, Vice President of Government Relations, Wisconsin Manufacturers & Commerce

Chris Decker, EVP & CEO, Pharmacy Society of Wisconsin

Gina Dennik-Champion, Executive Director, Wisconsin Nurses Association (WNA)

Al Jacobs, Executive Director, WEA Trust

Jason Kay, Governmental Affairs Director, AARP

Dave Newby, President, AFL-CIO of Wisconsin

Jim Riordan, President and CEO, WPS, Madison

Editor's Note: The Society's Task Force on Health System Reform met July 2003-November 2003.

forming the same work due to the use of outdated work and practice expense Geographic Practice Cost Indices (GPCIs). As a consequence of this inadequate payment, and in order for health systems to survive, these deficits are “cost shifted” to the commercially insured and, worst of all, the uninsured. In 2002, WPS Insurance CEO Jim Riordan determined that health care costs to WPS are increased by 22% to offset the underpayment of these government programs. This is a sizable and unfair tax on health care as it hits the most vulnerable—the uninsured—the hardest.

Workforce Shortage

Another source of increased cost is the predicted future shortages of

physicians and other health care workers since wages would need to increase significantly to attract workers. The task force encouraged the study of the reasons for the shortages and suggested early intervention toward increasing the number of future workers.

Pharmaceuticals

One of the most rapidly rising reasons for increasing health care costs is pharmaceuticals. The task force recommended the development of large purchasing pools to gain leverage in negotiating with drug companies. We suggested looking at a state-based multistate pharmacy purchasing and benefit management program. Appropriate use of generic or older standard treat-

ments were recommended unless there was evidence that the newer drugs actually worked better.

Further Recommendations

The task force had the following suggestions for improving the health care system.

Statewide Catastrophic Risk Pool

A great idea for improving our health care system came from Al Jacobs of WEA Trust. He advocated a statewide catastrophic risk pool that would cover expenses over a limit of approximately \$65,000 per year. All insurance companies in the state would be included to cover their catastrophic costs. The advantage of this approach is that it would distribute the cost of these

rare but very costly incidents over the whole state, greatly decreasing the underwriting risk small groups face, which makes their insurance very expensive. The risk pool would also include the ERISA-exempt health policies in the state. These infrequent but costly cases are usually very complex. Expertise could be concentrated on them or they could be transferred to the best place for treating their conditions correctly.

Quality Forum

Another recommendation was to establish a Quality Forum, which provides a neutral forum for physician Medical Directors to debate and collaborate to form a deeper understanding of the issues related to health care quality measurement, reporting, and improvement. The first forum was held in September 2004, and to date these bimonthly meetings have been quite successful.

Tax Incentives

Long-term health care costs are rapidly increasing. The task force recommended cost-reduction ideas such as the state offering Wisconsin residents tax incentives to purchase long-term care insurance. We also suggested exploring community-based alternatives to institutional care. Providing equal access to palliative care at the proper moment could also help with appropriate utilization of resources.

Common Medical Record

Use of information technology will be an important tool in providing more cost-effective care. Having a common medical record that all health care professionals could access would reduce replication of tests and procedures. A modern information technology system could also incorporate clinical guidelines and improve diagnosis and treatment decisions. It could also be the means to collect point-of-care quality data and measure outcomes to better evaluate care.

Conclusion

In summary, the Wisconsin Medical Society Health System Reform Plan concentrated on looking at the health care system as an interdependent dynamic system in which changes in one part affect everything else. We saw that quality of care, cost of care, and attaining universal coverage of all the citizens in the state were all inter-related and need to be addressed together if health care as a whole is to be improved. Some recommendations, like the Quality Forum have already been adopted; others, like the public/private collection of quality data are underway; some, like developing a basic health care benefit plan, have been incorporated into the Society's strategic plan and are just beginning; and still others are just a distant dream. There is much work to be done.

Editor's Note: The task force's full report is available at www.wisconsinmedicalsociety.org/uploads/wmj/Health%20System%20Reform.pdf.

Wisconsin Medical Journal

The mission of the *Wisconsin Medical Journal* is to provide a vehicle for professional communication and continuing education of Wisconsin physicians.

The *Wisconsin Medical Journal* (ISSN 1098-1861) is the official publication of the Wisconsin Medical Society and is devoted to the interests of the medical profession and health care in Wisconsin. The managing editor is responsible for overseeing the production, business operation and contents of the *Wisconsin Medical Journal*. The editorial board, chaired by the medical editor, solicits and peer reviews all scientific articles; it does not screen public health, socioeconomic or organizational articles. Although letters to the editor are reviewed by the medical editor, all signed expressions of opinion belong to the author(s) for which neither the *Wisconsin Medical Journal* nor the Society take responsibility. The *Wisconsin Medical Journal* is indexed in Index Medicus, Hospital Literature Index and Cambridge Scientific Abstracts.

For reprints of this article, contact the *Wisconsin Medical Journal* at 866.442.3800 or e-mail wmj@wismed.org.

© 2005 Wisconsin Medical Society