Health Care For All Ohioans

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SPAN Ohio
Prelude

• In this 2019 political season, candidates and pundits are calling for Medicare for All. Our system is such that we will not have it nationally until we have it in a state or two.

• As Supreme Court Justice Lewis Brandeis said in the 1930s, “The states are the laboratories of democracy” In that spirit, let us begin.
U.S. Health Reform, Briefly

- 1912: Teddy Roosevelt advocated a national health plan
- 1927: Dr. Siegrist and committee on costs of medical care.
- 1937: Wagner Health Act.
- 1940s: WWII – wage and price controls make health insurance a workplace benefit.
- 1964: Lyndon Johnson Medicare and Medicaid
- 1993: Hillary Clinton Plan
- 2010: Affordable Care Act.
Patient Protection and Affordable Care Act Good News

- 32 million more insured by 2019
- Subsidies for lower Income people
- Children allowed on parents’ plans till age 26
- 16 million more on Medicaid
- $11 Billion more for community health centers
- Personalized preventive health services
- Phase out “donut hole” for Rxs by 2020
- 10% bonus for primary care physicians
Patient Protection and Affordable Care Act: Bad News

- Surging costs not contained
- 28 million still uninsured
- Quality of care unlikely to improve
- Reforms incomplete and ineffective
- New layers of waste and bureaucracy
- Lack of price controls
- Perverse incentives retained
- “Reform” not sustainable-cost shifting
GROWTH OF PHYSICIANS & ADMINISTRATORS 1970-2007

GROWTH SINCE 1970

Source: Bureau of Labor Statistics; NCHS; and analysis of CPS
Some Reasons for the rapid escalation in Health Care Costs

ADMINISTRATIVE COSTS

Figure 5. The ‘value chain’ in US health care
30-year trends in Ohio with our private insurance market-based system

- 1. Ever-increasing costs of health care means less disposable income for Ohio’s working families as they face increasing copays, deductibles and premiums.
- 2. Compared to other wealthy nations, Ohio’s health care system is inefficient with increasing mortality rates especially for mothers and infants.
- 3. Increased out of pocket costs have increased bankruptcies, especially among the elderly. 20,000 Ohioans apply for bankruptcy each year due to health care costs.
- 4. 33% of Americans report that cost is a barrier to seeing doctors. 1,395,000 people in Ohio do not see doctors because of the cost. This results in increase in premature mortality of 23%.
- 5. This results in 300 added deaths per 100,000 or 32,000 preventable deaths per year.
- 6. Life expectancy has fallen, especially for the poor and minority populations.
- 7. Hospitals systems function like monopolies, steering patients to network hospitals and buying out physicians resulting in less choice of provider, decreased quality and less access to care.
The Solution to the Health Care Mess

• An Institute of Medicine report 15 years ago said that the present system of medical care is unsustainable in the 21st century.

• The report laid out the characteristics of a sustainable system.

• The report advocated a national health plan.
Consequences of the Uninsured

• Emergency rooms are clogged with persons with minor illnesses, or persons with far-advanced problems, both of which are expensive.

• The costs are transferred to third-party payers.

• Rising premiums, co-pays and deductibles cause people and companies to cancel insurance, causing more people to go to emergency rooms.

• The system is imploding.
Ohio Health Care Plan

- In- and out-patient care.
- Emergency services.
- Vision, hearing, dental.
- Prescription drugs.
- Mental Health.

- Rehabilitation.
- Preventative care.
- Home nursing.
- Hospice care.
- Other needed services
The Ohio Health Care Board

• One member selected from the largest county of each of Ohio’s seven health care regions
• Another selected at large, perhaps from another county in the region
• Chaired by the Director of the Ohio Department of Health
• Administratively efficient
• Negotiate or set prices.

• Pay for services.

• Establish standards for proof of residency.

• Provide each participating individual with identification that will be used to establish eligibility for services.
Revenue sources: How do we pay for it?

• Total cost will be $140 Billion per year in Ohio without reform.
What Single-payer would look like.

• All medically necessary services would be covered with no exceptions for pre-existing conditions.
• There would be no private insurance premiums taken out of paychecks and copays and deductibles are eliminated.
• Everyone will have comprehensive coverage that includes dental, vision and mental and behavioral health care along with complete choice of Ohio provider.
• Increased costs for the Ohio Health Plan are covered by income, payroll, and sin taxes and administrative savings instead of private insurance premiums, co-pays deductibles and other out of pocket costs.
• 95% of Ohioans would save money. Those with incomes of over $200,000 will pay more but the recent federal tax cuts to the rich make up most of the difference.
• There would be an economic stimulus with more disposable income for 95% of Ohioans.
• Doctors would have an additional 6 hours a week related to less time spent on paper work and billing issues. This would allow 10% more time with patients.
• Taxpayers save because all public employees would be covered and this lowers the cost to governments for employee health care.
• Businesses can hire more employees because they are paying less for employee health care.
Administered by the State of Ohio Department of Health

In addition to administrative cost savings, **OHIO HEALTH CARE PLAN** will be financed by the following transfers:

- Medicare $34,895
- Medicaid 24,823
- SCHIP 0.522
- VA 4,511
- Fed share of Medicaid rate adjustment 1.191
- New Federal Medicaid for utilization 0.441
- Other third party (local public health, TRICARE, IHS, charity, etc.) $2,403
- Remaining out-of-pocket (actuarial value of 96%) $4,572
- Current state spending $0.626
- ACA subsidies $0.711
- Total Available revenue $74,694
Revenue sources: How do we pay for it?

It costs $13 Billion to cover the uninsured and improve coverage and eliminate copays and deductibles.

Table 4. Cost of Program Improvements (in billions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Universal coverage</td>
<td>$1.551</td>
</tr>
<tr>
<td>Utilization (removal of co-pays and deductibles)</td>
<td>$5.798</td>
</tr>
<tr>
<td>Medicaid rate</td>
<td>$1.713</td>
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<tr>
<td>Assumption of Medicare premiums</td>
<td>$3.894</td>
</tr>
<tr>
<td>Transition costs for UI and retraining</td>
<td>$0.178</td>
</tr>
<tr>
<td>Cost of program improvements</td>
<td>$13.136</td>
</tr>
</tbody>
</table>
Ohio Health Plan will save Money - A lot of it!!

- Ohio will save $38.467 Billion with single-payer efficiency - based savings.

  Table 1. Projected savings (in $billions) from single payer in Ohio
  - Provider administration                        $10,032
  - Market Power (Pharmaceuticals and Hospitals)   15,529
  - Insurance Administration                      9,310
  - Employer administration                       1,378
  - Fraud reduction                               2,217
  - Total savings                                 38,467

- Over $9 Billion saved in insurance administrative waste.
- $1.3 Billion of administrative expense saved by employers due to not having to manage health insurance for their employees.
- Saves over $10 Billion in provider offices due to simplified billing.
- Budgeting hospitals and negotiating with drug companies on price and fraud reduction saves another $17 Billion.
Why would we save money?

• Simplified administration dramatically lowers costs and reduces time wasted.
• 15% of current insurance premiums go to redundant billing, overhead, profit, advertising, marketing, CEO salaries. These costs do not serve patients.
• Drug costs are 3 to 4 times as high in the US than other countries which negotiate prices. The Ohio Health Plan requires negotiations for drugs.
• Current system has other costly abuse such as fraud, overcharging, and monopoly pricing.
Revenue sources: How do we pay for it?

• Business payroll taxes could be as low as 10-12% versus many businesses now pay up to 22% of payroll to insure employees.
• The above rate will be graduated for small businesses.
• Income taxes 3-5% on individuals and families would apply but would be phased in for lower income families. (95% of Ohioans will pay less than the existing co-pays, deductibles and private insurance premiums cost them now).
• Tax on alcohol, cigarettes, tobacco and marijuana will help improve health and keep other taxes lower.
Advantages of Ohio Health Plan over present health care system

• 1. Reduces insurance administration costs from 9% to 2%. This is a $9.31 Billion savings per year in Ohio.
• 2. Increases disposable income for 95% of Ohioans. Most individuals will save an average of $2300 in 2019. The largest savings will go to working families and middle-income households.
• 3. Increases employment by lowering the insurance burden on businesses that pay for health care for employees.
• 4. Covers all the uninsured and increases coverage for those with inadequate coverage.
• 5. Reduces financial barriers like co-pays and deductibles. 33% of Americans now face financial barriers to seeing a doctor.
• 6. Eliminates medical bankruptcies. Ohio has 20,000 bankruptcies per year due to medical bills.
• 7. Reduces economic inequity. Switching deductibles, copays and premiums to payroll and a progressive income tax takes the burden off the poor, middle income, the sick, and the elderly.
How the
Ohio Health Plan
Will Work for You (cont.)

• **Your care is better.** You choose your own doctor who practices evidence-based medicine

• **You sleep better.** Your employer no longer has to worry about the ever-increasing costs of health care, and you, in turn, no longer have to worry about increasingly unaffordable deductibles and co-pays. In addition, you and your family are covered when traveling
Ripple Effects

- Employers will pay less in taxes than in insurance premiums.
- **All** businesses will help pay.
- *Ohio Health Care Plan* will supplement Workers’ Comp.
- It may decrease the number of claims
- Auto insurance premiums will decrease.
- Ohio businesses will become more competitive.
- Drag on economic growth will be reduced.
- Nursing home care will be less expensive.
In Summary

- Total Current Spending: $139,639
- Total Savings with Single Payer: 38,467
- Cost of Program Improvements: 13,136
- Net spending, single payer, 2019: 114,309
- Total Available revenue: 74,694
- Needed revenue: 39,614
Ripple Effects (cont.)

- Medical fraud will be detected easier.
- Drug idiosyncracies and toxicity will be detected sooner.
- Physicians will want to practice in Ohio.
- Nurses will want to move here, too.
- Individuals’ increased taxes will be offset by saved health insurance premiums.
- Hospitals will render less charity care.
Ripple Effects (continued)

- Welfare rolls will decline.
- Increased reproductive services will result in fewer unplanned pregnancies and abortions among poor women.
- Veterans whose illness is not related to their military service will leave the Veterans’ Hospital system.
- Pharmaceuticals will be less expensive.
- Employment options will increase.
- Resources will be available to combat obesity.
- Greater transparency will allow quality of care to be monitored more effectively.
Ripple Effects (continued)

- Much medical care will be delivered in community health centers
- Maternal mortality will decrease
- Infant mortality will decrease
- Per capita cost of health care will decrease
Ripple Effects for Physicians

• Physicians will be sued less often
• Physicians will practice less defensive medicine.
• Physicians will no longer struggle to pay clerical staff.
• Insurance companies will no longer dictate how physicians practice medicine.
• Quality of medical care will improve, in part because everyone will be covered.
• More and more medical care will be evidence-based, therefore, better.
Ripple Effects for Small Businesses

- Employers will pay less in taxes than in insurance premiums.
- All businesses will help pay.
- *Ohio Health Care Plan* will supplement Workers’ Comp.
- It may decrease the number of claims
- Auto insurance premiums will decrease.
- Ohio businesses will become more competitive.
- The work force will stabilize
Organization of the Ohio Department of Health

Seven Health Care Regions
We are Region 4

- Hamilton County
- Butler
- Warren
- Clermont
- Highland
- Clinton
- Brown
- Adams

Dee Chavez, Regional Coordinator

Meet 4th Wednesday of month at 6:30 P.M.
Community Friends Meeting House
3960 Winding Way
BUT WE HAVE CHOICE!!!!!
Funding the Ohio Health Care Plan

• Issued by Single-Payer Action Network Ohio (SPAN Ohio)

• Visit our web site at www.spanohio.org or call 216-736-4766 or email SPANHealthCare@aol.com

• Contributions appreciated. Please send checks made payable to:

• SPAN Ohio 3227 W.25 St.— Cleveland, OH 44109