

GHA News Update

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GHA Board Meets with Chambliss, Isakson Staffers, Outlines National Health Reform Priorities

Members of the Georgia Hospital Association (GHA) Board of Trustees met with United States Senate staff members yesterday urging structural reform — and not just payment reform — as federal lawmakers continue national health care reform discussions. In the meeting at the GHA Board Room with Charlie Harman, chief of staff for U.S. Sen. Saxby Chambliss (R-Ga.) and three other staff members representing Sen. Chambliss and Sen. Johnny Isakson (R-Ga.), GHA board members expressed concerns that the Obama Administration's plan for reform will cut hundreds of millions of dollars from hospitals but does little to address the structural inadequacies of a system fraught with waste and backward incentives.

Last week, the Obama Administration called for nearly a quarter of a trillion dollars in cuts from Medicare and Medicaid payments to hospitals to help finance health care reform. The proposal includes \$110 billion in cuts to provider updates, the bulk of which come from hospitals, in the form of an annual "productivity adjustment" (i.e., cuts to hospitals market basket updates), as well as a 75 percent reduction in funding for the Medicare and Medicaid Disproportionate Share Hospital (DSH) programs — a cut of \$106 billion over 10 years.

In the 60-minute discussion moderated by GHA Chairman Tim Stack, president and CEO of Piedmont Healthcare in Atlanta, board members voiced a series of concerns with current proposals coming from Washington. They included:

- A public health insurance option plan that does not pay taxes and does not have to operate within a balanced budget. Some board members fear that this public option will drive many Americans away from private plans and leave hospitals and other providers with more underpayments from the federal government and a reduced ability to make up those losses from a dwindling private pay population.
- While there are not enough primary care physicians in the current, fragmented system, a universal health care system will provide insurance coverage to millions of Americans

who will be unable to access the system due to a lack of physicians. These people ultimately will end up in hospital emergency rooms.

- While current proposals are heavily focused on cutting payments to hospitals to achieve cost savings, some board members expressed the need to impose structural changes that reverse financial incentives to utilize more medical resources, and reward providers and patients for activities focused on wellness and prevention.

“It was a very informative and substantive discussion,” said Harman, who has served as Sen. Chambliss’s chief of staff since 2007. “GHA members can be assured that we will take the ideas that we learned yesterday back to our two Senators and Representatives. This was a very timely meeting given Sen. Isakson’s leadership on the Health Committee and Sen. Chambliss’s current focus on these most important matters.”

Harman agreed with the GHA Board that a comprehensive national health care reform plan should be the result of careful, thoughtful leadership that is more focused on attention to detail rather than rushing a bill to passage by the end of the year.

“Whatever happens, we must ensure a full debate and that we do not rush to judgment and throw the good parts of the system out with the bath water,” said Harman. “It is important to craft a system that not only emphasizes payment, but also structural reform.”

Throughout the meeting, senate staffers referred to a recent article in *The New Yorker* that President Obama has made required reading in the White House. The article entitled “The Cost Conundrum,” which illustrates the huge cost disparities between different areas in Texas, has generated a lot of discussion in Washington among influential federal lawmakers. GHA members are encouraged to read the article at http://www.newyorker.com/reporting/2009/06/01/090601fa_fact_gawande?yrail