



Appleton
Fox Cities
Wisconsin

August 21, 2009

ThedaCare, Affinity and Wisconsin Hospital Association executives say public option bad choice

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APPLETON — The chief executives of two Fox Cities care providers believe a public option health plan will harm a system already dealing with rising costs and limited access.

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They say a public option could lead to providers receiving lower payments to cover costs of care. In some instances, profitable cardiac and orthopedic procedures could become money-losing ventures, with losses ranging between 5 percent and 10 percent if reimbursements were based on today's government rates.

Despite the bleak outlook, they believe disaster can be averted if Congress and President Barack Obama will allow industry experts to develop a plan to fix the system, which lawmakers could later consider.

"I don't think Congress is the best place for people to come up with new methodology," said Dr. Dean Gruner, chief executive officer of Appleton-based ThedaCare. "We're talking about political people not close to the issue."

Gruner; Steve Brenton, president of the Wisconsin Hospital Association; and Daniel Neufelder, president and CEO of Menasha-based Affinity Health System, met with The Post-Crescent on Tuesday.

Gruner believes health care providers and related industry professionals should develop a plan and make recommendations to Congress. He based his concept on steps the government took when it created the Defense Base Closure and Realignment Act of 1990 for evaluating closures of military bases. A panel of experts deliberated that issue and then submitted a report to Congress.

"Give the matter to some knowledgeable experts and keep it out of the political arena," he said. "At least those who understand the issue can start things moving in a progressive direction."

Neufelder said many providers are looking within on how to reduce operating costs.

"We need groups working on creative ways to provide high value at low cost," he said. "The status quo is not where we want to be. ... We do need reform so that more people can access the system."

Complex issues

Health care reform, a hot-button item for years, might prove impossible to fix with one legislative act.

"The reason this is so complicated is because we're trying to solve three problems in one legislative stroke," Neufelder said.

Obama wants to provide health coverage for the estimated 46 million uninsured people in the U.S. To do that, one measure looks at getting people to accept a government health plan option, which over the next decade could take \$200 billion to \$250 billion from Medicare, the federal program which pays for health care for the elderly and reimburses health providers who care for people on government assistance.

In some negotiations, the health care industry has agreed to accept Medicare cuts up to \$155 billion, Brenton said.

Further complicating the issue are government projections that show at current rates of spending, the Medicare fund could run out of money by 2017.

Neufelder said another issue is commercial health insurance. Companies that offer plans to employees are raising premiums to workers, who also face higher deductible costs.

"Health insurance plans should be portable so if someone leaves a job, they can take their coverage with them," Neufelder said. "Also, health insurance shouldn't be denied to people if they have pre-existing conditions."

Getting paid

Care providers rely on Medicare to cover some costs. Neufelder and Gruner said that reimbursements from commercial health insurance, on average, pay 30 percent more than Medicare.

Neufelder said Affinity's St. Elizabeth Hospital in Appleton loses 5 cents on every dollar spent to provide care on Medicare. Brenton said the state average is closer to 15 cents.

Brenton said Medicaid — the state-administered health insurance program for low-income individuals, jointly funded by state and federal dollars — reimburses hospitals at a rate of 65 cents for every dollar spent, while Medicare is at about 85 cents.

Gruner said if the public option goes through as is, providers would shift more costs to employers and commercial health plans.

"We'd be having brat fries and bake sales for organizations," he said. "We would immediately be in huge red ink."

Gruner and Neufelder said the financial challenges of patients could become another problem. Neufelder hasn't seen a decrease in insured patients, but he is seeing more people unable to pay high deductibles.

"For some patients, their insurance covers most of the care costs, with the exception of a \$1,000 deductible, and it's that \$1,000 they're having a hard time with," he said.

Brenton said that bad debt has increased about 20 percent over the past year.

How hospitals are reimbursed, particularly through Medicare and other government programs, should be based on performance or providing quality care at low cost, the Fox Cities health executives say.

Gruner said ThedaCare's collaborative care model, which took nearly two years to develop, has reduced costs by 28 percent and reduced length of stay in the hospital by 25 percent.

"But doing that made us an outsider on the Medicare database," he said. "The result of reducing our cost meant Medicare reduced our reimbursement by \$1,000 per admission. The system needs to reward people (for) doing the right thing."

Neufelder said health systems can reduce more costs. Obama has acknowledged that those initiatives should be rewarded.

"We're still in a pursuit of excellence and that means doing the right thing for the patient even though you could get more money if you did something in an inefficient way," he said. "We do try to eliminate the incentive for people to do a wallet biopsy on a patient."

Additional Facts

TV time

Fox News' "On the Record" with Greta Van Susteren tonight will feature ThedaCare's effort to make health care more affordable for more people. The show airs at 9 p.m.
