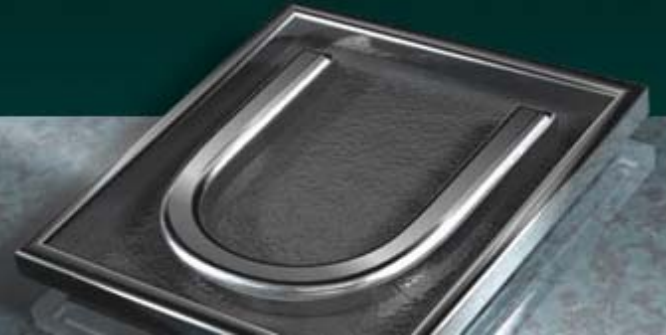


Health Care Reform: Is It Dead?

Presented By:
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Today's Presenter



Tom Schuetz

- Co-President of Group Services.
- 18 years of employee benefits experience.
- Former attorney specializing in corporate law, estate planning, and real estate.

Agenda

- Historical Perspective
- Health Care Reform vs. Health Insurance Reform
- What's going on in Washington D.C.
- What's going on at the State level?
- Will this give us what we want?
- What should we be focusing on?

Historical Perspective - Cost

1970 Spend - \$75 Billion - \$356 per resident
% GDP – 7.2%

2009 Spend - \$2.5 Trillion - \$8,160 per resident
% GDP – 17.6%

2018 Projected Spend - \$4.3 Trillion - \$13,100 per resident
Projected % GDP – 20.3%

Historical Perspective - Cost

Since 1970, health care spending has increased at a rate almost 2.5% greater than the rest of the economy.

Historical Perspective - Cost

Today just over 50% of these expenses are covered by private spending, primarily health insurance.

Historical Perspective – Medical Advances

- Cardiac Care
- Imaging Tools & Techniques
- Surgical Techniques
- Gastric Bypass Surgery
- Drug Advances
- Premature Newborns
- Transplants
- Joint Replacements
- Cancer Treatment
- Marketing of Health Care Products & Services

Historical Perspective – Medical Advances

Medical advances have increased our life expectancy and, in many instances, our quality of life.

They may also give us a false sense of security, increase our dependence on the health care system, and serve to delay or completely eliminate healthier lifestyle choices.

Historical Perspective – Medical Advances

Increasing cost of health care and increasing dependence on health care has resulted in financial strain...

- On the health care system (uninsured and other non-payers)
- The payment system (government and private health care)
- Individual payers (increase in cost sharing and deductibles, etc.)

Historical Perspective – Medical Advances

Are we attacking the right problems?

Are we able to attack the right problems?

Health Care Reform vs. Health Insurance Reform

Health Care Reform – changing the process and costs involved with providing health care.

Health Insurance Reform – changing the methods, rules and costs involved in the provision of health insurance.

Health Care Reform vs. Health Insurance Reform

Proactive Approach vs. Reactive Approach

Health Care Reform → Proactive

- Frequency of access and severity of need for health care services drives the cost of health care (Econ 101).
- Reducing the frequency of access and/or the severity of need required to reduce cost.
- Lowest cost health care is care that isn't needed.

Health Insurance Reform → Reactive

Health insurance (government or private) simply reacts to costs that have already been incurred. It may reduce the cost through reimbursement contracts but does very little to manage the frequency of access.

Health Insurance Reform – The Easier Target

- Rage against the insurance machine
- More impersonal
- Less risk, potentially
- More power politically
- Allows us to avoid the more difficult issues
- Easier to regulate

What's Happening In D.C.?

- House passes **Affordable Health Care for America Act**
- Senate passes **Affordable Health Choices Act**
- Conference Committee attempts to merge two bills
- Scott Brown elected in Massachusetts and the process seemingly comes to a halt – Why?

A Restart ?

- President Obama invites Republican and Democratic leaders to join him for a televised health care summit.
- President Obama releases his own health care proposal.
 - Basis of proposal are parts of bill's passed by both the House and Senate.
- Directs attention primarily to health insurance and medicare/medicaid fraud reform.
- Health summit produces little.
- Democrats may attempt to move the process forward through budget reconciliation process.
- Stay tuned for future developments.

Other D.C. Activities

- GINA and Health Risk Assessments
- ADA and Health Risk Assessments
- HIPAA – Cost of Compliance

What's Happening At The State Level

- State mandates
- Mandatory coverage = increased cost
- Total IA mandates – 26
- Total IL mandates – 47
- Three states have passed some form of universal coverage.

Will These Reforms Reduce Cost?

- Will they reduce usage trends?
- What if they don't?
- Compare/contrast self funded plans
- Proactive vs. reactive approach

Is There A Better Approach



What Is Really Driving Insurance Cost Increases?

- Increasing use of health care
- Increasing cost of health care
- Increasing regulation
- Unreasonable coverage expectations
- Lack of insurance company transparency

Can We Impact Any Of These?

- Focus on reducing the use of health care.
- Encourage efficient use of health care.
- Help establish reasonable coverage expectations.

Final Thoughts

- Look at current reform objectively.
- Don't expect reform to reduce cost.
- Compare cost of coverage against improvements of care.
- Encourage accountability from both your health insurance company and your health care providers.

Next Webinar

Health Care Reform: Let's Attack The Real Problem

Tuesday, April 6

2:00 p.m. CST



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Questions

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