

# Health Care Reform

## *Blessing takes a closer look.*

### *History*

In 1964, Medicare (senior care) and Medicaid (low income & disability) were created to supplement employer-based insurance.

Since 1964, Medicare and Medicaid enrollments have skyrocketed with corresponding cost increases. ***Medicare and Medicaid programs were intended to pay the cost of health care for their enrollees. Over time these programs have been unable to meet that commitment due to unplanned growth of enrollees and the unwillingness to tax citizens for increasing expenditures in these programs.***

As a result, other payers including business (employers) and private pay citizens have subsidized the cost of these programs for all hospitals including Blessing.

### *Why Does This Matter?*

It demonstrates that government historically and repeatedly has underestimated cost projections and has let the private sector (business and others) make up the difference. The current government subsidized national health care plan is intended to compete with private health insurance and will have the same end result. The problem is the private sector can no longer afford this subsidy. Currently, at Blessing Hospital, Medicare and Medicaid cover approximately 70% of the real cost to care for their patients. This amounts to approximately \$47 million being shifted to other payers annually to subsidize the operational and capital costs for Blessing Hospital.

### *Our Challenge*

If our private non-government payers convert to a national plan that reimburses hospitals at Medicare/Medicaid rates, the \$47 million subsidy Blessing Hospital currently receives will disappear. ***In addition, if we are now paid at Medicare/Medicaid rates for all patients, we will actually incur a \$90 million loss in revenue. That is equivalent to Blessing Hospital's payroll costs.*** So, what do we do with a loss of \$90 million of reimbursement? The conclusion is obvious. ***No hospital, including Blessing, can absorb that level of reimbursement loss and survive.***

### *Uninsured / Underinsured*

There is a real and justifiable need to provide health insurance for those who cannot access coverage and want that coverage. The challenge is how do we make that happen? At this stage the proposal suggests a national health plan with the condition that if you have health insurance, and like it, you can keep it. If a national health plan is part of the solution and also available to all citizens, how many employers will retain their private insurance? We think not many, if any at all. Therefore, you may be happy with your insurance plan from your employer, but the choice really is not up to you. It may go away because employers are likely to opt for the subsidized government health plan to reduce their operating costs.

### *What are Reasonable Solutions*

The health care system in our country has regulatory requirements, which add considerable cost to patient care without corresponding benefit. Our government has assumed the role of regulator rather than incubator of new ideas and options. History tells us the private sector is much more responsive to change than our regulators. A one thousand page piece of health care reform legislation will multiply into many thousands of pages of regulations which will be complicated and expensive to implement.

Providing insurance to all will require business, government and individuals to contribute to the solution. However, ***let us take the unnecessary costs out first before we create a debt problem that is unaffordable and unsustainable.***

Why do we have hundreds of different insurance claim forms that require excess software and people to support? ***Let us simplify the financial claims processing system where one uniform claim application works for all.***

There is much being said about electronic medical records as a real source for improving care outcomes and saving money. Why is it that we cannot agree upon uniformity of applications that allow systems to communicate with each other? If there is a role for government, it is in this arena.

We have a culture and economy built upon consumption. Unaccountable consumption leads to bankruptcy as is projected for Medicare by 2017. It is important, and necessary, that we as a nation find a new way to accept that sometimes choices need to be based upon a new reality that resources are indeed not without limitations.

### *What To Do*

Our national challenge is to reform our healthcare system in a way which controls costs, improves quality, expands coverage, honors patient choice and holds insurance companies and providers accountable. That is why we need to:

- Build on our strengths of which there are many.
- Fix the systematic issues which drive up cost without any value added components.
- This is a long-term problem; it took us 45 years to get here, so let us look at incremental but substantive solutions to begin to fix our problems over years, not months. Following the current legislative thinking and direction means unsustainable costs and a result of which we may not be happy. ***Once the government direction is set, there is no turning back.***
- Be responsible consumers of health care. Take better care of our children and ourselves.
- Make it a community goal to be an example for the rest of the nation when we say, this is an opportunity to really change and be a healthier community.

***The Blessing Health System is ready to help lead that change using science, technological innovation and skilled staff to improve the quality of your life.***

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***Health System***

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