

Charleston County Medical Society - Sept 9, 09 – Legislative Reception

Introduction- Some people saw that wildlife was dying because of entanglements in plastic rings that had been discarded. They designed a solution, cutting the rings before disposal, and educated the public. This education was very effective in changing the behavior of the public.

We have assembled tonight a group of people that has seen the pain, suffering and even deaths of those that did not have access to health insurance. We are designing a solution that hopefully can be incorporated into healthcare reform. Tonight I hope to demonstrate to our legislators, and ourselves, that we have already established many of the foundations needed for this reform through our large institutions of healthcare and many grassroots organizations pulling together.

Slide 1- When dealing with complex problems that have evolved over time, it is sometimes helpful to review fundamental principles that were the basis for previous successes in the field.

For healthcare, the Hippocratic Oath came at a time when physicians were not able to do much more for patients than witch doctors or snake oil salesmen. The oath separated physicians because they held themselves to a higher standard. Recognizing that the sick are a vulnerable population, physicians took an oath to be the patient's advocate, pledging they would not take advantage of this vulnerability.

If we can establish a system that incentivizes and encourages this basic principle, we develop the trust between the consumer and the provider necessary to affect the changes in behavior that will be needed to accomplish true healthcare reform.

Indeed, in over 40 studies of programs that have established patient centered medical homes, all programs cost less money per person than before and all of them had at least 75% of their quality measurements improved. I will argue that this is quality healthcare at an affordable price.

Slide 2- The uninsured problem in South Carolina. In 2002 a federal grant study that we performed in the state found over 600,000 South Carolinians were uninsured for the entire year. It is surely felt to be higher now.

This is a very heterogeneous population that, short of a single payor system, will require the coordination of multiple strategies targeting these different groups. Tonight I will outline an approach that I hope will demonstrate a uniquely American solution that will preserve what is good about our present system. I also hope to demonstrate that South Carolina is poised to become a national leader in this reform with potential huge economic benefits to our state.

Forty percent of the uninsured in the state are workers and their dependent children who are earning above 200% of the Federal Poverty Level (FPL). Ten percent are children from families earning less than 200% of the FPL. The other 50% are adults who are either unemployed or making less than 200% of the FPL.

The Federal approach is a top down approach, looking to increase coverage through a pay or play mandate, various insurance reforms such as guaranteed issue, removal of pre-existing exclusions and increasing competition, and a subsidy for those making less than 400% of the FPL to obtain commercial coverage. There will be exemptions from this mandate based on business size and individual income which will leave a gap in coverage.

Since 2002, our state has already taken care of the children below 200% of the FPL by making them all eligible for Medicaid (although only 10% of them have been enrolled).

That leaves 50% of the uninsured population out, this is our target population. Our approach is a bottom up approach that organizes the communities to care for the poorest for free, and to allow those that have some ability to pay to do so at an affordable rate. The combination of expanding the pool from the top down, decreased cost-shifting by taking care of the bottom up and targeted insurance reforms will allow us to revitalize the commercial insurance marketplace.

Tonight we will present the opportunity to cover these people through a complex but compelling movement in the state that has the opportunity to catapult South Carolina to the forefront of healthcare reform. And I will argue that this opportunity has the potential of creating many jobs and stimulating our economy significantly. Access Health SC and Speaker Bobby Harrell's Cigarette Tax proposal are specifically targeted to fill in this gap.

Healthcare is big business, 18% of our national GDP. The entire country is looking for a solution to provide quality healthcare at an affordable price. We can capitalize on this opportunity.

Slide 3- The effects of being uninsured are real. They are sick more often, sicker when they seek treatment, and have poorer health outcomes, including increased mortality. The biggest health disparity in this country is whether or not you have insurance. We have the best healthcare in the world that provides the best results in the world. However, our overall statistics are lower because we have a system that delays care for the uninsured population.

Slide 4- The hidden tax that we pay for this population is huge. It is estimated that we pay in state and federal taxes, and cost-shifted premiums about \$2000 per uninsured per year, a potential \$1.2 billion tax. This population also earns less, estimated at \$.5 to 1.5 billion in lost revenues. The net result to our state is significant.

Slide 5- Now, I would like to start showing you the grassroots efforts that are coming together to try to address this problem from the ground up. Access Health SC is a South Carolina Hospital Association effort, funded through the Duke Endowment to assist communities in pulling together to design systems of care for uninsured individuals making less than 200% of the FPL. This program is looking to provide sustainable funding and technical assistance to community programs. There are application and technical assistance processes that communities must go through to get this assistance and the goal of the program is to ultimately cover the entire state. These programs are designed to provide comprehensive healthcare services through a medical home to this population for free.

Slide 6- Three communities have already been approved through the application process and are starting to receive technical assistance. These are the Lakelands, Kershaw and Spartanburg communities.

Slide 7- Two other programs that are more organized are already participating in the development of measurement and reporting strategies for future programs. These are Richland Care in Columbia, and Shared Care in Myrtle Beach.

Slide 8- Our community is in the process of completing its application to Access Health SC by next week. This effort is being led by the Trident United Way and Chris Kerrigan, with the blessings of Dr. Raymond Greenberg of MUSC and David Dunlap of Roper St. Francis Healthcare. As you can see, we are supported by all of the area's hospitals, physician groups, federally qualified health centers, free clinics and DHEC clinics.

Slide 9- Our free clinics engaged in the process are listed here. As you can see, our two community service award winners are represented here.

Slide 10- The results of community programs in the state that have been providing care to this population show pretty consistent results. The decrease in inappropriate hospital utilization is a clear demonstration that these programs have the ability to decrease waste and decrease the need for cost shifting to the private sector.

Slide 11- As stated above, these programs are providing healthcare services for free. If you look at this target population, two thirds of them are working and have some ability to pay for services. Tri-County Project Care is an example of a program that incorporates discounts from the community to provide an affordable healthcare option for the working poor. To be eligible for the program you must be employed, make less than 200% of the FPL, not be eligible for Medicaid, Medicare or commercial insurance through your workplace. Thanks to the initial development through Speaker Bobby Harrell and the persistent efforts of Representative Chip Limehouse and Senator Larry Grooms, Project Care is a 501c3 non-profit community health plan offered as a pilot under our state's Medicaid program. It is similar to programs in other states that are collectively referred to as multi-share programs because their funding is made up of community funds, state and or federal funds and monies from the enrollees.

Slide 12- This is a busy slide, but it illustrates how we approached our community's providers to provide these discounts. If you look at any business they have a payor mix. It is that mix that determines whether or not that business can survive. In business you have those that pay full price, those that receive a discount and those that steal from you. The mix of those payors determines your ability to provide services for free and the amount you have to cost-shift to others. One of the problems we are having nationally is looking at this uninsured group and trying to place all of them into either a commercial insurance or government plan. This is clearly too

expensive. Leaving them all in the no pay category hurts the businesses and increases the cost-shifting. Therefore, our approach is to design the system to efficiently provide the services we can for free and to design a discount system that allows for those with some ability to pay to do so at an affordable rate.

Slide 13- Thanks to the extraordinary financial support from the Medical Society of South Carolina, and from our local hospitals, our Trident United Way and the Duke Endowment, we were able to develop this program. As seen in this slide, we have been blessed with support from our providers - Dr. Jon Donaldson is a private practice Urologist who serves as the vice-chair of the TCPC board as well as serving on the board of the Medical Society of South Carolina, Dr. George Saavedera is a primary care physician with Franklin C. Fetter, Dr. Otis Engelman is president and practicing physician with Palmetto Primary Care Physicians and Mrs. Ellen Brown is vice-president for managed care and physician services with Roper Saint Francis Healthcare and the chair of the TCPC board.

Slide 14- The results of this program. We have shown that we decrease inappropriate hospital utilization that can decrease cost-shifting. We have demonstrated that patient centered medical homes can reduce costs. We have demonstrated that access to healthcare coverage can increase productivity and earnings with 5% of our enrollees not eligible for a second year because of earnings increased above our threshold and another 17% who became eligible for commercial insurance. Many of these individuals worked part-time because of untreated health issues. Once they had access to healthcare they were able to work full-time and receive commercial coverage.

Slide 15- Nationally we are working with other states to allow for funding of Multi-share programs.

Slide 16- The other states that are working with the coalition are listed.

Slide 17- Now I want to shift focus from these funding models to the infrastructure that is being developed within our state to allow for implementation of these plans. Health Sciences South Carolina is a collaborative of our teaching institutions that is electronically connected by the South Carolina Light Rail System to allow for collaboration, data collection and research that can be translated into clinical practice.

Slide 18- Palmetto State Providers Network has already been established. This electronically links HSSC to every hospital in the state.

Slide 19- Because of these linkages, MUSC has been awarded a \$20 million NIH grant for Translation Research. Typically research results take up to 17 years to be implemented into clinical practice, this effort looks to cut that time to 17 months.

Slide 20- The South Carolina Health Information Exchange (SCHIEEx) is a thin medical record that is run through and electronically connected to the State Office of Research and Statistics (ORS) and is being provided through grants for free to all of the free clinics, Federally Qualified Health Centers and rural health clinics in the state.

Slide 21- Welvista is a nationally recognized program, started in South Carolina as Commun-I-Care, for providing millions of dollars of brand named pharmaceuticals to the working poor in South Carolina and is also connected to ORS.

Slide 22- The Charleston Area eHealth Alliance links 9 area ER's electronically

Slide 23- As you can see, these efforts that we just discussed have already brought in more than \$50 million to our state, creating jobs.

With the ORS as the central hub, you can see the connections from our research facilities to all of our hospitals, from our community programs back to our hospitals and the opportunity to create a more efficient healthcare delivery system.

These efforts in total reveal the significant infrastructure that we have already in place to allow us to become leaders in healthcare reform nationally.

Slide 24- We have an opportunity to be national leaders in developing a system to provide quality healthcare at an affordable price.

Slide 25- In summary, utilizing the Federal efforts to increase the number of people that can afford insurance into the pool with some Federal mandates and money for subsidies, decreasing the cost-shifting from the truly indigent by placing them in community programs providing care for free, and filling

in the gap with multi-share discount programs, I believe we can design a uniquely American system that continues to provide the best care in the world and leaves no one out of the system.

Slide 26- The solution we are proposing, the cutting of the plastic rings before discarding them, is to have everyone consuming healthcare through a medical home, their entry point to comprehensive healthcare services.

Slide 27- What are our action steps from here?

One- State Legislators, pass Speaker Harrell's version of the cigarette tax this session

Two- Federal Legislators, support the opportunity for funding of multi-share programs

Three- To everyone, realize that healthcare is big business and facilitate the great work already being developed in our state to propel us into the forefront of healthcare reform. Become champions of this effort.

Slide 28- Remember the Hippocratic Oath, if we design a system with this as our cornerstone, we cannot fail.