



Make Your Voice Heard

You can find your elected official's contact information at the following websites

State Senator and Representative
www.legis.state.pa.us

Governor's Office
www.governor.state.pa.us

U.S. Representative
www.house.gov

U.S. Senators
www.house.gov



Health Care Industry Movers and Shakers

The Pennsylvania Health Care Cost Containment Council (PHC4) is an independent state agency addressing escalating health costs, the quality of health care, and increasing access for all citizens. HealthAmerica is on its board of directors.

The Office of Health Care Reform (OHCR) is aimed at improving access, affordability, and quality of care in the state. The OHCR has received a federal grant to find a solution to the uninsured by the end of 2007. The governor expects the group to complete its recommendations in June.

Key State Legislative Committees Affecting Health Care

- Pa. Senate Banking and Insurance
- Pa. Senate Public Health and Welfare
- Pa. House Insurance
- Pa. House Health and Human Services

Key Federal Legislative Committees Affecting Health Care

- U.S. Senate Health, Education, Labor and Pensions
- U.S. House Energy and Commerce

The Centers for Medicare and Medicaid Services (CMS) is the largest purchaser of health care

services in the nation – covering about three in 10 Americans. Its actions significantly affect costs, coverage, and reimbursement.

The State's Blue Cross and Blue Shield Plans, with their long history and large enrollments, are powerful players in the state.

The Winds of Change are Blowing (continued from page 1)

- The Pennsylvania legislature has discussed small group reform which would make it more difficult for insurers to medically underwrite. (See the May 2005 issue of *Kicks* for more information.)
- Medical malpractice reform—particularly capping awards—has been debated at the state and federal level.
- At the federal level, legislation is being considered to allow businesses to pool resources, allowing them to purchase health insurance in bulk and avoid state regulations.
- In Harrisburg, Governor Rendell's Office of Health Care Reform has received a federal grant to find a solution to the uninsured problem by the end of 2007.
- Other states, including Ohio, Maine, Massachusetts, and Arizona, are discussing some form of universal or single-payer health care system.

1 Support Swells for Universal Health Care, *Courier-Journal*, Jan. 30, 2006.
2 Washington Post/ABC News Telephone Poll Conducted Jan. 23-26, 2006
3 "Poll Finds Backing for Drug Reimports," *Washington Post*, Oct. 20, 2003.
4 Pew Research Center "Religion and Politics" Survey, 2003.

Focus is a publication of HealthAmerica's Communications department. Let us know what you think! Contact Keith Eckert by e-mail at kaeckert@cvty.com or by phone at (717) 671-5267.

HealthAmerica
HealthAssurance



The Future of Health Care and Our Jobs

When we rolled out our new mission several years ago, it was asked, "What can we do as one insurer 'to create a more effective health care system' – isn't that beyond our scope? Is that something we want to take on?"

That's a fair question. We are just one insurer among many, in a market of thousands of providers and millions of citizens. What can we do? And why should we even try?

We need to try because change is coming, whether we like it or not. And some changes could have a dramatic effect on our business – and not just universal health care. Small tweaks to the way we underwrite, for example, could seriously affect our business and the health care system in Pennsylvania.

That's why we need to be involved. We have more than 30 years of expertise to offer to legislators and regulators. We know firsthand the health care cost drivers, the inefficiencies, and the opportunities. We have the knowledge and experience to help policymakers make informed decisions that will create a more effective health care system – for our own good and the good of the nation.

Sincerely,

Bob Dawson, President and Chief Executive Officer

The Winds of Change Are Blowing

Pressure to Change the Health Care System Is Increasing

Opinions may differ on sports, the economy, and the weather, but on one topic almost every American is agreed: The U.S. health care system is broken and something needs to change.

Faced with skyrocketing costs and uncertain access to care, Americans are deeply concerned about the state of health care in the nation and they're letting pollsters know it. Not since the early 90's has the mood for reform reached this fevered pitch.

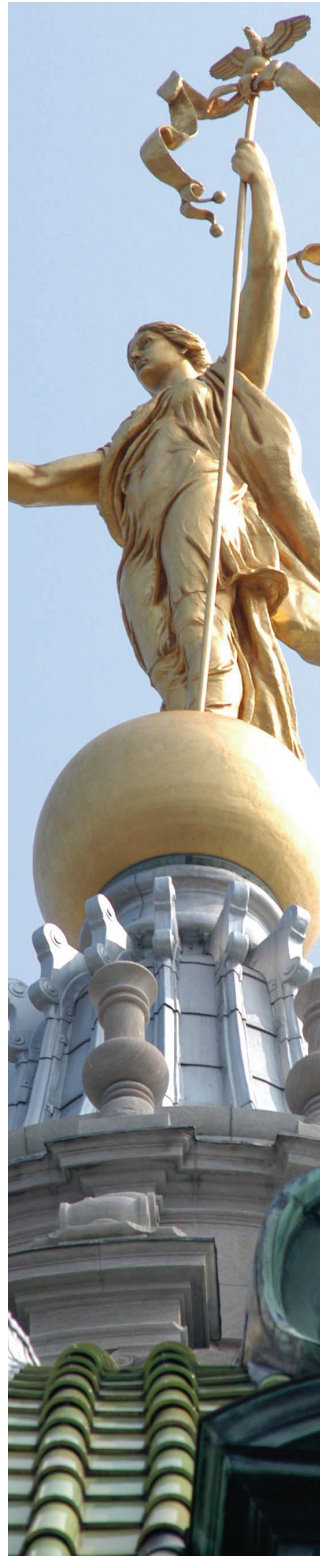
As some recent surveys have found:

- Nearly nine out of 10 Americans think the current health care system is broken.¹
- Health care came in second only to "U.S. Campaign Against Terrorism" as Americans' "highest priority" – with a significant increase over the year before.²
- More than half of Americans are dissatisfied with the quality of health care.¹
- More than half of Americans are fearful of losing health coverage or not being able to afford it in the future.³
- Almost three quarters of Americans believe the government should provide universal health care, even if it means repealing most tax cuts passed since President George Bush took office.⁴

With this groundswell of anxiety, political leaders are feeling the need to act. Everything from incremental changes to a complete overhaul is being proposed:

- President Bush is pushing tax code changes to promote consumer-directed health care plans that give more responsibility to individuals.

(continued on page 4)



Changes We'd Like to See

What is the solution? Or solutions? What would HealthAmerica do if it had a magic wand to enact change? Here are some starters:

Reduce government mandates. It's estimated that health insurance benefits mandated by state governments add an additional \$10 billion in costs nationally.

Start regional planning. Currently, we have multiple hospitals in a region offering duplicative services such as open heart surgery and organ transplants. That raises overall costs at these facilities. We'd like to see the state do more to control this trend.

Encourage generic drug use. The Congressional Budget Office estimates that the use of generics has the potential to save consumers between \$8 and \$10 billion per year at retail pharmacies.

Promote healthy choices. Lifestyle is one of the greatest predictors of health care costs. We'd like to promote more wellness and prevention while also giving individuals more of a stake in their health care and their health care costs.

Maintain Medicare/Medicaid payments to providers. When the state or federal government reduces Medicare or Medicaid payments, hospitals and physicians usually pass more costs on to private insurers.

Reduce medical errors. Medical errors account for an estimated \$50 billion in added costs a year and more than 44,000 deaths—more than die from AIDS, breast cancer, or car accidents a year.¹

Promote medical efficiency and effectiveness. A significant sum of money is wasted on unproven and sometimes dangerous treatments. A recent study found that patients received only 55 percent of the recommended steps for quality care.²

Promote consumer-directed products. Consumer-directed products give members more of a stake in their health care and their health care costs, lowering costs and giving people an incentive to make healthy choices.

Reform medical malpractice. High malpractice insurance premiums – and excessive legal settlements – drive up the cost of care for everyone.

1 Institute of Medicine, "To Err Is Human: Building a Safer Health System" 2000.
2 "Study: Most Get Mediocre Health Care," Washington Post, March 16, 2006

Adding Our Voice to the Debate

Our Experience Is Crucial to Ensuring Positive Change

As the nation and the state consider health care reform, it is essential that organizations and individuals with expertise make themselves heard in the debate.

"The health care system is very complex and even small changes can have unwanted and unforeseen consequences," said Tim Guarneschelli, vice president and general counsel. "That's why legislators in the state are proceeding with caution. They've seen changes in other states go awry – they've seen the ramifications some changes can have."

HealthAmerica can make a difference. "We've seen the growth of managed care, the rising cost of health care, the growth of new technologies and services – we've seen it all and thrived," Tim said. "That's why people come to us for input, and why we need to reach out to decision makers."

Our outreach strategy is simple: Get involved, build relationships, and encourage others to get involved.

Getting Involved

HealthAmerica is getting involved with key organizations in the state and in the nation.

- We are a member of the Pennsylvania Health Care Cost Containment Council, which is an independent state agency charged with lowering health care costs and improving quality.
- We've offered comments to Governor Rendell's Office of Health Care Reform.
- We meet regularly with key state and federal legislators and regulators to educate them about the issues facing the health care system.

Building Relationships

HealthAmerica is building relationship with groups that have shared goals. That way we can combine forces to make a greater impact. Some of these organizations and groups include:

- Local chambers of commerce.
- Regional health care coalitions, which are businesses that band together to pool their health insurance resources.
- Public health groups (such as the American Heart Association) promoting wellness.
- Other health insurers through groups like America's Health Insurance Plan (AHIP), a trade association.



Encouraging Others to Get Involved

HealthAmerica works with a wide range of individuals and groups – many of whom are affected directly by legislation and regulations affecting health care. We encourage them to become actively involved in the health care debate. Some of these groups and individuals include:

- Employers.
- Brokers.
- Local chambers of commerce.

"We can't make change happen by ourselves," noted Tim. "Improvements will take the involvement of many people. Employers, for example, have a huge stake in this and they need to get out there and make themselves heard. Positive change will happen by building understanding among legislators, regulators, and the public."



From Our Mission:

We will influence change to create a more effective health care system

Will Universal Health Care Solve the Nation's Health Care Problems? No.

Variations on a single-payer, universal health care plan are being discussed across the nation – even in Pennsylvania and Ohio. And many Americans, as noted on page 1, seem to favor that option.

The question, of course, is whether this would solve any of the current problems in the health care system. The answer is "no."

"Universal coverage won't improve quality or access, or reduce costs," said Tim Guarneschelli. "It doesn't address the underlying root causes that are threatening our system today."

For example, will universal health solve the problems of rising costs and increased use of services?

"It won't do anything," Tim noted, "It will simply shift cost to the government, which we'll ultimately pay in taxes."

What about Americans' concerned about access to care?

"Someone will always need to decide what is covered and where care will be received," said Tim. "Universal health care doesn't eliminate those concerns – it simply moves those responsibilities from insurers and physicians to government officials."

What about the increasing number of uninsured?

"Universal health care will address that issue – but at what cost?" asked Tim. "The rising number of uninsured Americans is the result of the high cost of health care – people simply can't afford it. If we can lower the cost of care, we can lower the number of people without insurance."

Tim notes, however, that the chance of a drastic change, such as universal health care, seems small due to the complexity of the nation's health care system.

"There are too many stakeholders in the current system to make a big change quickly," he explained. "It will be too hard to reach a consensus on universal care. But I think we'll see some kind of changes in the coming months, but I doubt if they'll be of that scale."



"Universal coverage won't improve quality or access, or reduce costs," said Tim Guarneschelli.

Strategic Objective 6:

Legislative and Government Affairs

Build greater legislative and government influence through persistent, balanced, and comprehensive education of legislators, consistent representation on strategic government and regulatory work groups, and introduction of industry-related legislation.