



*Promoting innovation,
competition, cost-
effectiveness and
quality*

The HLC is committed to advancing a market-based healthcare system that strengthens quality, accessibility and cost-effectiveness while preserving innovation, consumer choice and competition. As leaders from all sectors of American healthcare, we share a vision of high-quality and innovative healthcare that is available to all.

Come join us as we meet with

**REPRESENTATIVE
MARTIN HEINRICH (D-NM)
WEDNESDAY, AUGUST 26, 2009
10:30 a.m.
ALBUQUERQUE, NM**

Please contact Paul Pearson, HLC Regional Director, at 405-488-0541 or paul@pearsonpublicaffairs.com for more details or to confirm your participation.

HLC regional directors and member companies, local business allies and community health advocates form local Healthcare Leadership Teams to express the consensus of the healthcare industry on key health issues. HLC regional directors and HLTeams conduct meetings with members of Congress to educate them on priority healthcare issues and legislation.

The Healthcare Leadership Council is a strong proponent of health reform efforts and our members believe that health reform legislation should include delivery system changes to increase quality, reduce costs and provide better value while also providing coverage for all Americans. Three key objectives health reform must achieve include:

- **Coverage:** Ensure that every American has health coverage
- **Quality:** Improve healthcare quality through innovation and better dissemination of information
- **Value:** Change financial incentives to link dollars spent with improved value and patient wellness

As of August 5, 2009

Key Health Reform Discussion Topics

Health Insurance Exchange

- HLC generally supports creating a health insurance exchange and believes it is particularly critical for those employees working for individuals and micro market employers.
- However, we do not believe the exchange should become an additional regulating entity.
- At the same time, the legislation should encourage ongoing choice and innovation by allowing insurance to continue to be sold as it is today in the private marketplace through agents, on-line mechanisms and the like, as long as they abide by any new reforms.

Essential Benefits Package

- We support efforts to provide coverage of effective clinical preventive services as a means to improve the health of Americans as well as to reduce costs and alleviate future burdens on the healthcare delivery system.
- However, we are concerned that the required basic plan could have unintended consequences of increased costs associated with the plan if it has too many benefits and does not allow enough flexibility. Furthermore, allowing for the option to offer enhanced, premium and premium-plus plans could increase costs even more.
- We do agree that the federal level of required minimum benefits should represent a ceiling and not a floor.

Government Health Plan

- While many believe creating a government health plan is necessary to deliver affordable health coverage and increase competition, we do not believe such a plan is necessary, particularly if insurance market reforms are implemented (individual mandate coupled with guaranteed issue as one example).
- HLC is concerned that a government plan could result in underpayments to physicians, hospitals and other providers and cause instability in the employer-based market.
 - The Lewin Group estimates a public plan paying Medicare rates as proposed in “America’s Affordable Health Choices Act of 2009” would result in half of the uninsured being covered by the government health plan and up to 119 million losing their existing private health coverage and moving into the government health plan.
 - Physicians and hospitals will have to charge privately insured patients more in order to cover the underpayments by the government health plan, Medicare and Medicaid.
 - As we are seeing today with Medicare and Medicaid, if the government health plan significantly underpays then providers may choose to no longer participate, and patient access to care would decrease.
- HLC is also concerned about the proposal to create a government health plan with a level playing field:
 - Financial solvency requirements that exist for private plans would be difficult to enforce in a government plan.
 - Congress would not allow a government health plan to fail if it became insolvent.
 - The Government does not have expertise or resources in developing a provider network, in negotiating rates or in managing utilization.
 - While the government plan may start out paying the same rates as private plans, it is not likely to continue doing so when we look at the history of the Medicare program, for example.
 - Medicare initially paid private rate equivalents but over it time it was difficult to sustain those rates.
 - Today Medicare pays hospitals 71% and physicians 81% of private plan rates.

Wellness and Prevention

- We support a system that rewards a focus on wellness and prevention as core components of healthcare delivery.
- We believe collaboration with the patient-as-consumer is vital to promote wellness, prevention, effective care, and treatment that will result in the best possible outcomes. Transparency and information dissemination are crucial elements of this collaboration.
- We support encouraging insurers to cover, providers to offer, and patients to utilize effective preventive services.

Payment Reform

- Healthcare reimbursement must be reformed to better recognize and reward value as a component of care delivered.
- Changing reimbursement to reflect evidence-based decisions and coordination is essential to addressing Medicare's fiscal sustainability and improving the quality of healthcare in the U.S.
- Instead of budgetary cuts or across-the-board payment reductions, payment policies should be redesigned to seek greater quality and efficiency from providers.

Hospital Readmissions

- The key to reducing preventable hospital readmissions is to foster coordinated, patient-centered care systems that hold all stakeholders accountable to appropriate practices and behaviors.
- We would like to see Congress integrate readmissions in a larger value-based purchasing program that would incentivize hospitals and physicians.
- Bundling payments for post-acute services is a concept that should be explored and should include comprehensive stakeholder input.
- We believe CMS should continue its Acute Care Episode demonstration project.

Accountable Care Organizations

- We support the creation of a pilot program to test various payment methodologies to reward accountable care.
- The experiences of Marshfield Clinic and others participating in the Medicare Physician Group Practice Demonstration project show that savings can be achieved through care management and utilization of tools like HIT to focus efforts on chronically ill patients.

Medical Home and Primary Care

- We support the creation of a medical home pilot to provide patient-centered care to patients and believe qualified, trained nurse practitioners should play a prominent role in these projects.
- We support allowing non-traditional community based facilities (beyond federally qualified health centers) to participate in this pilot.

Comparative Effectiveness Research (CER)

- We support using research to identify and fill in gaps in existing medical knowledge related to the clinical effectiveness of various treatments.
- We believe there should be a private, independent institute responsible for conducting CER.
- We are opposed to housing a Center for CER within the Agency for Healthcare Research and Quality. Giving HHS authority to appoint members would introduce a political element into the member selection process.
- The CER entity or commissions within should not issue medical practice or reimbursement recommendations.
- We support including safeguards to ensure that other entities do not use results of CER in ways that could have negative consequences for patient health or stifle medical innovation.

Value Incentive Scale

- We support inclusion of a value incentive scale to help calibrate Medicare payments to better reflect the quality of care delivered in any given setting.
- We believe the value incentive scale will better reward value and innovation and could adjust the fee schedule or prospective payments proportionally according to the value of service delivered.
- The value incentive scale is also compatible with other types of payment reforms that are under consideration for the Medicare program.