

REPORT OF SELECT COMMITTEE ON HEALTH SYSTEM REFORM

SC-HSR Report 1-A-09

Subject: National Health System Reform Update, Principles for Evaluation

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Referred to: Reference Committee on Socioeconomics

1 Overview

2 During TexMed 2008, the House of Delegates voted to examine various policy and system reform issues
3 associated with anticipated national health system reform. The Select Committee on Health System
4 Reform was formed following negotiations between the Board of Trustees and the authors of a resolution
5 brought to the house in both 2007 and 2008 that sought to look very broadly at the prospects for national
6 system reform proposals. Additionally, the committee was charged to develop principles that could serve
7 both as policy guideposts and criteria for evaluating health system reform proposals at the national level.
8 The committee began its work during the summer of 2008 and concluded with the development of the
9 aforementioned principles in March of 2009. The committee also was charged with developing a report to
10 the House of Delegates that included information about national system reform activities to date.

11 American Recovery and Reinvestment Act of 2009

12 (As excerpted from the Report of Council on Socioeconomics, Council on Legislation, and Select
13 Committee on Medicaid, CHIP, and the Uninsured Joint Report 1-A-09 in this *Handbook for Delegates*)

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16 On Feb. 17, 2009, President Barack Obama signed into law the American Recovery and Reinvestment
17 Act of 2009 (ARRA), more commonly referred to as the “federal stimulus bill.” The legislation
18 effectively began the national health system reform process for both Congress and the Obama
19 Administration. The act allocates \$787 billion to support initiatives related to energy, transportation,
20 education, and health care. A portion of the funds also will provide tax relief to families and businesses.

21
22 Nearly 20 percent of the funds, or \$145 billion, is allocated to health and human service-related
23 initiatives, including initiatives to help unemployed workers retain health care coverage and to promote
24 adoption of health information technology by physicians and hospitals.

25
26 Texas’ total allocation is estimated to be \$16.8 billion, with the largest single allocation stemming from a
27 \$5.45 billion infusion of new Medicaid dollars.

28
29 The Texas Legislature is still determining how best to allocate the funds and what statutory changes may
30 be needed to fully utilize the state’s share of funding. House Speaker Joe Straus (R-San Antonio)
31 appointed a House Select Committee on Federal Economic Stabilization Funds to research and develop
32 policy options for allocating the monies most effectively. Additionally, a subcommittee of the House
33 Appropriations Committee will develop necessary budget recommendations associated with the stimulus
34 funds.

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36 To help track allocation of the new monies, both the federal and state governments have established Web
37 sites with detailed information about where the dollars are allocated, an implementation time frame, and
38 accountability measures. The Web sites are: www.recovery.gov and www.txstimulusfund.com.

1 The specific health-related ARRA provisions:

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3 COBRA Subsidy — \$24.7 billion;

4 Texas Allocation: No Direct Financial Benefit. Premium will be fully paid by federal government.

5
6 Medicaid — \$87 billion;

7 Texas Allocation: \$5.45 billion.

8
9 Health Information Technology — \$19 billion;

10 Texas Allocation: Undetermined.

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12 Comparative Effectiveness Research — \$1.1 billion;

13 Texas Allocation: No direct impact.

14 15 **Other Health-Related Appropriations**

- 16 • \$1 billion in funding for wellness and prevention, including \$300 million for the section 317
17 immunization program; \$50 million for infection reduction strategies; and \$650 million for evidence-
18 based, clinical, and community-based prevention and wellness strategies that deliver specific,
19 measurable health outcomes addressing chronic disease rates.
- 20 • \$1.5 billion for construction, renovation, and equipment; for the acquisition of HIT systems; and for
21 community health centers; and \$500 million for services.
- 22 • \$500 million to address shortages by training primary health care professionals, under Titles VII and
23 VIII of the Public Health Service Act, including physicians, dentists, and nurses, as well as helping
24 pay medical school expenses for students who agree to practice in underserved communities through
25 the National Health Service Corps.
- 26 • \$415 million to modernize aging hospitals and clinics, and make health care technology upgrades to
27 improve care.
- 28 • \$10 billion in funding to the National Institutes of Health (NIH) for new research grants and
29 renovations, and construction at NIH campuses.

30
31 A recommendation proposed jointly by the Council on Socioeconomics, Council on Legislation, and
32 Select Committee on Medicaid, CHIP, and the Uninsured will be considered at the Reference Committee
33 on Socioeconomics and ultimately voted on by the House of Delegates at this 2009 Annual Session. The
34 recommendation asks that TMA closely monitor implementation of funds distributed by the American
35 Recovery and Reinvestment Act of 2009, and advocate for the interests of Texas physicians and their
36 patients.

37 38 **Early Proposal Outlines, TMA Policy**

39 The committee examined, very early in its work, the proposal summaries advanced by 2008 presidential
40 candidates as well as Congress. The committee developed a matrix to compare those early proposals with
41 TMA policy, and to make early observations about policy implications for physicians and their patients
42 when actual proposals come forward later in 2009. The matrix is attached to this report as noted. At this
43 report's writing, none of the U.S. House, Senate, or administration proposals for system reform had been
44 disclosed publicly in detailed form. Leaders of the House and Senate committees and subcommittees of
45 jurisdiction for system reform recently have announced that they expect proposals to be released and
46 debated during the summer of 2009, with floor deliberation and passage expected sometime in the fall of
47 that year.

48 49 **Principles for Evaluation of National Health System Reform Proposals**

50 The major task of the committee was to develop principles that will be used to review and evaluate
51 national system reform proposals. The following list of principles was established after considerable
52 debate and deliberation, and was advanced by the committee as equally important characteristics of an

1 ideally reformed system. The committee decided not to rank order the list given its premise that all were
2 high priorities, and the list should be viewed with that thought in mind.

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- 4 • Promote portable and continuous health care coverage for all Americans using an affordable mix of
- 5 public and private payer systems.
- 6 • Promote patient safety as a top priority for reform, recognizing an effective mix of
- 7 initiatives that combine evidence-based accountability standards, committed financial resources, and
- 8 rewards for performance that incent and ensure patient safety.
- 9 • Adopt physician-developed, evidence-based tools for use in scientifically valid quality/patient safety
- 10 initiatives that incentivize the physician-led health care delivery team, and include comparative
- 11 effectiveness research used only to help patient-physician relationships choose the best care for
- 12 patients.
- 13 • Preserve patient and physician choice and the integrity of the patient-physician relationship.
- 14 • Incorporate physician-developed, evidence-based measures and preventive health and wellness
- 15 initiatives into any new or expanded health benefits package as a means to promote healthier citizens.
- 16 • Recognize and support the role of safety-net and public health systems in delivering essential health
- 17 care services within our communities, to include essential prevention and health promotion public
- 18 health services.
- 19 • Support the development of a well-funded, nationwide emergency and trauma care system that
- 20 provides appropriate emergency and trauma care for all Americans.
- 21 • Support public policy that fosters ethical and effective end-of-life care decisions, to include requiring
- 22 all Medicare patients to have an advance directive that a Medicare enrollee can discuss as part of a
- 23 covered Medicare visit with a physician.
- 24 • Provide sustainable financing mechanisms that ensure the aforementioned affordable mix of services,
- 25 and create personal responsibility among all stakeholders for financing and appropriate utilization of
- 26 the system.
- 27 • Invest needed resources to expand the physician-led workforce to meet the health care needs of a
- 28 growing and increasingly diverse and aging population.
- 29 • Provide financial and technological support to implement physician-led, patient-centered medical
- 30 homes for all Americans, including increased funding and compensation for services provided by
- 31 primary care physicians and the services provided by non-primary care, specialist physicians as part
- 32 of the patient-centered medical home continuum.
- 33 • Through public policy enactments, require accountability and transparency among health insurers to
- 34 disclose how their premium dollars are spent, eliminate preexisting condition exclusions, simplify
- 35 administrative processes, and observe fair and competitive market practices.
- 36 • Reform the national tort system to prevent non-meritorious lawsuits, keeping Texas reforms in place
- 37 as enacted by the Texas Legislature and constitutionally affirmed by Texas voters.
- 38 • Abolish the Medicare Sustainable Growth Rate annual update system and initiate a true cost of
- 39 practice methodology that provides for annual updates in the Medicare Fee Schedule as determined
- 40 by a credible, practice expense-based, medical economic index.
- 41 • Support the implementation of an interoperable National Electronic Medical Records System,
- 42 financed and implemented through federal funding.
- 43 • Require payers to have a standard, transparent contract with providers that cannot be sold or leased
- 44 for any other payer purposes without the express, written consent of the contracted physician.
- 45 • Support efforts to make health care financing and delivery decision making more of a professionally
- 46 advised function, with appropriate standard setting, payment policy, and delivery system decisions
- 47 fashioned by physician-led deliberative bodies as authorized legislatively.
- 48

49 The committee offers these principles as proposed TMA policy, and as recommended review criteria for
50 evaluation of all national system reform proposals that come forward in 2009 and beyond.

1 **Conclusion**

2 The committee completed its work with the strong feeling that momentum toward national reform
3 legislation is strong, and that an enactment by Congress is highly likely during 2009 and/or 2010. The
4 information and principles contained in this report should convey TMA's consideration and evaluation of
5 national reform proposals. TMA member physicians, their patients, and the American people more
6 broadly have a historic opportunity to shape the health care system of the future. It is hoped that this
7 report will be a useful tool in that regard.

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9 **Recommendation 1:** Adoption of the principles developed by the Select Committee on Health System
10 Reform as TMA policy.

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12 **Recommendation 2:** That the Texas Medical Association use the principles as evaluation criteria in
13 examining national health system reform proposals.

Resource Links/Topical References Reviewed: Select Committee on Health System Reform
(127-page annotation detail available on request)

A Reasoned Approach to Health System Reform

AMA: 2008 Presidential Candidates Respond to 10 Questions About Their Health Care Reform Proposals

American Academy of Family Physicians

American College of Physicians

Center for Public Policy Priorities

Center for Studying Health System Change

Code Red Texas

Commonwealth Fund

EBRI Notes

Employment-Based Health Benefits Under Universal Coverage

Evidence on the Costs & Benefits of Health Information Technology

Expanding Health Insurance: The AMA Proposal for Reform

Financing the U.S. Health System

Health '08

Health Care Coverage in America: Understanding the Issues and Proposed Solutions

Health Care's Retail Solution — Free Download

Kaiser Family Foundation

National Scorecard on U.S. Health System Performance, 2008

Nebraska Health Care Reform Task Force

Public Views on U.S. Health System Organization: A Call for New Directions

Robert Wood Johnson Foundation — State Health Access Profile

Stand Up for Healthcare State Coverage Initiatives

Texas Counties Are Among the Top Spenders of Medicare Money

Texas Health Policy Institute

Texas Medical Association Web site, Action Alerts

Texas Public Policy Foundation

The Building Blocks of Health Reform

The Heritage Foundation

Tutorial on Expanding Health Care to the Uninsured

Universal Mandatory Health Insurance in the Netherlands: A Model for the U.S.?

Where Does the Insurance Industry Stand on Health Reform?

Why Not the Best?

Committee Resource Documents

Candidates on Health Reform

Committee Initiatives & New Policy Recommendations

Health Care System Reform — President's Page of Dallas CMS Journal

Select Committee on Health System Reform Roster

Names or Subjects in Posts

AARP (1)
Access to Care (8)
AIS Business Daily (1)
AMA (2)
AmeriCare Health Care Act (1)
Baucus (8)
Vice President Joe Biden (3)
Center on Studying Health System Change (1)
CHIP (1)
Clinton (2)
CMS (1)
COBRA (1)
Commonwealth Fund (3)
Comparative Effectiveness Research (1)
Congressional Budget Office (1)
Congressional Quarterly HealthBeat (9)
Conrad (1)
Daschle (6)
DHHS (5)
Economic Recovery Package (1)
Economic Stimulus Bill (2)
Employer-Based Health Insurance System (7)
Entitlement Programs (2)
Federal Health Board (2)
Fee-For-Service (1)
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Health Affairs (3)
Health Care Community Discussions (1)
Health Care Financing (1)
Health Care Reform (59)
Health Coverage (44)
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President Lyndon Baines Johnson (1)
Kaiser Daily Health Report (4)
Senator Kennedy (6)
Senator McCain (14)
Medicaid (16)
Medical Homes (1)
Medicare (14)
MediKids Health Insurance Act (1)
National Governors Association (1)
National Health Care Proposal (5)
National Insurance Exchange (1)
New England Journal of Medicine (2)
Senator, President-Elect, President Barack Obama (27)
Office of Management and Budget (1)
Peter Orszag, OMB Director (1)
Prescription Project (1)
Presidential Debate (1)
Presidential Health Platforms (11)
Private Health Insurance System (2)
Public Health (1)
Qualification Tools (1)
Quality (1)
Quality of Care (2)
Rankings (1)
Mitt Romney (1)
SCHIP (6)
Scott & White Health System (1)
Governor Kathleen Sebelius (1)
Stimulus Package, 2009 (3)
Sunset Commission (1)
Survey (1)
Sustained Growth Rate, Medicare (1)
Tax Credit (1)
Texas Department of Insurance (1)
The American Recovery and Investment Act (3)
The Boston Globe (1)
Underinsured (9)
Uninsured (12)
Representative Henry Waxman (1)
White House Office of Health Reform (1)
White Paper (2)
Withholding Tax, Federal (1)