

Medicine & Health Care

into the



CENTURY

EDITORS

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D.B. NASH and A.M. AUDET



A Publication of
The Pennsylvania Academy of Science

MEDICINE AND HEALTH CARE INTO THE TWENTY-FIRST CENTURY

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20. *The Oceans: Physical-Chemical Dynamics and Human Impact*, 1994; ISBN: 0945809-10-7. Editors: S.K. Majumdar, E.W. Miller, G.S. Forbes, R.F. Schmalz, and A.A. Panah.
21. *Medicine and Health Care Into the 21st Century*, 1995; ISBN: 0945809-11-5. Editors: S.K. Majumdar, L.M. Rosenfeld, D.B. Nash, and A.M. Audet.

PREFACE

History has taught that change is ever with us . . . for the individual, institution and society. As we approach the dawn of the twenty-first century, the pace of change escalates. Nowhere have we seen the potential and reality of change as significantly as in medicine and health care. The years 1993 and 1994 will be described, in various quarters, as ones of re-examination, re-evaluation, revision and revolution! There is much fear, uncertainty and turmoil. This volume does not presume to solve the problem or give all of the answers. It attempts to utilize the knowledge, experience and views of some of the best medical thinkers, educators, practitioners, administrators, nursing and allied health professionals, as well as key policy-makers at the local, state, national and international level to present a balanced analysis of a most timely and vital core issue and interject light into darkness.

Societal and economic forces have conspired to demand a thorough re-examination of health care structure, delivery and financing in the United States and to differing degrees, throughout the world. Change is being demanded and is occurring! Often, however, these changes are reactive, based on fear and uncertainty, rather than proactive, based on logic, foresight and knowledge.

The book is organized into six major sections, preceded by introductory statements by Robert P. Casey, Governor of the Commonwealth of Pennsylvania (1987 - 1995) and Carroll A. Campbell, Governor of South Carolina (1987 - 1995) and Chairman of the National Governor's Association (NGA) (1993 - 1994). NGA has been active nationally in striving for viable, locally-relevant, bipartisan solutions to real problems.

Part I presents the views of three important voices in the health care debate: Senator Harris Wofford of Pennsylvania (1991 - 1995), who perhaps more than anyone else, brought health care to the center of political debate; U.S. Representative Jim Cooper of Tennessee (1987 - 1995), a strong proponent of managed care; and William A. Glaser, an important commentator on international health issues.

Part II presents insightful views on health care by key leaders in academic health care, the National Governor's Association, the American and Pennsylvania Hospital Associations and the World Health Organization.

Part III explores emerging methods to influence and improve the practice of Medicine. Included are the role of government in setting standards of care with practice guidelines, as well as technology assessment, quality management, decision analysis and the patient's role in decision making (evolving from passive to a much more active position). Also developed in this section are the information explosion causing an increased demand for health care with enhancement of technology and the politics of generating a balanced physician supply.

Medical education and physician supply are investigated on many fronts in Part IV: undergraduate preparation for medicine; development of an adequate supply of physician generalists and of the emerging vital new class of physician managers; the important role of graduate education and of biomedical research; the rapidly evolving roles and duties of nurses, and the broad spectrum of allied health professionals. The importance of balancing the physical, psychic and social sides of health and disease is underscored.

The social context of medicine and health care is stressed in Part V in the context of whether health care is a right and whether medicine is a humanity as well as a science. Other issues explored include resource allocation; the increasing significance of violence as a public health epidemiological concern; preservation of medical professionalism in the face of health care reform; importance of preservation of physician wellness in an era of rapid change; increasing significance of the aged in health care system evaluation; the patient-physician relationship; the relationship-interrelationship of religion and medicine.

The forces which demand health care re-examination and change are certainly not unique to the United States. Part VI covers an excellent comparative overview of health care systems around the globe and ten (10) specific national health care systems: Argentina, Bermuda, Britain, Canada, China, Finland, Hungary, Israel, Nigeria, and South Africa. We can each learn from the experiences of others.

The editors trust that this book will be a valuable asset to a wide audience; not only to clinicians and educators but to all individuals who are concerned about the true state of medicine and health care in the United States and around the world. We include a cross-section of the best current thought and analysis on how these systems will evolve into the twenty-first century. We express our deep appreciation to the contributing chapter authors for their dedication to this project, the quality of their work and for excellent cooperation as the volume developed. Special gratitude is extended to Lafayette College, Jefferson Medical College/Thomas Jefferson University, American College of Physicians, and Massachusetts Peer Review Organization for providing facilities and support for the editors. Lastly, the editors extend heartfelt thanks to their spouses and families for their encouragement and help during the preparation of this book.

The Editors
January, 1995

FOREWORD



Leonard M. Rosenfeld, Ph.D.
President (1992 - 1994)
Pennsylvania Academy of Science

This month marks the 70th anniversary of the founding of the Pennsylvania Academy of Science in Harrisburg, PA on April 18, 1924. The Academy serves the citizenry, professions and government of the Commonwealth of Pennsylvania, represents all of the sciences and draws membership from academia, government and the corporate sector. There is a 70-year tradition of the Academy working to enhance science education, research capability and competitiveness within the Commonwealth.

In 1980, the Academy initiated publication of a series of monographs, initially dealing with local scientific issues and evolving to scientific issues of a regional, national and eventually, global nature. **Medicine and Health Care into the Twenty-First Century** represents the twentieth volume in this series and addresses one of the most vital public policy issues of our day. Personally, it has been a joy working on this project as a co-editor. We are fortunate to have had co-editors of the caliber of Shyamal K. Majumdar (Lafayette College), David B. Nash (Jefferson Medical College) and Anne Marie Audet (American College of Physicians and now the Massachusetts Peer Review Organization).

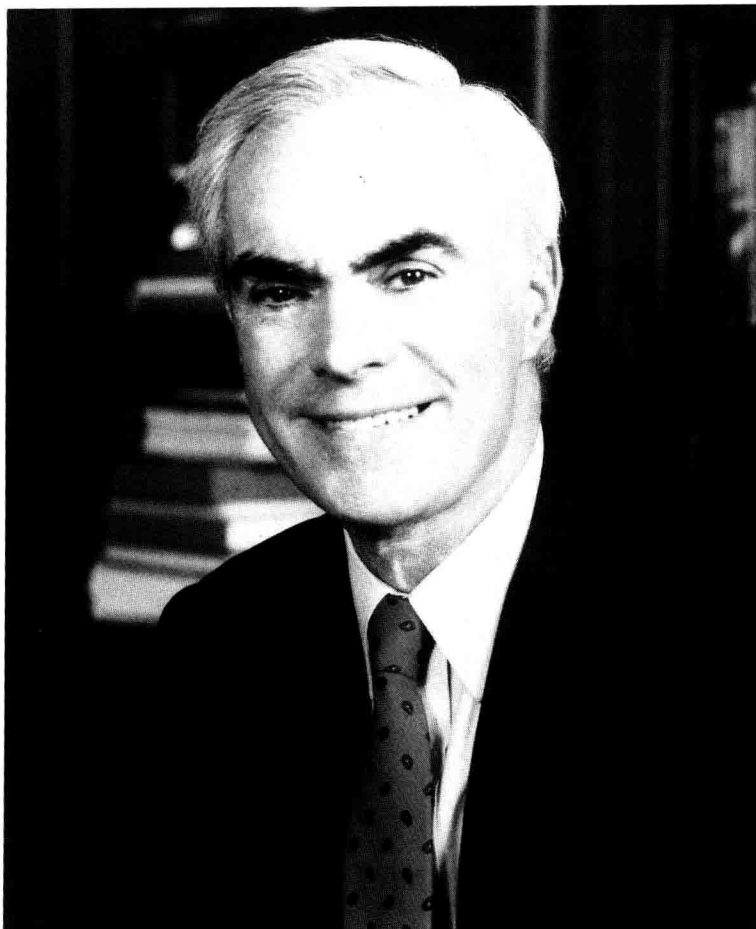
As in all issues, the Academy approaches health care with a responsibility to present issues broadly, as viewed by exceptionally knowledgeable practitioners and policy-makers in the field. Our author corps represents the finest current thought in medical education and research, clinical practice and management of health care delivery systems and of important policy-makers in domestic and international health care.

Much public turmoil accompanies examination of the current health care system. Potential change generates fear and uncertainty if not accompanied by fact and reason. I take great pride in the responsible and principled manner in which my colleagues and the Pennsylvania Academy of Science have approached this issue. This volume, then, is a fitting capstone to 70 years of service by the Academy. In this spirit, we proudly present it for your review.

A handwritten signature in black ink, reading "Leonard M. Rosenfeld", followed by a long horizontal flourish.

Leonard M. Rosenfeld, Ph.D.
President (1992 - 1994)
Pennsylvania Academy of Science
Jefferson Medical College
Philadelphia, PA
April, 1994

INTRODUCTION



Robert P. Casey
Governor (1987 - 1995)
Commonwealth of Pennsylvania



COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE GOVERNOR
HARRISBURG

Perhaps no time in our history has there been more opportunity to make dramatic improvements in our nation's health care system. I welcome the opportunity to address this issue and commend this volume to your careful study.

Inadequate health care has a devastating impact on people, especially those who are unemployed or underemployed. There is probably no greater factor disturbing the quality of life for children and families than the lack of health care.

Currently in Pennsylvania, there are 975,000 people who do not have health insurance. In fact, 89,000 Pennsylvanians each month lose their health insurance. Without insurance, these people have no access to preventive health measures that can reduce the chance of them becoming gravely sick in the future. Without insurance, often these individuals only receive treatment in an emergency room setting when they are seriously ill.

Compounding this problem is a severe shortage of primary health care services in Pennsylvania's rural townships and urban neighborhoods. Some 1.2 million people across the state do not have access to primary health care.

Underlying both of these problems is the skyrocketing cost of health care services. In the past decade, families' average annual health care costs have risen over \$1,100 a year—from \$1,749 in 1980 to \$2,870 in 1991. The costs to Pennsylvania businesses have soared even higher, rising over \$8 billion—from \$4.29 billion in 1980 to \$12.70 billion in 1991.

In Pennsylvania, state tax spending to support the medical assistance program, which pays for health care for the poor, has doubled in the past four years. Over the past decade, spending on health care has risen from six percent of all the goods and services produced in our state to over fourteen percent. While no one can gauge what is the correct level of spending on health care, it is clear that we must spend more efficiently and effectively.

These pressures have already combined to force dramatic, continuing change in both the health care delivery and financing systems. We are witnessing the rapid emergence of corporate medicine. The norm is no longer a solo practitioner with informal links to a community hospital. The emergence of group practices, coordinated care and integrated health systems is changing the face of medicine. In many areas, hospitals and insurers are purchasing medical practices. Physicians are increasingly employees of someone else. These new delivery systems are emphasizing primary, preventive care, reducing hospital stays and moving a large amount of surgery out of hospitals. These changes have, in turn, fostered the growth of the allied health professions, and the increased use of telecommunications in health care.

There is a revolution on the financing side of health care as well. Increasingly, employers are selecting managed care insurers for their employees and are promoting wellness programs. Even state government is actively moving Medicaid recipients into managed care. The shifting of costs within the health care financing system have become more evident, costly, and controversial. A growing number of large employers have become self-insured, partly to insulate themselves from these cost-shifts.

Other employers have actually encouraged cost-shifting by rewarding workers who elect coverage under their spouse's plan. Consumer choice is being eroded by employers who cover their employees through a single, restricted-provider health care network.

With these marketplace changes, it is fair to ask what the appropriate role for government should be. I believe the answer is clear. Government should help manage these changes to assure that everyone has access to health care and the ability to pay for it. Government should protect consumers by licensing providers and insurers and ensuring that complaints are resolved. Government should protect consumers' freedom to choose a health plan, their doctor, and their hospital. Government should ensure that consumers have the information they need to make informed decisions in a competitive marketplace.

These functions, and probably others, are appropriate roles for the state and federal government. To address these objectives in Pennsylvania, I have proposed comprehensive health reform legislation.

The "Pennsylvania Health Security Act" responds to all those challenges. By providing health insurance coverage to all, we will not only be fulfilling a basic human right—we will be able to contain health care costs.

The plan will guarantee health insurance coverage for all Pennsylvanians through a guaranteed benefits package, financed by both employers and workers. Payments by small businesses and low-income Pennsylvanians would be subsidized, and small business payments would be capped at seven percent of payroll. Benefits offered would include immunizations, mammography screening, drug and alcohol treatment, and a comprehensive range of child and maternal health services. No individual would be denied coverage, regardless of their age, race, sex, employment status or health history.

The plan will control costs and improve the quality of care by fostering competition among health care providers throughout the state. Under the plan, physicians in eight health service regions will compete for patients, based on the quality and cost-effectiveness of their care. The plan emphasizes preventive care and forges broader linkages between public health, health education, and direct medical services.

Finally, our plan encourages individual responsibility for health, by having every individual bear a portion of their health care costs, and by empowering individuals, not their employers, to make decisions who their insurer, doctor and hospital will be.

The "Pennsylvania Health Security Act" demonstrates that Pennsylvania is a step ahead of the rest of the nation and that we are doing much more than talking about health care reform.

Our ultimate goal is to design and establish an adequate health care system that will serve everyone, assuring them of the basic health care they need to live full and rewarding lives.

The "Pennsylvania Health Security Act" reflects our commitment to the future. It sets the stage for the future, safeguarding the health of our Commonwealth as we approach the 21st century.

A handwritten signature in black ink, reading "Robert P. Casey". The signature is fluid and cursive, with the first name "Robert" and last name "Casey" clearly legible.

Robert P. Casey
Governor (1987 - 1995)
Commonwealth of Pennsylvania
May, 1994

NATIONAL
GOVERNORS'
ASSOCIATION



MESSAGE



Carroll A. Campbell, Jr.
Governor of South Carolina (1987 - 1995)

It is nearly impossible to over-estimate the difficulty of arriving at a national health care reform strategy that will meet the needs of the 55 states, commonwealths, and territories. Yet, if reform is not sufficiently flexible to allow states to tailor health care to meet the diverse needs of their people, it will surely fail.

That has been the challenge for the National Governors' Association (NGA) as we have participated in the debate.

A bipartisan group of Governors and staff has spent an enormous amount of time working with the administration, beginning during the transition and continuing as Mrs. Clinton's health care task force developed their proposal. While we had some impact on the structure and details of the Clinton plan, it was clear early on that there would be serious philosophical differences about the basic principles, namely employer mandates, global budgets requiring price controls, and mandatory government-run health alliances.

Yet, in spite of our differences, we realized that there was a great deal of common ground between us about strategies to address the nation's health care problems. There also was a strong belief that these reforms had to be undertaken this year.

My goal, as a governor and as chairman of the National Governors' Association, is to break down the health care problem into components that can be addressed and solved. Thoughtful officials must coalesce around alternatives that recognize the areas and the people that are truly in crisis.

At the National Governors' Association 1994 mid-winter meeting, an important step was taken toward a bipartisan framework for reform. While there is not total unanimity among the governors, we are convinced that we can contribute most to the national debate by adopting policy that reflects our consensus position. That NGA policy includes several important provisions:

- Insurance reform to insure portability of coverage;
- A core benefits package that will be offered, but not necessarily paid for, by employers;
- A cap on tax deductibility that is the same for everybody;
- Subsidies for low-income individuals who cannot afford insurance;
- Flexibility to move the current Medicaid population to managed care settings;
- Malpractice reform and antitrust relief;
- State-based health care purchasing cooperatives;
- Federally organized outcome and quality standards and administrative simplifications; and
- The ability for states to get ERISA waivers.

These are reforms that Congress could enact quickly and that could improve our health care system.

These reforms are not insignificant and, indeed, should the nation agree that they are reforms we should pursue, they will not be easy to flesh out. Yet a political consensus is building around these kinds of changes. This consensus could bring us a bipartisan coalition that believes these are the first steps that must be taken.

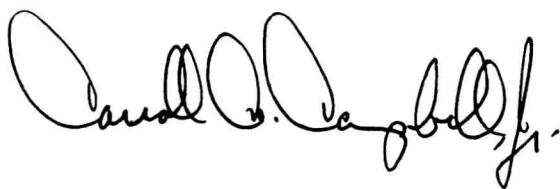
Some would say these steps, by themselves, are adequate; I believe that's a real possibility. Others would say these are first steps. But the point is, these things are both positive and possible. Why should we wait?

As chairman of the National Governor's Association, I understand the political sensitivities that prevent public officials of good will from moving ahead in an environment where the administration and others have staked out clear policy

positions. Yet the opportunity before us—spurred in large part by the high stakes attached to health care by the Clinton administration—is so great that it would be tragic to waste it.

Let's not polarize so that meaningful health reform becomes undoable this year. My hope is to get beyond the rhetoric and to get down to the realities of health care reform—what is possible, what is not; what can move us forward, what stalls any reform at all—and enact the best health care reform we can in 1994. I believe the nation's governors, with the policy positions we have enacted in the last year, can be catalysts to help arrive at that result.

I commend the Pennsylvania Academy of Science for undertaking this ambitious project, which will contribute to the congressional debate on health care, and to the ultimate goals of improving the nation's health care system.

A handwritten signature in black ink, reading "Carroll A. Campbell, Jr." in a cursive script.

Carroll A. Campbell, Jr.
Chairman, National Governors' Association (1993 - 1994)
March, 1994

Medicine and Health Care Into the Twenty-First Century

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