Should We Have a Single Payer System?

Marvin A. Konstam, MD

Tufts Medical Center
The CardioVascular Center

Disclosures:

- Not a big fan

US Health care system Choices

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- System aspiration
  - Haves / have-nots vs. Universal coverage
- Healthcare expenditure
  - Laissez-faire vs. Bend the cost curve
- Payment structure
  - Fee-for-service vs. Fee for value / Shared risk / Population based
- System structure
  - Insurance middle-man vs. Integrated system
- Payment source
  - Government payments vs. Private sector

Bend the Cost Curve

Health Expenditure as % of GDP

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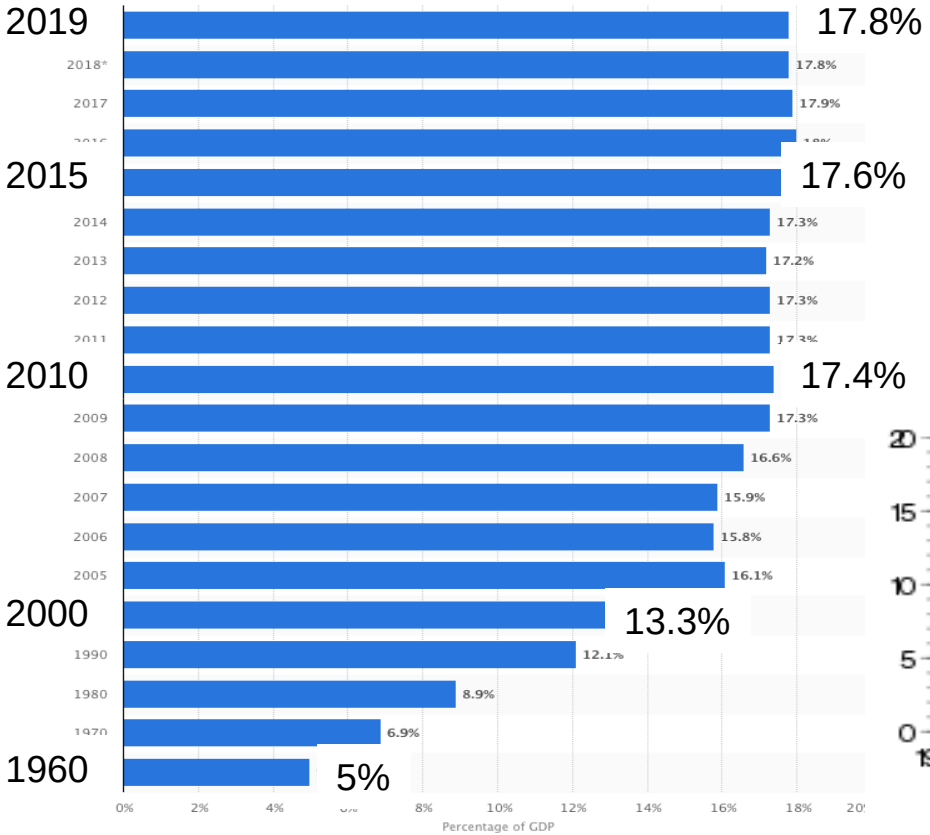
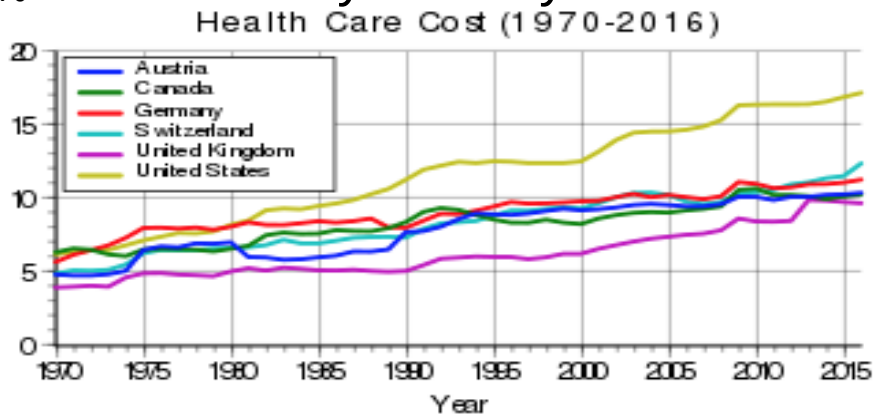


By Country



S https://www.statista.com/statistics/184968/us-health-expenditure-as-percent-of-gdp-since-1960/

Universal Coverage

Racial / Ethnic Disparities

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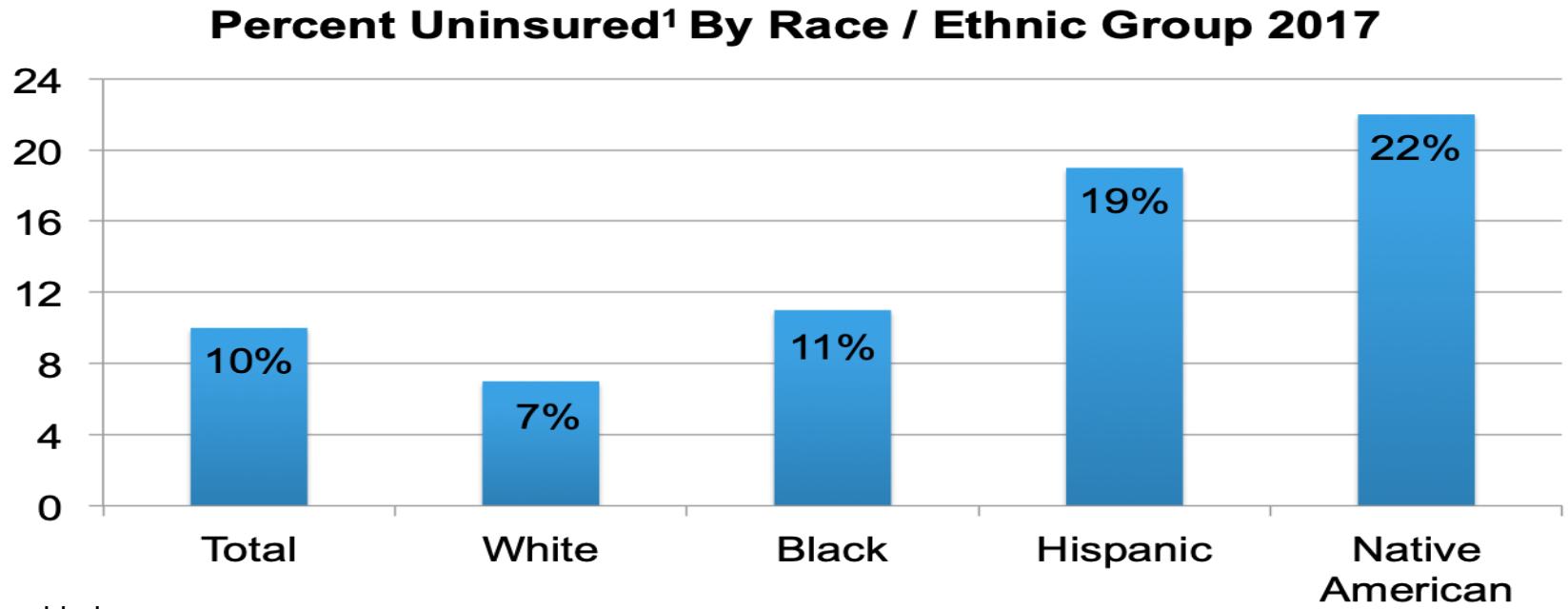


1. Non-elderly

Kaiser Family Foundation estimates based on the Census Bureau's American Community Survey, 2008-2017.

https://www.kff.org/uninsured/state-indicator/rate-by-raceethnicity/?dataView=0&currentTimeframe=0&selectedDistributions=white--black--hispanic--asiannative-hawaiian-and-pacific-islander--american-indianalaska-native--multiple-races--total&sortModel=%7B%22colId%22:%22Location%22,%22sort%22:%22asc%22%7D

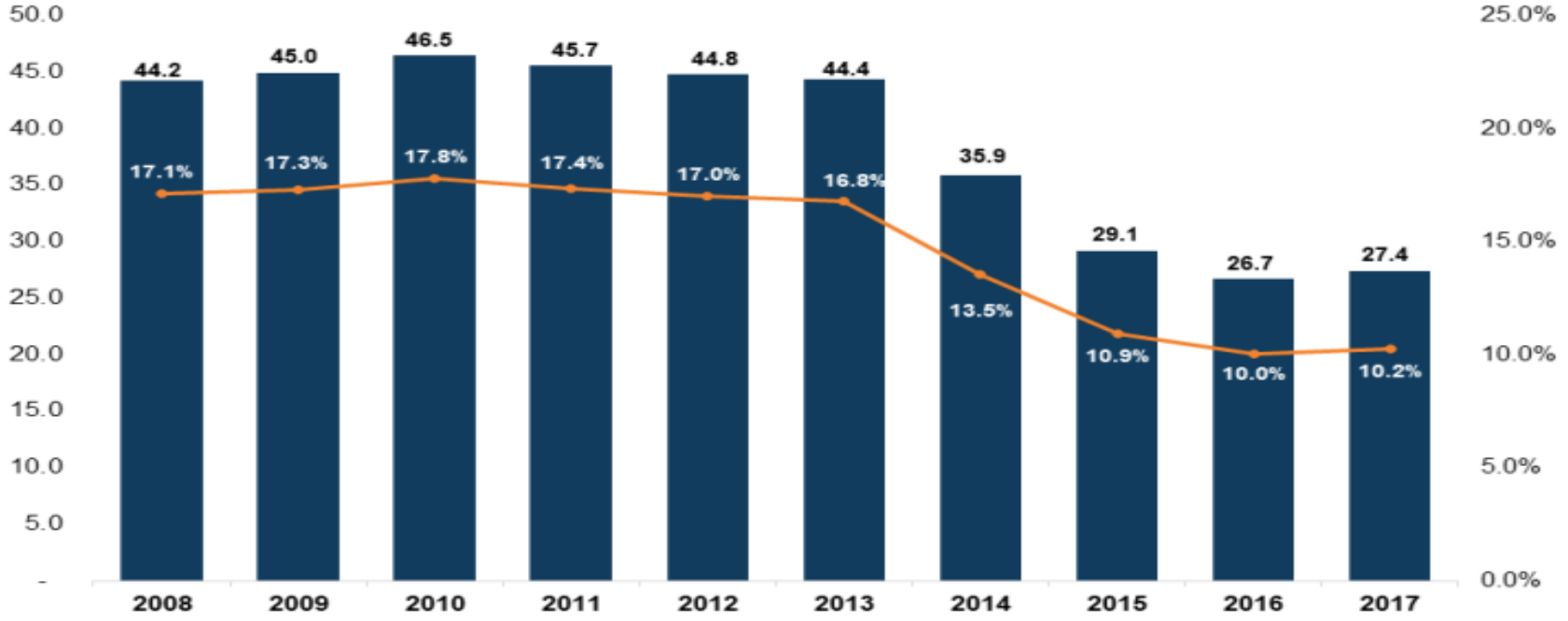
Patient Protection and Affordable Care Act (PPACA)

Guaranteed issue / community rating
Requires uniform premium, regardless of gender or pre-existing conditions.
Individual mandate
In absence of employer health plan, Medicaid, Medicare: buy insurance or pay penalty.
Health insurance exchanges
Offers a marketplace for comparison and purchase of insurance policies.
Subsidies
Low income individuals and families (1-4X poverty level) to federal subsidies.
Medicaid expansion
Eligibility to include all individuals and families up to 1.33X poverty level. (States opt out.)
Minimum standards
Established for all policies, with ban of coverage caps.
Employer shared responsibility
Firms with ≥50 employees not offering coverage will share subsidy burden.
Subsidy for very small business
If they purchase insurance through an exchange.
Co-payments, co-insurance, and deductibles
Eliminated for benefits considered preventive care.
Fee restructuring
Allows transition of Medicare reimbursement from fee-for-service to bundled payments.

Source: Wikipedia

Universal Coverage

Number of Uninsured and Uninsured Rate Among the Nonelderly Population, 2008-2017

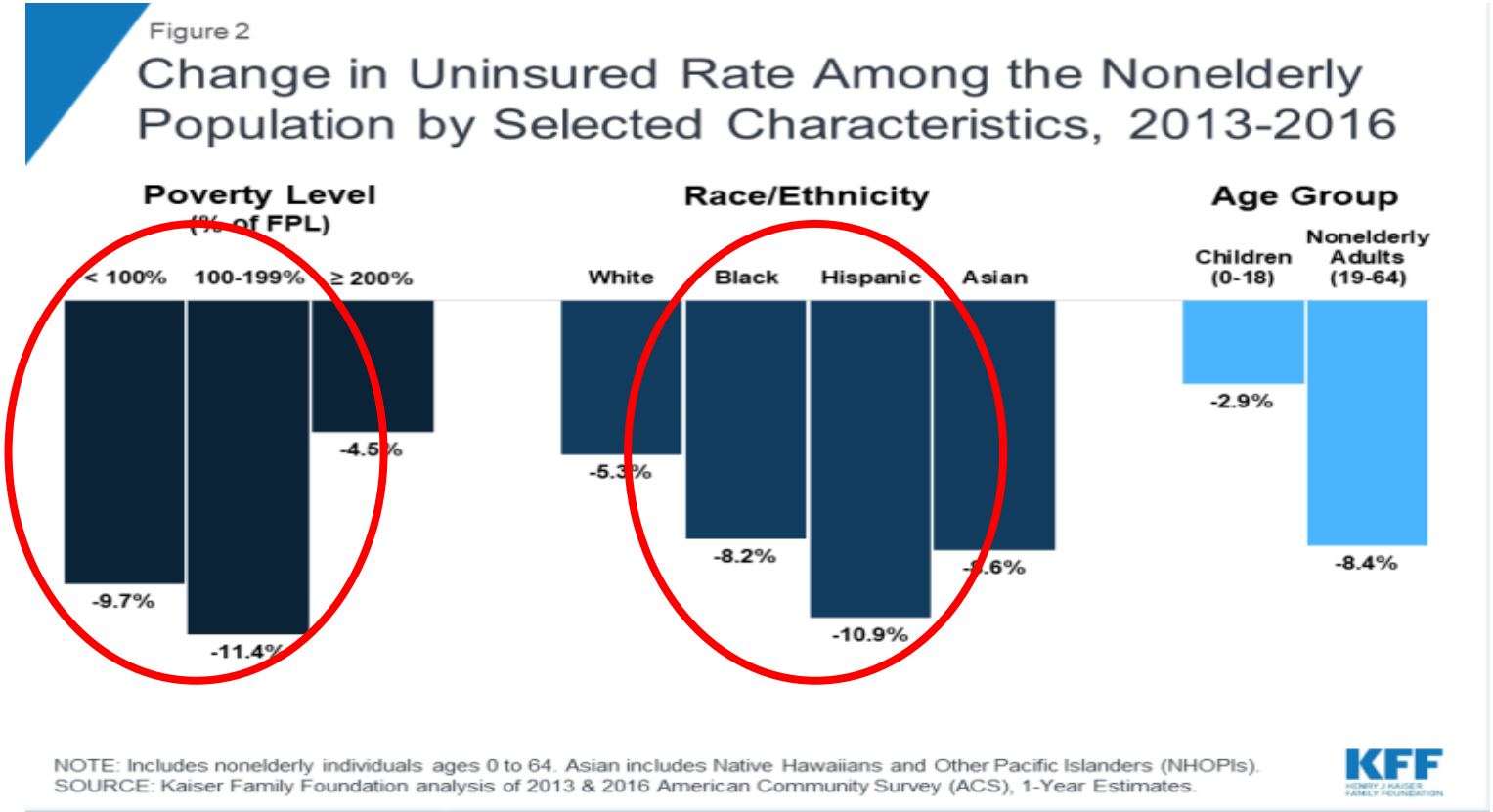


NOTE: Includes nonelderly individuals ages 0 to 64.
SOURCE: Kaiser Family Foundation analysis of 2008-2017 American Community Survey (ACS), 1-Year Estimates.

https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/; accessed 4/20/19

Figure 1: Number of Uninsured and Uninsured Rate Among the Nonelderly Population, 2008-2017

ACA Impact on Uninsured Rate by Category



https://www.kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/; accessed 4/20/19

Should the Federal Government be the Sole Driver?

Bending the Curve: Shock and Awe

CABG: Financial Margin / Case

PAYER	NET MARGIN / CASE*
Commercial	$32,940
Medicare	($1,250)
Medicaid	($1,140)

*FY 2019, Oct-Feb

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Hospitals at Risk

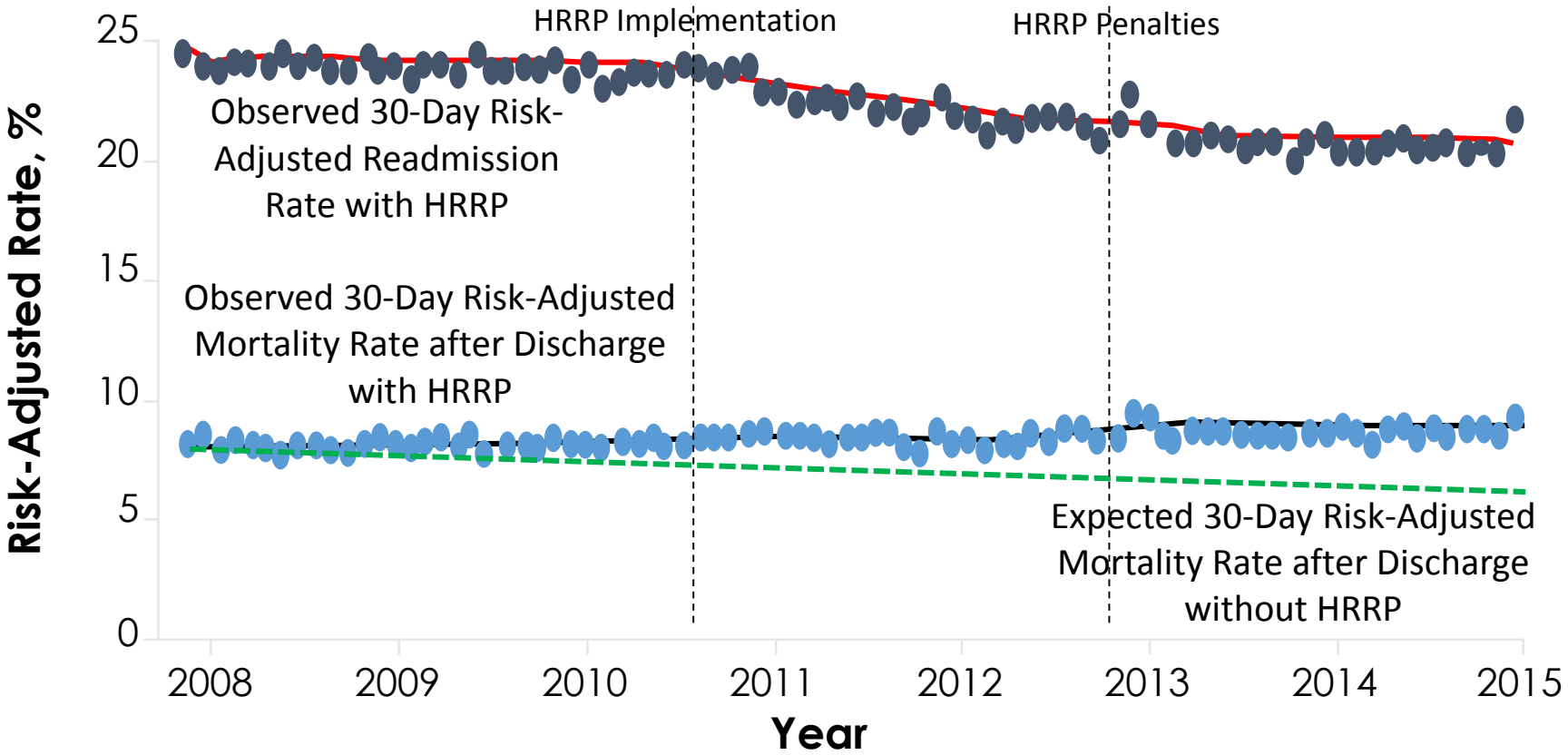
Ayla Ellison. Becker's Hospital CFO Report Aug 20, 2018

https://www.beckershospitalreview.com/finance/450-hospitals-at-risk-of-potential-closure-morgan-stanley-analysis-finds.html

450 hospitals at risk for potential closure, Morgan Stanley analysis finds

- More than 15% of US hospitals have weak financial metrics or are at risk of potential closure.
- Morgan Stanley analyzed data from roughly 6,000 hospitals and found 600 of the hospitals were "weak", based on criteria for margins for earnings..., occupancy and revenue, according to *Bloomberg*. The analysis revealed another 450 hospitals were at risk of potential closure, according to *Business Insider.*
- Texas, Oklahoma, Louisiana, Kansas, Tennessee and Pennsylvania had the highest concentration of hospitals in the "at risk" pool.

Observed & Predicted Mortality After Implementing Readmission Penalties



Fonarow GC, Konstam, MA, Yancy CW. JACC 2017;70:1931-4
Dharmarajan K, Wang Y, Lin Z, et al. JAMA 2017;318:270-8

Whose Metric Is It, Anyway?

Time for Patients to Assert Quality Control*

Marvin A. Konstam, MD

JACC-HF 2016;4: 947-9

The 30-day readmission metric, with its many flaws, and clear direction to reduce utilization and cost, but without focus on patient well-being, should serve as an alarm that we are heading in the wrong direction of allowing government policy makers, rather than patients to drive the design of clinical care metrics. Alternatively, the government can and should play an important role in facilitating an environment of integrated health care systems and market-based competition, within which consumers can drive the advancement of their own health.

Heart Failure Costs, Minority Populations, and Outcomes: Targeting Health Status, Not Utilization, to Bend the Cost-Effectiveness Curve. Konstam, MA JACC-HF

Rather than focusing on service utilization per se, interventions should be directed primarily toward improving health – as by providing disease management services and by addressing the underlying drivers of disease. If we follow this course, we will secondarily reduce utilization of costly services, while deriving the greatest value for our patients.

Integrated System?

Healthcare Today

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$$$$$$

Providers

Insurers

Consumers

Health Care Value

Integrated System

Vertical Integration

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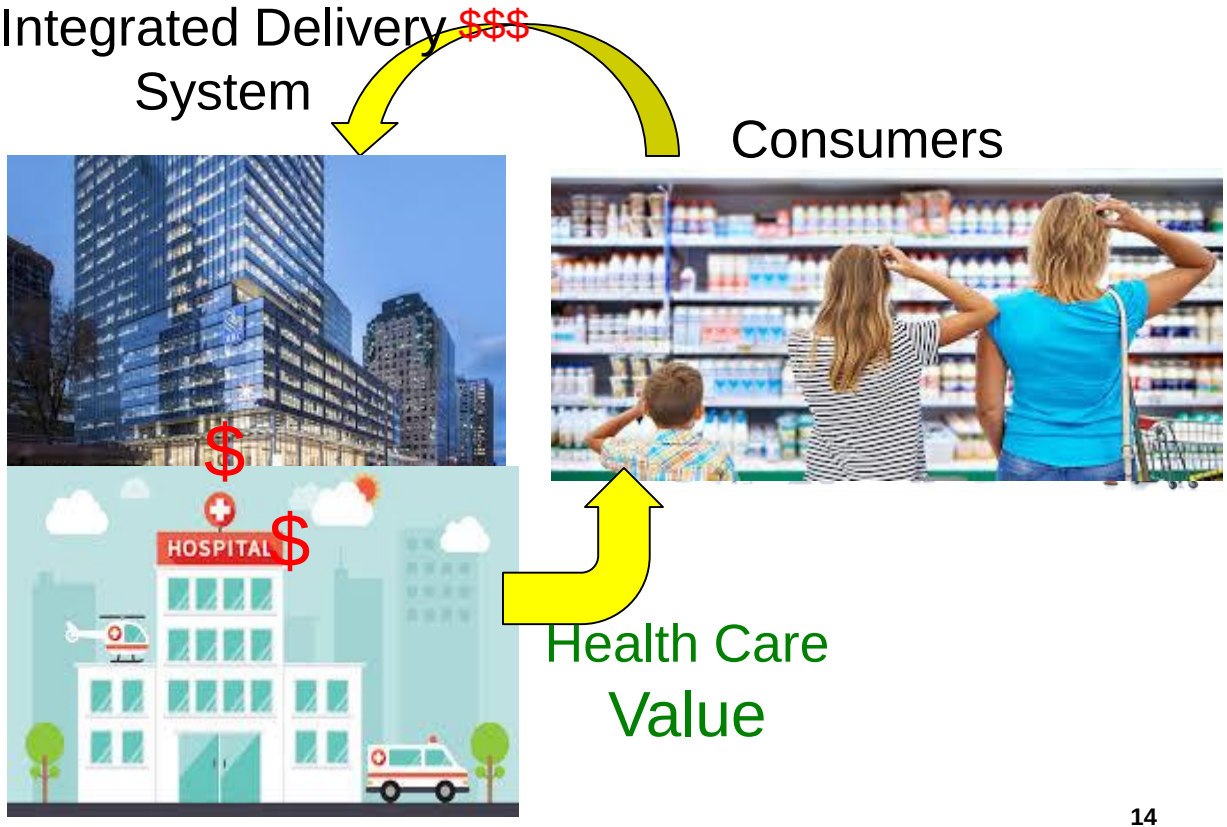
- System aligned to deliver VALUE
- No stepwise profit taking
- Designed to manage population health
- Competes with other such systems based on cost and consumer-determined quality



Shall We Have a Single Payer Plan?

	Medicare for All	Obamacare
Distribution	Universal, rapid	Universal, more gradual
Scope	Standardized; (?based on federal budget)	Standardized
Eligibility	No Exclusions	No Exclusions
Consumer cost	?None	Means based
Tax increases	Very high	Not that high
Provider payments	• Based on cost and quality; • Driven by federal budget • Bureaucratic; arbitrary	• Based on cost and quality • More market driven
Cost reduction/ Provider impact	Shock and Awe	Softer landing
"Quality" metrics	• Bureaucratically driven • Less consumer-based	• More consumer-based • Less bureaucratic

A Recommendation

- Repair, strengthen, and build upon ACA
- Provide incentives to drive integrated delivery systems