



Bernadine Healy, M.D.

## Two Fatal Flaws in Health Reform Resuscitation

By [BERNADINE HEALY, M.D.](#)  
Posted: February 16, 2010



Dr. Bernadine Healy

Salvage efforts are underway for the president's health reform package, put into a stall by the recent surprise election of Republican Sen. Scott Brown in Massachusetts, which disrupted the one-vote margin that would have passed the legislation last month. On the one hand, President Obama seems conciliatory; a proposed televised summit in late February would allow key members from both sides of the aisle to hear from those who have different ideas.

On the other, he does not seem willing to scrap the health reform bills that were a year in the making and would radically restructure both the financing and delivery of healthcare. Last week, Secretary of Health and Human Services Kathleen Sebelius delivered the message that the administration would not budge from its comprehensive approach to lowering costs and covering the uninsured, since the "pieces of the puzzle are too closely tied to one another."

She has a point there. The Obamacare puzzle, a centrally driven plan that requires at least a trillion dollars to succeed, counts on a combination of taxation, fines, penalties, and cost savings; a reallocation of major resources within the current health system; and a willingness among doctors and patients to accede to substantial new government controls. Regardless of how workable the administration's grand design appears to be on paper—about 4,000 pages of paper—it will fail if all of these big puzzle pieces are not in place. Most obviously, are the needed resources there for the tapping? There are at least two giant reasons that I think the puzzle is now imploding on its own, and neither has anything to do with political partisanship. And no televised show of hand-holding will make one whit of difference.

**The first fatal flaw: leaning on Medicare.** Obamacare counts heavily on its ability to drain off money from Medicare—which, by the administration's own accounting, is slated to go into bankruptcy in seven years even as it is. It seems like a heavy dose of voodoo economics to expect that this program, with its ranks just starting a big swell because of aging baby boomers, has the capacity, no less the will, to cough up half a trillion dollars to pay for half of the cost of health reform. Much has been made of the savings to be found in ending fraud and abuse, but success there would in no way be sufficient to prevent a hike in Medicare payroll taxes on working Americans (who would not be pleased), higher Medicare premiums for beneficiaries, and a big bite out of the medical care our elders now receive.

Health reform proposes to save lots of government money by keeping seriously and chronically ill old folks from being readmitted to the hospital too frequently, a major source of Medicare expenditure. Sounds good, but it is easier said than done, both medically and ethically. Political pundits who would have you think that a hospital admission should cure the disease and that a readmission is a sign of doctor or hospital failure know little about the nature of the formidable degenerative diseases that affect the hearts and lungs, bones and brains, and immune systems of the elderly. Patients who can be tuned up with a few days in the hospital and return home better, even if it's more than once, are not candidates for hospice. Where else are they to turn? Washington is threatening to cut reimbursement to the doctors and hospitals with higher readmission rates, or label them as poor performers, without analyzing the circumstances. It won't work.

[Why health reform [is too tough on hospital readmissions.](#)]

Another source of money is slated to come from ending Medicare Advantage, a popular but costlier option that covers 10 million elderly in privately managed healthcare organizations that provide pharmaceuticals and impose small or no copayments. Though the savings here are sure to be realized, they come at the risk of citizen discontent. Especially so when some elders, namely Floridians, are exempt. Who was the hero who saved Advantage for the 1 million elderly in the Sunshine State? It was their own Sen. Bill Nelson, who made that loophole the price for his health reform "Aye" vote.

**The second seed of destruction: counting on Medicaid.** The current plan to cover half of the uninsured by putting them into Medicaid has special appeal to federal budgeteers, since the states would be forced to kick in as much as 50 percent of the expense. But Medicaid is already literally bankrupting many states, which unlike the federal government have no way to print money. This new unfunded federal requirement would inevitably mean higher state income taxes that, yes, would hit the middle class despite the president's promise otherwise.

On this point, give a tip of the hat to the other Nelson, the unrelated Sen. Ben Nelson of Nebraska, who got the bill passed even as he struck a special—and a bit tacky—deal to protect his state. Stridently opposed to the health bill up until the 11th hour, Nelson finally traded his 60th and winning vote in return for a promise that the feds would pay for Nebraska's portion of Medicaid costs related to health reform in perpetuity. This did not sit well with other governors. Indeed, in his January State of the State address, California's Gov. Arnold Schwarzenegger went ballistic about reform that would dump huge costs on states already struggling to pay their bills. Once a supporter, he called health reform a "trough of bribes, deals, and loopholes" and challenged the state's congressional delegation "to fight for the same sweetheart deal Senator Nelson of Nebraska got for the Cornhusker State."

If the federal government were to make the Nebraska deal with every state, reform would add billions more to the federal deficit, and the president by his own promise would have to veto the bill. But if the "I'll vote for the law as long as I don't have to follow it" approach is what carries health reform to his desk, he should by his own conscience consider using his veto pen.

Clearly, fixing the Obamacare mess will take time, if it's possible at all. But one bipartisan effort that's worth tackling and is doable right away is targeted insurance regulation. Let's begin creating a health reform puzzle with this key piece: a system with no denials of access; no cherry-picking of the healthy over the sick; and, rather than one-size-fits-all coverage, an open market where people can search anywhere across the country to find the best policy at the best price for their own needs. Such change would cause insurers to compete to win the trust of, and lower the premiums for, their "covered lives" in order to keep their business. That would be real change.

Related: Consider [9 things in the health reform bill we should now reconsider](#) and [how crafty health insurers are denying care](#).

Copyright © 2010 U.S. News & World Report LP All rights reserved.  
Use of this Web site constitutes acceptance of our [Terms and Conditions of Use](#) and [Privacy Policy](#).