

Managing Costs in Light of Health Care Reform

The Magnificent System You Created

- Today Americans pay the lowest percentage of their health care costs out-of-pocket
- Survival rates are the highest in the world
- The world outsources its health care to us
- Freedom to select treatments, providers and benefits is unmatched
- Multiemployer plans have extended coverage people actually want to many more people

What is this?

- 1961 - \$ 35
- 2009 - \$ 1,853
- 2006 - \$ 11,000
- 2010 - \$ 15,000
- 2001 - \$ 2,100
- 2011 - \$ 2000 (and with better quality)
- 1978 - \$ 10,000
- 1999 – \$ 1

Necessary but not sufficient...

- Profit maximizing insurers drive up the cost
- Profit maximizing providers drive up the cost
- Waste drives up the cost (e.g., spending 50% in the last 6 months of life)
- Fraud and/or liability drive up the cost
- Regulation drives up the cost
- Health care is different

The Parable of the Hammer

- Hammers become free
- Why have only one?
- Why have a cheap one?
- Why maintain your hammer (s)?
- Why have only a traditional hammer?
- Won't more hammers mean more accidents?
- Why not buy from an expert?
- Why not hold the expert accountable?
- How can hammers go unregulated?

The Health Plan ID Card and The Three Most Important Reasons Health Care Costs Keep Going Up At Such A Precipitous And Inexorable Rate

- Consumers don't care about costs
- Consumers don't care about costs
- Consumers don't care about costs

The Direction of a Better Solution

- Continue to use all of the tools we have, and promising new ones, to control costs, but...
- Get consumers to care what it costs – to consider cost as well as quality
- We are all part of the problem and all of us, in concert, will be needed to get the message out that costs do indeed count
- A possible tool may be the Health Cost Management Incentive (HCMI) plan