HEALTH ACCESS

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Controlling Health Care Costs
Phony Solutions and Real Answers

Health insurance can be much cheaper if it does not pay for health care -- taking the health out of health insurance! Real solutions are about cost-effective care, not about shifting costs and risks to the consumer.

Phony Solutions: Taking the Health out of Health Insurance

The first question to ask in debating cost containment in health care is: affordability for whom? Will it provide better access to more affordable care?
Phony solutions bring down the sticker price of health insurance by shifting more costs or more risk to consumers, including high-deductible plans and Health Savings Accounts, bare-bones and skeleton health plans, restrictions on the ability to get care, and the removal or pre-emption of consumer protections and mandates on insurers.

Examples of phony solutions

	The Illusion	**The *Real* Cost**
High Deductible Plans and Health Savings Accounts	Lower Premiums (Premiums are lowered by shifting costs to consumers who need care – precisely those people who need coverage the most)	Substantial out of pocket costs on individual consumers. (IE: HSAs are required to have at least $1,000 deductibles) * Recent surveys show many consumers who have high deductible accounts want out because of unexpected costs.
Bare Bones and Skeleton Plans	Provides “catastropic’’ insurance that will “cover’’ consumers in an “emergency" at lower premiums	Consumers are completely exposed, sometimes to literally hundreds of thousands of dollars in out of pocket costs. These plans fail even as “catastrophic” insurance since there are no caps on out of pocket costs and the costs paid by the so-called insurance is far less than the cost of care.
Benefit Mandate Repeal	Telling consumers they don’t have to pay for “others’’ ailments, which they “don’t need’’	Would leave consumers forced to pay out of their own pockets for a long list of benefits that most of us consider basic, from pap smears and mammograms to childhood immunizations and mental health services, from diabetes supplies to contraceptives.
Repeal of the HMO Patient Bill of Rights	Health care would be cheaper without state mandates and bureaucracy.	Less health care would be paid for. Would reduce overall health care costs by allowing HMOs to deny health care at the whim of the HMO with no standards and no right of appeal.
Repeal of Hospital Ratios and Hospital Seismic Requirements	“Mandates’’ make health care more expensive.	Unsafe care is often cheaper. Would reduce hospital costs because staffing would be lower and hospitals would not be forced to be safe during an earthquake
Three and Four Tier Drug Plans	Who needs brand name or non-formulary drugs? Use the generic or pay more if you want fancy drugs.	This means paying more and getting less in terms of life-saving medications and medications to manage long-term, chronic conditions such as diabetes and high blood pressure.

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Real Answers For Consumers

Instead of decreasing the value and integrity of health insurance, consumer groups support a range of other proposals to help control the cost of health care. While the support of any proposal by Health Access California or other groups depends on an analysis of the details, here are some broad categories of interest:

Proposal	How it works	Why it works
Focusing on Prevention	Provide coverage for preventive services with few or no financial barriers. Provide a medical home. Provide early detection tests.	Patients who have regular access to a doctor can catch problems early, and are less likely to need more expensive treatments later on.
Improving Public Health	Change the "toxic environment'' to promote wellness, from anti-smoking efforts, to constructing healthier communities.	A healthier population will ultimately lead not just to better health outcomes, but prevent worse and more expensive treatment.
Provide Disease management	Manage chronic conditions, such as asthma or diabetes, which are major drivers of health costs. They may be effectively managed for better health and cost-effectiveness.	Better disease management can help prevent a condition from becoming a full blown emergency. If not, it could send a patient to an expensive emergency room visit.
Installing Information Technology (IT)	Use information technology with medical records, prescriptions, and other data to avoid costly duplication, provide some simplification, and increase efficiencies.	IT can better allow doctors to access medical records for better diagnosis and prevent duplicative tests. IT can also produce better data about health results.
Advancing Transparency/ Disclosure of Cost & Quality	Disclose actual cost of care, following the premium dollar throughout the system. Ensure information about cost and quality can be easily compared across providers.	While consumers are usually not in a position to comparison shop, additional disclosure could help employers, businesses and advocates make comparisons. Institutions, themselves, may also use the information to self-regulate.
Reducing High Cost/Low Quality care	Spotlight health providers with "best practices,'' using disclosure and information technology systems.	Allows some plans to steer patients away from those institutions that offer the worst health outcomes while charging the most.
Ensuring everyone pays a Fair Share	Set a minimum standard for on-the-job benefits, -- or fund the health system through a fairer and more equitable tax system.	Prevents "free riders" -- companies who do not provide coverage to all of their workers – thus forcing them onto public programs. "Free riders" are costly to both other businesses, which are doing the right thing, and taxpayers.
Simplifying admin. of benefits	Standardize plans to make things easier for employers, providers and patients. Single payer, "pay or play,'' or statewide plans also allow smaller employers to outsource these tasks to a single administrator.	The complex tangle of rules and benefits for each plan and each company causes unnecessary strain. At the very least, a standardized system could help alleviate some of the administrative burden.
Planning	Assess what hospital services, providers and health infrastructure needs the community has, global budgeting for health or a universal health system. Provide a better review of hospital services and community's health infrastructure.	An overabundance of medical infrastructure drives the use and cost of particular treatments, rather than need – while capacity shortage undermines the health of the community and distorts service provision in adjacent areas.
Regulating HMO/Insurer administration, profits, rates	Tighten regulation to ensure that rates are justified. Also impose limits to how much of our premiums go to administration and profit.	Higher profits mean higher costs for consumers. Regulating profits could provide better value to consumers in the end.
Bargaining and Bulk purchasing	Pool people to purchase medical services with economies of scale. The VA and Medicaid get the best deals on prescription drugs. Segmented Medicare Part D cannot.	While it is not a magic bullet, larger purchasers of health care tend to get better deals from health care providers, drug companies, and other services.