

Michael Gallagher: Coverage for all

By Michael Gallagher
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AvMed Health Plans is one of Florida's oldest and largest not-for-profit health plans and provides highly personalized service to over 270,000 Floridians, principally through their employers, but also directly to individuals and Medicare members as well.

As President and CEO of SantaFe HealthCare and its family of community-based, mission-driven companies comprising AvMed Health Plans, Haven Hospice and SantaFe Senior Living, which includes North Florida Retirement Village, I personally experience the positive impact that our nearly 2,000 committed employees make on the lives of Floridians.

And, as a member of the board of directors of America's Health Insurance Plans (AHIP), which is the national association representing approximately 1,300 health insurance plans that provide coverage to more than 200 million Americans, I know that our industry supports universal coverage for all citizens.

Furthermore, our industry has proposed substantial insurance market reforms that would combine guarantee-issue coverage with an enforceable individual health insurance requirement and premium assistance to make coverage affordable, while eliminating pre-existing condition exclusions and ratings based on health status in the individual market.

We are very encouraged by the exemplary leadership of Chairman Max Baucus and Ranking Minority Member Charles Grassley and the other U.S. senators making up the "Group of Six" who are fashioning a truly bipartisan health care reform measure in the Senate Finance Committee and we have encouraged the committee to report the bill to the Senate floor before leaving for the August recess. We support the Finance Committee bill because it builds upon the existing employer-based system, which currently covers 177 million Americans according to the U.S. Census Bureau.



The Senate Finance Committee bill does not establish a government-run plan. The Senate bill reflects, as a first priority, that the nation's reform agenda should be committed to a policy that "first does no harm" to the employer-based system.

We share the concerns that employers, providers, and patients have raised about the significant unintended consequences of a new government-run health insurance plan. A government-run plan using Medicare reimbursement rates would erode the employer-based system, significantly increase costs for those who remain in private coverage, and add additional deficits to the already challenged federal budget. A government-run plan takes a one-size-fits-all approach to benefit designs that could drastically reduce the public's choice of doctors and treatment options.

These are some of the reasons why a Wall Street Journal poll is now reporting that 42 percent (up from 32 percent in June) of respondents think a government-run health plan is a bad idea, and only 36 percent think it is a good idea. Among those with private insurance, the proportion calling the plan a bad idea rose to 47 percent from 37 percent in June.

Alternatively, strong market rules and consumer protections will ensure that nobody falls through the cracks and will do so without disrupting the coverage of tens of millions of Americans who like and want to keep their current health plans.

One of the biggest problems with the establishment of a government-run plan is that it would exacerbate the cost-shifting that already occurs, from public programs to private payers, as a result of the inadequate reimbursement rates that Medicare and Medicaid pay to hospitals and physicians. According to a recent Milliman study, an average family of four already pays a hidden tax of more than \$1,700 annually on their premiums because Medicare and Medicaid significantly underpay hospitals and physicians, compared to their actual costs of delivering medical care. To offset these inadequate payments, providers pass on higher costs to individuals, families and employers in the private sector.

Additionally, we're concerned that a government-run plan would undermine efforts to transition to a high-quality health care delivery system. Recognizing that the traditional government-run Medicare program has made very little progress in developing innovative care management programs, we are concerned that creating a government-run insurance plan for the broader population would result in tens of millions of Americans being enrolled in a new coverage option that lacks a meaningful commitment to care coordination, disease management, health promotion and other proactive wellness initiatives that have been successfully implemented by AvMed and other private sector health plans.

Despite the serious concerns we have about a government-run plan, AvMed and the other private health plans would outperform a government plan if the competition were based solely on value and not on the ability to impose government-administered reimbursement rates. Of course, that would not be the case and our country's health care delivery system and 200 million Americans would be adversely affected.

The next six weeks will be very important to the ultimate outcome of health care reform and it is imperative that AvMed and all private health plans be able to continue providing high quality and affordable health care coverage solutions so that Americans have access and options when it comes to their individual health.

Michael Gallagher is president and CEO of SantaFe HealthCare, Inc.