

Designing a Future for Long Term Care



Hon. David F. Durenberger

Chairman

May 15, 2002



Our Greatest Fears

- Illness
- Old Age

George Will, May, 2002

Editorial, *Minneapolis Star Tribune*, March 31, 2002



January 2002 Battleground (GOP-DEM) Public Poll

- ◆ *Economy #1 concern*
- ◆ *Health care cost #1*
- ◆ *Government without will or resources*
- ◆ *3rd party payers turn to “defined contributions”*
- ◆ *Doctors limit number of patients*
- ◆ *Spending reaches 15% GDP in 2003, 20% GDP in 2010*
- ◆ *Aggravate gap between haves & have-nots*
- ◆ *Unmitigated political disaster as it reaches working middle class take-home pay*



Health Care Cost Concerns



- **1970 \$60 Billion “Crisis”**
- **2002 \$1,542 Billion “Crisis”**
- **Costs will double every 5 years**

Cost Containment 1970s

Universal coverage efforts fail

Supply regulation

- Health systems agency
- Certificate of need
- Peer review organization
- Hospital cost containment

Cost Containment 1980s

Price Regulation

- ◆ *Medicare as policy reform*
- ◆ *Prospective pricing (DRG and RBRVS)*
- ◆ *3rd Party Administrators*
- ◆ *Group Purchasing Organizations*
- ◆ *Pharmaceutical Benefit Managers*

Cost Containment 1990s

Behavior Modification

- ◆ *Managed care organizations*
- ◆ *MEDIS Groups=Data on docs*
- ◆ *Utilization Review*
- ◆ *Disease Management*

Managed Competition and the Clinton HAS

Cut and Paste Policy



Outside-In Reform

- Regulate supply, price, or behavior
- Backlash legislation
- Managed Care quits managing cost drivers
- Premium explosion – insurer risk avoidance
- Employers de-powerment
- Consumer-driven health care
- Direct-to-consumer drug marketing

Outside-In Reform

- Price-driven politics = *issues* not *policy*
- Government solutions impossible
 - Partisan paralysis
 - Demosclerosis of interests
 - Public opinion: shaping (sampling)
 - No investment in future

"A contest over who could promise the least change...so every interest group endorsed what it liked, and spent millions defeating what it did not."

Michael Kinsley, former Editor New Republic, 1993-94



Dissent in House GOP Forces Leaders to Change Plan for Medicare Drug Benefit

- **The New York Times**
May 13, 2002



The Future

If managed care is dead,
what's next?

A photograph of a billboard on a highway overpass. The billboard has a white rectangular sign with black text. The background of the billboard is a blue sky with light clouds. The billboard is supported by a metal structure. The text on the sign reads: "Healthcare Led by Doctors" in a large, bold, serif font, and "A Medical Breakthrough!" in a smaller, regular serif font below it.

Healthcare Led by Doctors

A Medical Breakthrough!

Billboard, I-85 in Atlanta, Georgia



Inside-out Reform

“The question is not how we improve the health care system, but how we create a health care system that seeks improvement in which product, practice, and organizations are continually evolving.”

Walter McClure



“When the pupil is ready, the teacher appears”

- ◆ *Change can come from inside professional-patient relationship*
- ◆ *Practice will change policy*
- ◆ *Examples abound*
- ◆ *Leaders exist within professions*
- ◆ *People are needed*

Why the Delay in LTC Reform?

- ◆ *Denial*
- ◆ *Medicare “covers it”*
- ◆ *“Long term” care*
- ◆ *Not a check in the mail*
- ◆ *Aging and disability*
- ◆ *Poorly understood*
- ◆ *Varying experiences*
- ◆ *Provider politics not people*
- ◆ *LTC won't make DC “top 10”*

Where Are the LTC Issues?

The Urgent

Reimbursement
Workforce
Quality
Medicaid cost increases
State revenue deficits

The Important

Financing reform
Systemic change
Consumer-directed care
Housing
Financial Security

The “entitlement reform” debate

The “waiver and demo” response



The Light at the End of the Tunnel



- ◆ *Contract with America*
- ◆ *End Welfare as we know it*
- ◆ *The New Economy*
- ◆ *End federal budget deficits*



It's a Train

- ◆ *BBA 97*
- ◆ *New economy workforce shortage*
- ◆ *Old economy – recession*
- ◆ *State Medicaid shortfall*
- ◆ *Medical insurance prices take off*
- ◆ *Liability insurance disaster*

Medicaid Reform can't get on the National Agenda

- ◆ *Welfare reform can but still divides GOP and Democrats*
- ◆ *Social Security does*
- ◆ *Medicare must*



Public Policy

A statement of a problem and a set of actions designed to eliminate or reduce that problem over a period of time.



Problem

- ◆ *Long term care is run by the government*
- ◆ *Because 2/3 of funding comes from government Welfare, Medicaid, Medicare*
- ◆ *Professions, workforce, quality, safety, and satisfaction are regulated*



Best Choices



Are made by:

- ◆ *Individual*
- ◆ *Family*
- ◆ *Community*



Inside-Out Reform

*Medicare and Medicaid are not
health programs*



Part of our Financial Security System

- ◆ *Economy*
- ◆ *Earnings and benefits*
- ◆ *Savings and Investments*
- ◆ *Insurance and social insurance*
- ◆ *Public assistance (welfare)*



An American Approach to Pooling Risk

“The need for long term care is an insurable risk. This means that the risks are relatively low but the financial consequences are not...The American approach to pooling insurable risks has been a combination of social insurance and tax-encouraged private insurance, both of which are tied to earnings.”

Defining Common Ground

CLTC, March 2001

Finding Common Ground

- ◆ *Consensus from major LTC forces:*
 - AARP, Alzheimer's Association, AAHSA, AHCA, The Arc of the US, National Association for Home Care, National Committee to Preserve Social Security and Medicare, SEIU
- ◆ *Initial consensus on principles:*
 - independence, choice, role of families, access, eligibility, financing, accountability, standards, coordination, efficiency
- ◆ *“Preparing the pupil”*
- ◆ *70 associations = 75 million Americans*

Defining Common Ground

- ◆ *LTC financing integral part of national retirement/economic security system*
- ◆ *Establishes a public/private insurance system*
- ◆ *Restructured social insurance program with redefinition of disability*
- ◆ *Private insurance encouraged by publicly financed subsidies*
- ◆ *National uniform system of assessment and assistance*
- ◆ *Reform of Medicare and Medicaid to address chronic needs*
- ◆ *Intergovernmental financing transition*
- ◆ *End welfare as we know it*

Why Consensus Was Reached

- ◆ *The issue is too big to ignore any longer*
- ◆ *Each entity is big enough to stop the issue by itself but not big enough to start this issue by itself*
- ◆ *Our similarities are larger than our differences*
- ◆ *Do not lose the important in the urgent*
- ◆ *Leaders need support in order to begin national dialogue*
- ◆ *If not us, who?*



Inside-Out Reform

Definition

- ◆ *Long term support system*
- ◆ *Functional wellness and quality of life*
- ◆ *“Assisted Living”*



Inside-Out Reform

LTC Professionals



- ◆ *Enhance status*
- ◆ *Remove licensure barriers*
- ◆ *Honor outcomes*
- ◆ *Redefine professional and work*
- ◆ *Creative care system / settings*
- ◆ *Enhanced use of technology*

Inside-Out Reform

Consumers

- ◆ *Financial resources* → *a national financial security system beginning with 1st employment, protecting family income and assets*
- ◆ *Public assistance for those without means of making choices*
- ◆ *Information about comparative price, services, results and values of diagnostic, therapeutic and rehabilitative professions, providers and services*
- ◆ *Incentives to choose*

Inside-Out Reform

Medicine

- ◆ *Finance illness prevention and health maintenance*
- ◆ *Improve the environment in which decisions are made*
- ◆ *A culture of quality*
- ◆ *Value, not resource-based practice*
- ◆ *Reverse, delay, prevent chronic illness*
- ◆ *System reform and integration*



Inside-out Reform



Community Roles

Mixed-income, mixed use housing

Transit redesign

Information and service technology

Functional wellness continuum

Socialized services

Raise value to community of dependent persons



Need A National Dialogue that Equates Financial Security to Long Term Care





Led by: President George W. Bush
 U.S. Congress
 Governors, Lieutenant Governors, and
 Legislators
 Think tanks
 Business, Association CEOs,
 Professional and Workforce Leaders

State Budget Deficits as a Wedge:

- ◆ *33 States report budget deficits in current fiscal years. Washington = \$1.25 billion over two years (NCSL)*
- ◆ *27 States cite Medicaid cost overruns as main driver of deficits (NCSL)*
- ◆ *Medicaid growth = 11% in 2001. CBO projects 8.3% annual growth between 2002-2010. Medicaid spending equal 20% of state budgets (National Association of State Budget Officers)*

Starts With You In Long Term Care





“Americans always do what is
right, but only after trying
everything else.”

Winston Churchill



Thank You



www.citizensforltc.org

