

# HEALTH REFORM IN NORTH CAROLINA

## *Health Insurance Reform and the Doctor-Patient Relationship*

*US Representative David Price*

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The hallmark of the American health care system is the doctor-patient relationship. In recent years, however, this relationship has come under threat from a confluence of factors within the system: the increasing number of Americans unable to obtain or afford health insurance, the lack of strong consumer protections within the health insurance industry, and the weak pharmaceutical plan and unpredictable physician reimbursement rates within Medicare, to name a few. Without real reform, we will imperil the strengths of our system and be stuck with its worst features: spiraling costs, instability, and inadequate care for far too many people.

Hundreds of meetings with physicians, patient advocacy groups, and other stakeholders; numerous town halls and roundtable discussions; and tens of thousands of phone calls, emails, and letters from my constituents have made one thing clear: the American people need a health care system that works for them. While they may differ on the details, nearly everybody agrees that our system should be based on the core principles of stable coverage, access to quality care, and affordable premiums and copayments. That's what health insurance reform is all about.

The Affordable Health Care for America Act (HR 3962), approved by the House in November, would achieve these core principles—without compromising the many strengths of our current system or adding to the national debt. For this reason, the bill has won the support of numerous stakeholder groups, including the American Medical Association (AMA), American College of Physicians, American Academy of Family Physicians, American College of Surgeons, American Academy of Pediatrics, the American Association of Retired Persons (AARP), the Consumers Union, the American Cancer Society Cancer Action Network, and many others.

The legislation recognizes that the first step to reform is ensuring that every American family has access to affordable health insurance. We know the cost of coverage is the major impediment for most uninsured, and for good reason. Between 2000 and 2007, North Carolinians saw their health insurance premiums increase 75% while their earnings rose only 14%. These skyrocketing premiums are pricing more and more people out of the health insurance market. Without reform, the Robert Wood Johnson Foundation estimates that more than 25% of Tar Heel residents won't have insurance 10 years from now. Losing access or delaying doctor visits means less preventative care, sicker patients, and a delivery system that provides "sick care" rather than "health care."

HR 3962 would address the access problem head-on. The bill would expand coverage options and broaden the risk pool through an insurance exchange available to Americans who are self-insured or employed by small businesses. The exchange would give individuals and small businesses access to the same lower group rates that larger companies have always been able to negotiate. For individuals and families that still could not afford insurance, the bill would offer further discounts in the form of affordability credits. All told, the bill would increase the coverage rate for legal, nonelderly residents from 83% to 96%.

Second, the Affordable Health Care for America Act would expand access to care by addressing anti-consumer practices that have become standard in the insurance industry. The bill would prevent insurers from denying coverage on the basis of pre-existing conditions or selectively charging their policyholders different premiums based on gender, health status, or occupation. They would no longer be able to rescind or drop coverage when a person gets sick, or to cap the annual and lifetime amounts they pay

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for customers' health benefits and services. And they would be prevented from denying reconstructive surgery benefits for children with birth defects or injuries.

The bill also would eliminate the threat of bankruptcy due to medical expenses by requiring insurance companies to adhere to a standardized annual out-of-pocket spending limit. There would be new requirements on plans to ensure that they keep administrative costs down to 15% of premiums and pass along any savings generated to consumers. When insurers did need to increase premiums, they would be required to publicly disclose and justify the increases. These reforms would restore stability and trust in the health insurance industry and would give patients the confidence to seek preventative and timely care from physicians.

Finally, House Democratic reform efforts would address two major shortcomings in the Medicare system to strengthen the relationship between seniors and their doctors. The current Medicare physician reimbursement system—Sustainable Growth Rate (SGR)—is anything but “sustainable” and in fact has contributed to instability in health care both for providers and patients. The impending 21% fee reduction would result in rates that don't even cover providers' costs of care. HR 3961, the companion to the House health insurance reform legislation, would repeal the pending fee reduction and replace SGR with a new, more stable system, ending the cyclical threats of ever-larger cuts followed by 11th-hour, short-term fixes.

The House reform legislation also would fix a major flaw in the Medicare Part D drug program. Since 2005, Medicare enrollees have had the option to obtain drug benefits through Part D, but too many seniors lose drug coverage entirely for a portion of the year due to the so-called “doughnut hole.” HR 3962 would reduce the size of the doughnut hole by \$500 immediately and eliminate it completely by 2019. In the interim, it would require drug manufacturers to provide 50% discounts on brand-name drugs when seniors are in the doughnut hole.

The Affordable Health Care for America Act embodies the core principles I have sought—stable coverage, access to quality care, and affordable premiums and copayments. It is also consistent with the reform goals of the AMA. As the Association wrote in its letter of support for HR 3962, the bill “is consistent with our principles of pluralism, freedom of choice, freedom of physician practice and universal access.”

The alternative plans offered by House Republicans would fail to achieve these goals. For example, the Republican substitute bill offered during House debate in November did not adequately address insurance affordability. The Congressional Budget Office (CBO) found that this version of reform would have reduced the number of uninsured by a mere 3 million, leaving 52 million Americans without coverage by 2019. It also lacked strong consumer protections and would have allowed insurers to continue to deny coverage for pre-existing conditions. Finally, the Republican substitute would not have closed the doughnut hole, forcing too many low-income seniors to continue choosing between groceries and prescriptions.

I know my Republican colleagues have some good ideas for health care reform, and the House-passed bill draws on some of them. For example, it includes interstate health insurance compacts to facilitate the purchase of individual health insurance across state lines and state incentive programs to implement alternatives to medical malpractice litigation.

Too much of the debate, however, has been ideological and accusatory, leveling charges of “socialism” and “government takeover,” raising the specters of “death panels” and “rationing.” This distorts and distracts us from the real issues. In this environment, it is especially important for doctors and medical organizations to make their voices heard, not only because of their experience but also because of their credibility: they stand above this political fray and can help the American people cut through the overheated rhetoric and confusion. We are on the threshold of major changes for the better for patients and their providers. We need to persevere, and we need to get it right.

*David Price represents North Carolina's Research Triangle in the US House. He chairs the Homeland Security Appropriations Subcommittee and the House Democracy Partnership. Before he began serving in Congress in 1987, Price was a professor of Political Science and Public Policy at Duke University. He is the author of four books on Congress and the American political system.*