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Two Secretaries: Lessons and Insights for U.S. Health Care

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Abstract

What is the message?

Discussion with two former Secretaries of Health and Human Services, Donna Shalala and Kathleen Sebelius, offers insights for changes in U.S. health care going forward.

What is the evidence?

The insights draw on thirteen years of experience of the two former Secretaries of Health and Human Services.

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Introduction

What happens when two former Secretaries of Health and Human Services come together for a one-on-one discussion relating to the Patient Protection and Affordable Care Act and potential adjustments/alternatives to the Act? Former Secretaries Donna Shalala (1993-2001) and Kathleen Sebelius (2009-2014) led this discussion at the University of Miami's Center for Health Sector Management and Policy's annual conference, The Business of Health Care, on March 4th with this year's theme being "Post-Election."

The Secretaries had significant insights given their own experiences—Secretary Shalala's attempt during her tenure, together with President and Mrs. Clinton, to pass "Hillary Care," and Secretary Sebelius' experiences with the political ups and downs associated with the passage, rollout, and seven-year experience of the Patient Protection and Affordable Care Act (PPACA) under President Obama's administration. With their experiences, they were able to provide an understanding of what works and what does not in these complex processes and were able to provide words of advice and warning relating to future plans and proposals.

With the conference being held a week before the unsuccessful first attempt to pass the American Health Care Act by the House, the timing of their thoughts was that much more important, as well as very much in agreement.

Lessons from the Past

In any health care methodology proposed, timing is an issue. Delay is not good from the Secretaries' perspectives. It is important to begin quickly to craft policy. Congressional buy-in, however, and the creation of a supportive coalition are also important.

This was a lesson learned from the success of former President Lyndon Johnson in successfully negotiating with Congress to pass the Medicare and Medicaid Acts in 1965, the only true forms of national health insurance in the United States prior to the passage of the Patient Protection and Affordable Care Act nearly fifty years later.

When Medicare and Medicaid were first passed, the focus was on coverage. Cost issues were the focus later on. The Secretaries suggested that the same must be true with current and future policies; first coverage, then costs.

The Secretaries strongly suggested that the President should stay out of the details of the plan or, as was stated, “the President needs to stay out of the Health Care weeds”. This was the methodology followed by former President Obama in introducing the PPACA. The President indicated nine overriding principles and then allowed Congress to develop the project details.

Here are the nine principles:

- Reduce long-term growth of health care costs for businesses and government
- Protect families from bankruptcy or debt because of health care costs
- Guarantee choice of doctors and health plans
- Invest in prevention and wellness
- Improve patient safety and quality care
- Assure affordable coverage for all Americans
- Maintain coverage when you change or lose your job
- End barriers to coverage for people with pre-existing conditions
- The plan must put the country on a clear path to cover ALL Americans

Clear communication of the principles and significant aspects of a health plan is critical. The administration needs to immediately provide clear explanation of the plan and its benefits to the public and the message must be clear, something that had not necessarily been accomplished by previous administrations or the current one.

For example, clear communication should allow the public to understand that in health care, a free market does not work on its own. Health care has strong public good components. Without clear explanation, misconceptions quickly arise and once those misconceptions are perceived as the truth, the misperceptions are very difficult to undo. There have been many miscommunications relating to the current law as well as various other proposals that have been forthcoming.

Looking Forward

Secretaries Shalala and Sebelius discussed some of the details of alternative plans that have been under discussion. One of the alternative concepts, forwarded by members of Congress, has been to retract the portion of the Affordable Care Act that requires insurance companies to provide insurance to those with preexisting conditions and/or to allow insurance premiums to

reflect experiential ratings rather than community ratings.

The legislation that had been proposed was not passed, but may be proposed anew. It would allow for a higher premium for those with preexisting conditions but also would create high-risk pools at the state level for those with preexisting conditions. Regarding high-risk pools, the Secretaries indicated that they historically do not work well. In the past, 37 states ran out of such funds. In turn, people who were covered in high-risk pool plans ran out of coverage.

The Medicaid expansion program has also been a focus of Repeal and Replace/Repeal and Reform plans. The former Secretaries indicated that 72 million individuals are currently on Medicaid and that one-half of births take place with funding through the Medicaid program. Further, funding for long-term health care is a heavy (and to become a heavier) burden placed on the Medicaid system due to the aging population.

Secretaries Sebelius and Shalala indicated that Medicaid federal block grants to states, as was proposed by the current legislature and the administration, would have caused a significant drop in benefits within states. With Medicaid being a relatively low payer to providers to begin with, provider reimbursement would have been subject to further lowering of rates. This would have potentially compromised care to the poor.

Further, proposals have come forth to set caps per person that the Federal government would pay for Medicaid. This simply shifts the cost of care to other payers. Discussion by the Secretaries relating to the problems associated with funding long-term care for the elderly indicated that long-term care reimbursement should come under Medicare, not Medicaid, and that governors would welcome returning this portion of Medicaid funding and funding obligations to the federal government.

Regarding Health Savings Accounts, the concept is potentially positive if there is an appropriate health care plan that underlies it. The Secretaries used the analogy of the acquisition of a Medicare supplement plan without having an underlying base Medicare plan. If one were to access a Health Savings Account for care in a tier four Neonatal Intensive Care Unit or for neurosurgery, the funds in the Health Savings Account would be depleted quickly, and the Health Savings Account would have been pretty close to useless.

Regarding cross-state availability and marketing of health insurance plans, the Secretaries indicated that seven states already allow for cross-state availability of insurance. There have been no takers among insurers. The reason is that it is the network of providers and hospitals that is important. Furthermore, consumer protection regulations differ from state to state. Thus, this option is easier said than done.

Finally, the Secretaries discussed the total lack of electronic interoperability, in that Electronic Health Record Systems do not talk to each other. This has become a significant issue regarding the lack of continuity of care resulting in higher cost and lower quality.

The discussion with the two former Secretaries of Health and Human Services provided a rare and insightful afternoon. As we move forward, we face an important period in health care cost, funding, quality, and access.

Donna Shalala and Kathleen Sebelius discuss the Patient Protection and Affordable Care Act