



ALAMEDA COUNTY MEDICAL CENTER

Healthcare Matters in 2008

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JULY 24, 2008





Topics We'll Cover Today

1. Overview of Healthcare Delivery System

- Alameda County
- California
- National

2. Policy and Reform Proposals

- National
 - Obama and McCain Comparison
- State

3. Health Care Reform in 2009

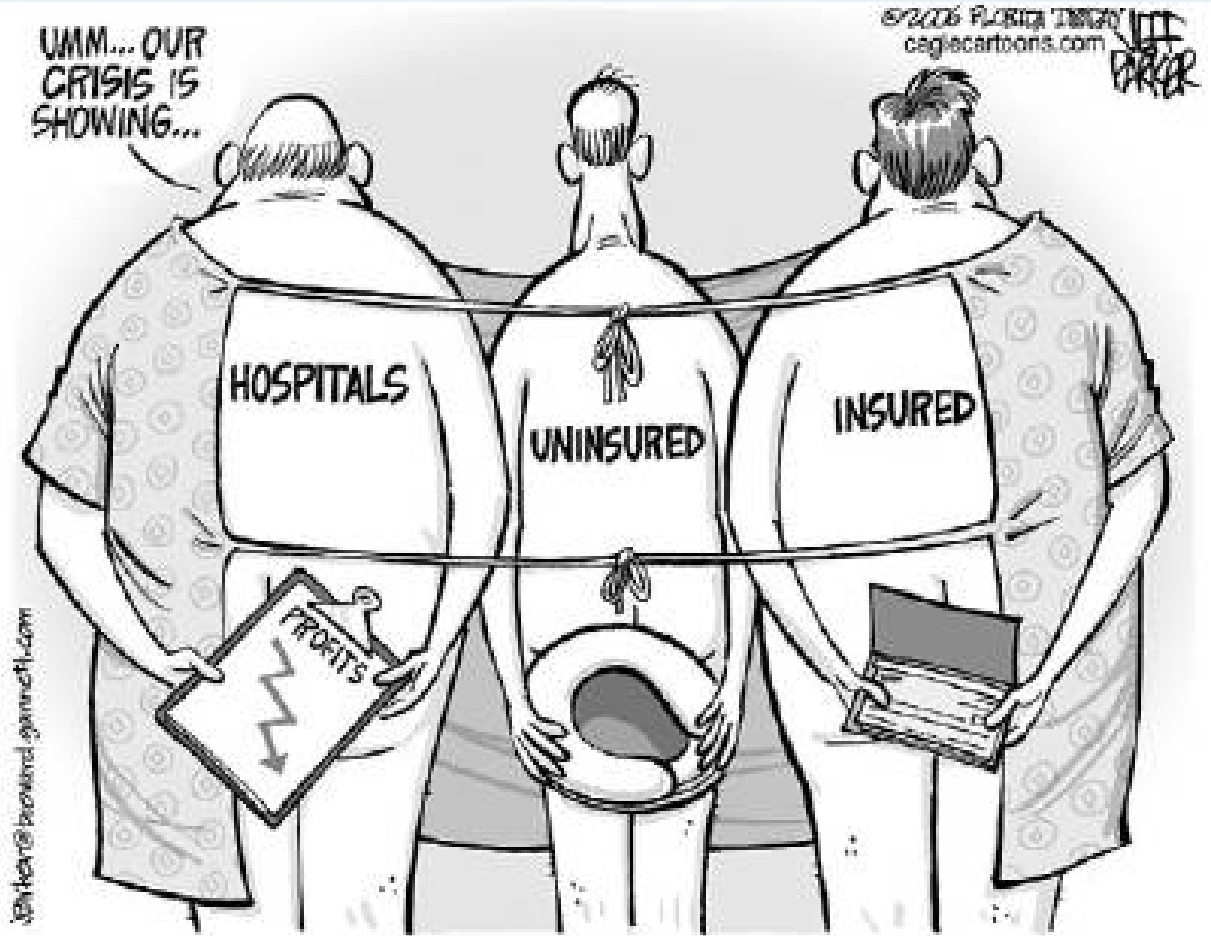
4. Predictions and Conclusions





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Are We Facing A Crisis?





Quick Facts

Alameda County

- Current population - 1,543,000
- Projected 2020 population - 1,663,481
- Approximately 200,000 uninsured (13%)

California

- Current population – 38,049,462 (12% of US)
- Projected 2020 population – 44,135,923
- 6.6 million uninsured (17.4%)

National

- Current population 304,522,842
- Projected 2020 population – 362,000,000
- 47 million uninsured – (15.4%)





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Quick Facts

Alameda County

- One hospital bed for every 426 residents

California

- One hospital bed for every 610
- One physician for every 417 people

National

- One hospital bed for every 489 residents
- One physician for every 481 people





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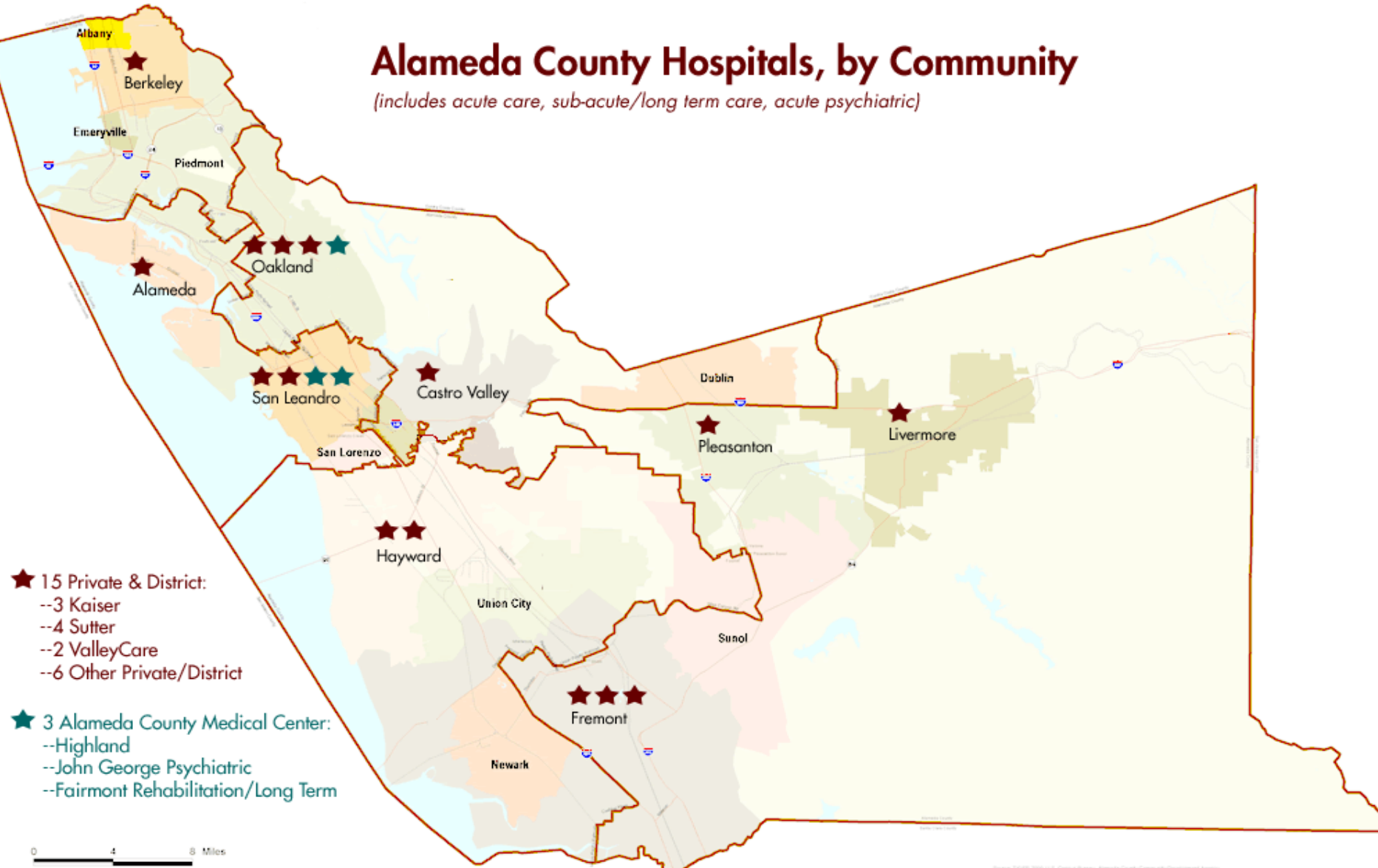
Alameda County Delivery System Overview



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Alameda County Hospitals, by Community

(includes acute care, sub-acute/long term care, acute psychiatric)



- ★ 15 Private & District:
 - 3 Kaiser
 - 4 Sutter
 - 2 ValleyCare
 - 6 Other Private/District
- ★ 3 Alameda County Medical Center:
 - Highland
 - John George Psychiatric
 - Fairmont Rehabilitation/Long Term

0 4 8 Miles



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California Healthcare Overview:



California – Quick Facts

California Health Care Spending

- 1984 - \$40 Billion
- 1994 - \$92 Billion
- 2004 – \$169 Billion

Shortage of Doctors:

- 55% of Doctors are over the age of 55.
- Demand is outpacing supply by 5 – 15%

Shortage of Nurses:

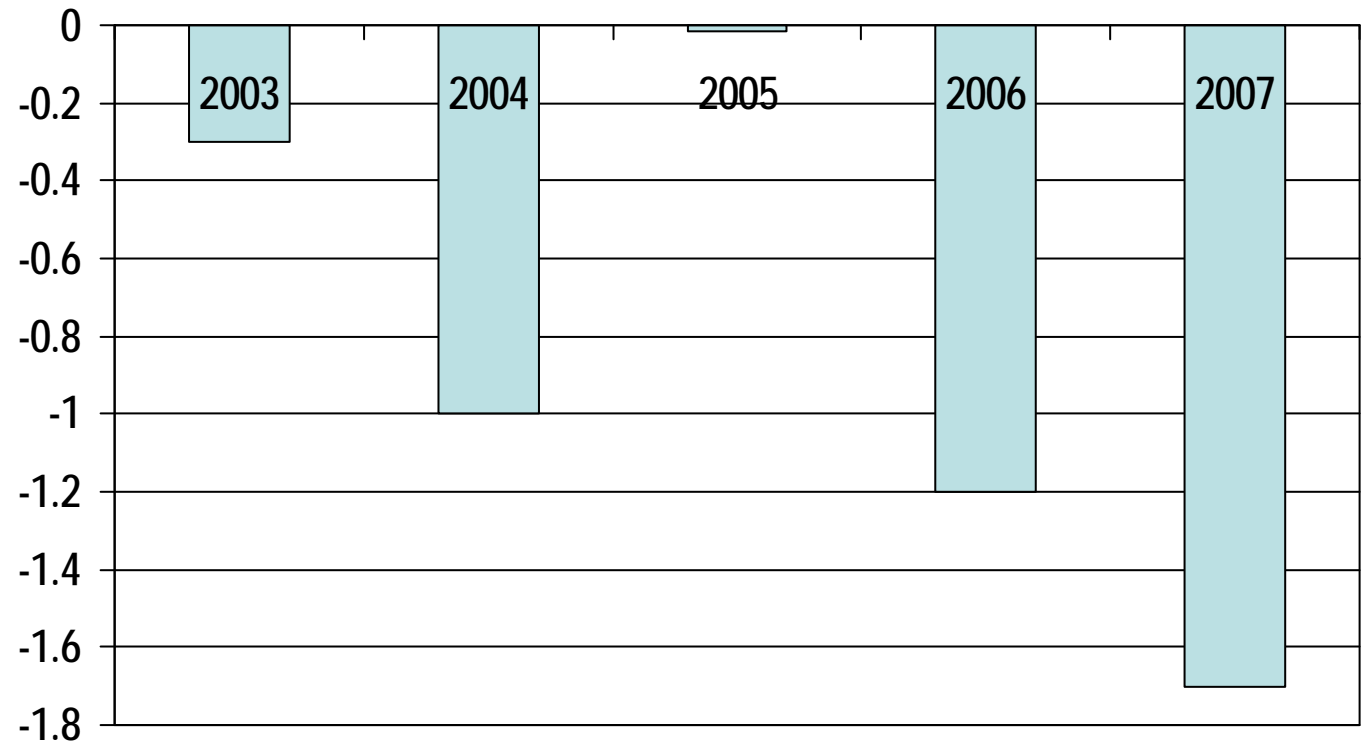
- Estimates of an additional 43,000 needed by 2010
- An additional 74,000 by 2020.





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California Hospitals Net Patient Revenue (in \$ Billions)

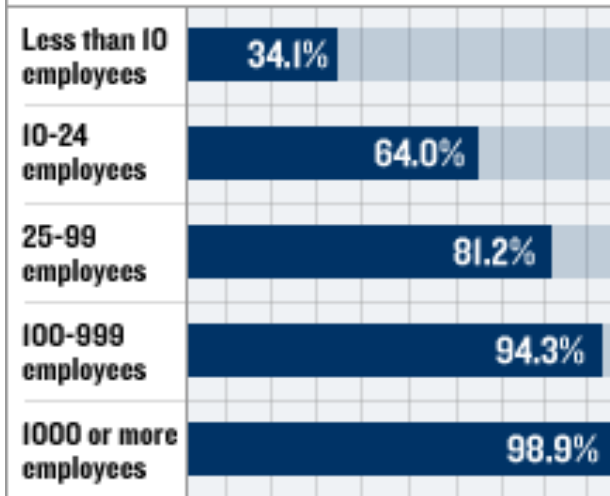




California Business Owners

DO SMALL BUSINESSES CARE ABOUT HEALTHCARE?

Percent of businesses in the U.S. that offer health insurance by firm size



SOURCE: 2004 MEDICAL EXPENDITURE PANEL SURVEY SPONSORED BY THE AGENCY OF HEALTHCARE RESEARCH AND QUALITY





California Small Business Employers, Employees, and Self-Insured

- 3.2 million small business owners and their employees representing over 50% of the private sector workforce.
- Over 3 million uninsured, including 600,000 sole proprietors.
- Health insurance premiums in small group market rose more than 50% between 2003 and 2006.





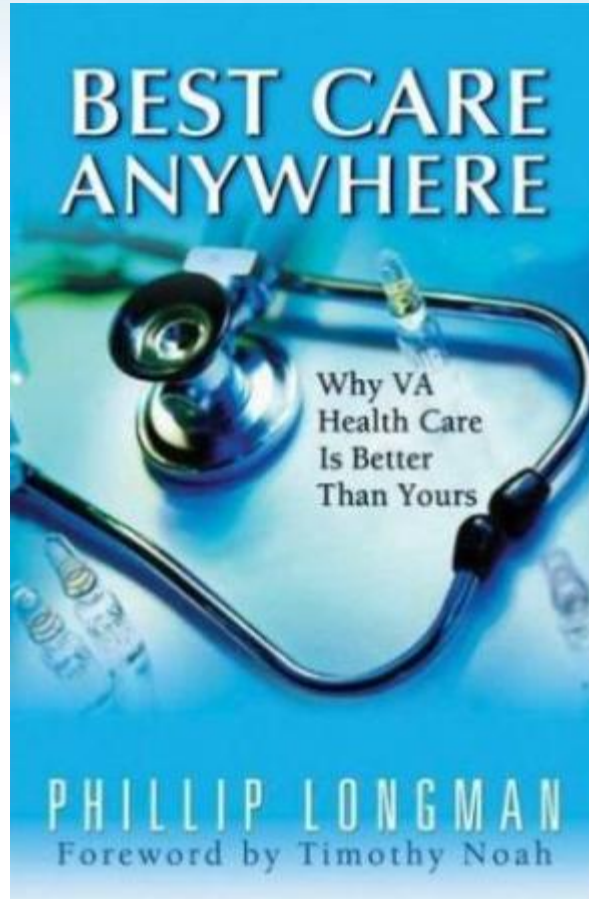
California Small Business Owner recent Survey results

- 75% of employers rank affordable health care as extremely important
- 80% felt that they should pay something to provide health care to their employees.
- 57% regard health care financing as a “**shared responsibility**” amongst employer, employee, and government.
- 55% were in favor of paying into a statewide pool that would enable their employees to obtain coverage at favorable rates.



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National Healthcare Overview

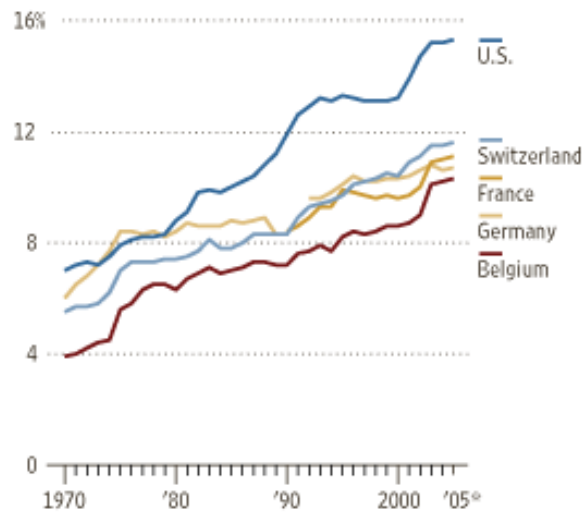




National Healthcare Overview

Growing Burden

U.S. leads countries with the highest health-care expenditures as a percentage of GDP:



* Data for U.S., France and Germany are estimates

Source: Organization for Economic Cooperation and Development (rankings for OECD countries only)

HEALTH SYSTEM ATTAINMENT OF VARIOUS NATIONS

Member State	Fairness in financial contribution	Health expenditure per capita in international dollars	PERFORMANCE	
			On level of health	Overall health system performance
Canada	17-19	10	35	30
Denmark	3-5	5	65	34
France	26-29	4	4	1
Germany	6-7	3	41	25
Italy	45-47	11	3	2
Japan	8-11	13	9	10
United Kingdom	8-11	26	24	18
United States	54-55	1	72	37

—The World Health Report 2000

Numerical rankings—191 countries





US Hospital Facts to Know

Services

- Over 35 million admissions annually
- 118 million emergency department visits

Economic Contribution

- Five million employees
- Second largest private sector employer
- Supports one of every ten US jobs
- \$1.9 trillion dollars of economic activity annually





US Hospital Challenges

- 2006 hospitals delivered \$31 billion in uncompensated care.
- Nearly 40% of hospitals lose money on operations
- Medicare funding shortfall for hospitals exceeds \$18B.
- Medicaid funding shortfall exceeds \$11B
- Sixty five percent of urban emergency departments were at or over capacity in 2007.





Dimensions of U.S Healthcare Problem

- Today US health care spending is more than 2 trillion with health care expenses growing at 3.6 times the rate of the CPI for the past 35 years.
- 47 million, including nearly 9 million children — lack health insurance
- Health insurance premiums have risen 4 times faster than wages over the past 6 years.
- Despite epidemics of obesity, chronic disease and new threats of bioterrorism less than 4 cents of every health care dollar is spent on prevention and public health.
- By 2020 US will have a shortage of 1 million registered nurses



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Presidential Candidate and Congressional Proposals





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Health Care – The Obama Way





Candidates' Healthcare Reform Platform

Obama

- Provide Universal health care coverage
- Keep MediCare Intact
- Create new public program for the uninsured
- Supports drug importation from developed countries
- Supports getting generic drugs to market more quickly
- Encourage transparency to allow price shopping
- Mandate health care coverage for children

Obama

- Creates option of publicly run Medicare-type plan that any employer or individual could buy into;
- Every employer can either provide insurance or contribute to general fund
- Reforms private insurance market – prohibiting insurance companies from charging more to people with health conditions
- Subsidies for low and moderate income families to buy insurance



Candidates' Healthcare Reform Platform

McCain

- Eliminates tax deductibility of employer-provided insurance
- Provides every worker a \$2,500 tax credit or \$5,000 per family
- Pool of \$7-10 billion to help those with serious health problems purchase insurance
- Transitions from employer-provided insurance system to individual-provided insurance

McCain

- A variety of insurance choices and across state lines
- MediCare should not pay for medical errors
- Supports drug importation
- Make generic drugs more available
- Require transparency to compare prices and outcomes
- No mandates; Expand access to Health Savings Accounts.



Current Congressional Health Care Proposals

HR 6210 - *Small Business Health Options Program (SHOP Act)* Democratic Proposal

- Allows small businesses and the self-employed to band together to purchase health insurance
- Provides small business owners that pay for 60% of their employees' insurance premiums with an annual tax credit of up to \$1,000 per employee (\$2,000 for family coverage)
- Provides self-employed individuals \$1,800 tax credit (\$3,600 for family coverage) to purchase health insurance
- Bans health insurance ratings based on health status and claims experience.





Current Congressional Health Care Proposals

SB 3072 - *Making Health Care More Affordable Act* Republican Proposal

Six market-based reforms, including

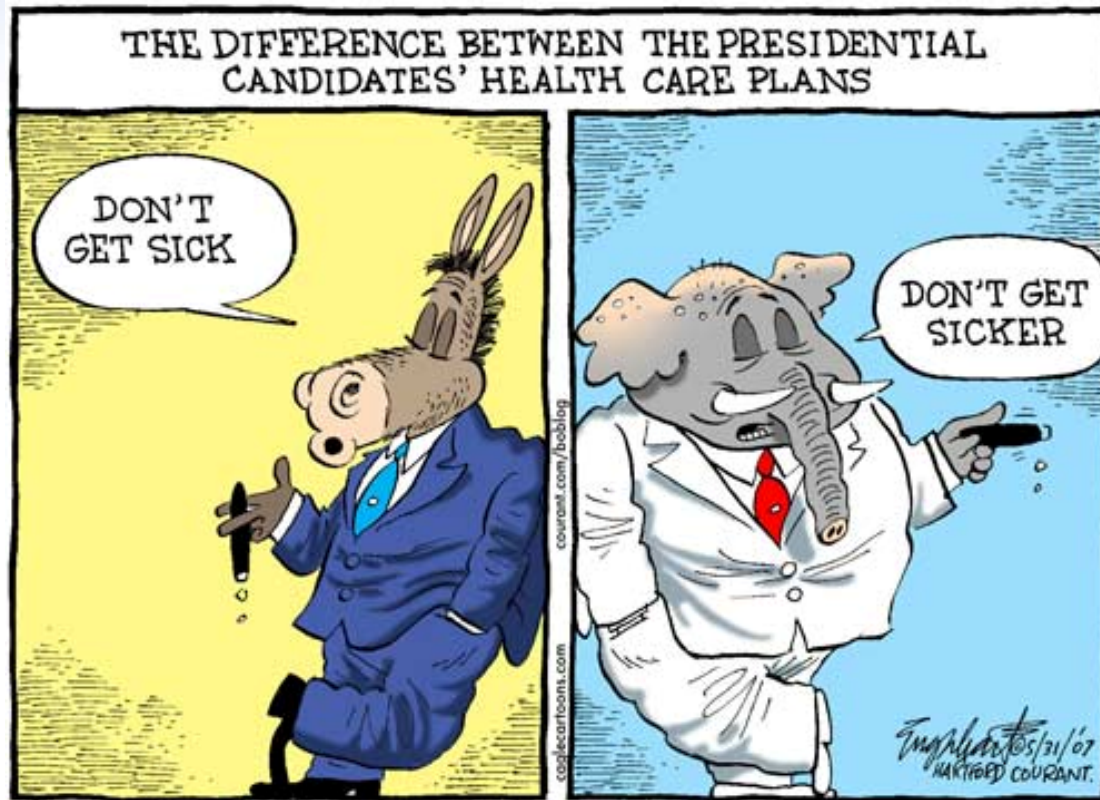
- \$2,500 refundable tax credit for individuals, \$6,000 credit for a family of four to purchase insurance
- Allow small businesses to form association health plans
- Allow individuals and families to purchase health insurance across state lines
- Expand health savings accounts
- Adopt a \$250,000 cap on non-economic damages awarded in medical malpractice cases
- Establish an electronic medical records bank





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What does this all mean?





What does this all mean?

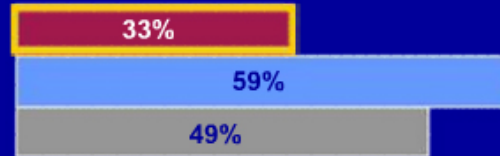
Figure 11

Preferences for Health Care Reform Proposals

Thinking ahead to the presidential election in 2008, which ONE of the following three things would you like to see in a health care reform proposal from a candidate?

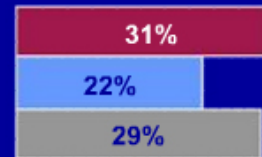
Major expansion – Higher Cost

A new health plan that would make a major effort to provide insurance for nearly all of the uninsured and would involve a substantial increase in spending



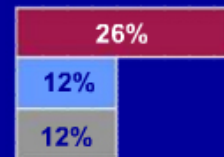
Limited expansion – Lower Cost

A new health plan that is more limited and would cover only some uninsured groups, but would involve less spending



Status Quo

A health plan that would keep things basically as they are



■ Republicans
■ Democrats
■ Independents



Note: "Don't know/refused" responses not shown

Source: Kaiser Health Tracking Poll: Election 2008 (conducted November 28-December 9, 2007)

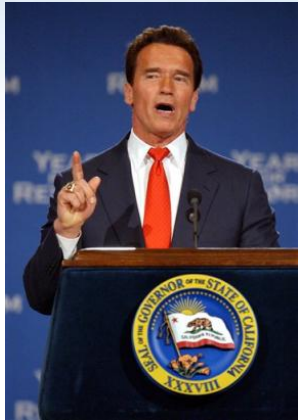


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California Health Reform





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Proposed Healthcare Reform in California

Four proposals presented during 07/08 session:

AB 8 Nunez/Perata - Businesses that do not offer insurance to pay 7.5% of their payroll into an employee purchasing pool.

ABX 1-1 Nunez/Perata – Pay or Play. Employers required to offer coverage or pay 1- 6.5% into statewide purchasing pool.

Governor's Proposal - All Californians must have health insurance. Mandates businesses that do not offer insurance to pay 4% of their payroll into a fund

SB 840 Kuehl - Single payer. All federal, state and county dollars spent on health care reallocated to the state Health Care Fund. Additional funding from state health taxes.

AB8, ABX 1-1 and governors proposal died in committee. Legislative focus is in now on the budget impasse.





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California Reform – Summer 2008

Governor currently meeting with stakeholders to discuss next steps

Proposed – Comprehensive reform in two phases

- Phase One – No negative impact to general fund. Achieve goals in cost containment, prevention and consumer protection before end of 08.
- Phase Two – May be implemented by special election during 2009, 2010. Individual mandates, coverage expansion, insurance guaranteed





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California Businesses Promote Reform

Business leaders and Employers are not waiting
for federal or state government to act.....





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California Businesses

Promote Reform

One Example:

Coalition to Advance Healthcare Reform

- Spearheaded by Steve Burd, CEO, Safeway
- Formed in May 2007
- Includes 60 major employers and business leaders..
- CAHR five core elements:
 - Market based health care reform
 - Universal coverage with individual responsibility
 - Financial assistance for low-income individuals
 - Healthier behavior and incentives
 - Equal tax treatment – make insurance premiums deductible for individuals as well as businesses.





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American Hospital Association and Council for Affordable Health Insurance

Framework for Evaluating Health Care Reform Proposals

1. Guaranteed access
2. Create more affordable choices
3. Invest in health care delivery systems
4. Tax fairness
5. Promote cost effective health care
6. Maintain a health care safety net
7. Ensure affordability for all
8. Medical liability reform
9. Promote health education





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Predictions and Conclusions





Health Care Reform in 2009?

- Universal coverage??
- Medicare for all??
- ✓ Pay or play
- ✓ Value-based purchasing
- ✓ Consumer-driven health plans
- Employer mandates ??
- Individual Mandates ??
- ✓ State-based Solutions





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Copies of presentation:

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