



Health Care at a Crossroads



As health care reform takes center stage in Washington, the nation is engaged in the kind of debate not seen since the push for universal health care in the early 1990s.

Like many other stakeholders, Health Care Service Corporation (HCSC) — which operates Blue Cross and Blue Shield in Illinois, New Mexico, Oklahoma and Texas — strongly believes health care system change is needed. The country must get health care costs under control and ensure that all Americans have access to quality, affordable health care.

President Obama and others in Washington are right in saying that we have a unique opportunity now to improve the system, but the vast majority of Americans also are right in saying that change should not jeopardize those qualities that make the U.S. system the best in the world — choice, innovation and competition.

HCSC's Positions on Health Care Reform

There are many areas of reform that HCSC supports, which are outlined below, but the company's biggest concern remains with the idea being advanced to establish a government-run insurance plan that would compete with private insurers. HCSC believes that a government-run plan, no matter how carefully constructed and limited, would eventually squeeze out private competition and lead our country into a system in which the government would control access to and set payments for all health care.

HCSC also believes the country can accomplish what's needed to reform the system without establishing a government-run plan. More than 165 million Americans rely on employer-provided health coverage, including 21 million in the four states where we operate. It's projected that up to 120 million people would move from private health insurance into a competing, government-run plan that pays Medicare provider reimbursement rates.

That's because private insurers would be forced to pay higher provider reimbursement rates to make up for the low government rates — creating an "unlevel playing field," where the government's price is up to 40 percent lower than the private sector's price in the market. In that situation, the commercial market would soon collapse, leaving only the government to provide health coverage. This situation would be disastrous for choice, innovation and, ultimately, for cost containment.

Without a healthy system of private-sector competition, doctors, hospitals and other health care providers would have nowhere to turn to offset their lower reimbursement rates paid by government health care programs such as Medicare, Medicaid and a public plan. Hospitals already at risk would be driven out of business. The system would lose its only real incentive for cost-containing innovation. And lower pay would mean fewer doctors to treat the aging population — resulting in longer waiting times for medical care.

The effect of long waiting times (or even rationing of care) is seen in other countries like Canada that have a government-run health care system. For example, compared to the single-payer system of Canada,

patients in the United States are twice as likely to receive lifesaving dialysis, three times as likely to receive a needed coronary bypass, and four times as likely to receive a required coronary angioplasty. In addition, survivor rates are higher in the United States than Canada for breast cancer, leukemia, colon cancer and heart disease.

In terms of HCSC's positions on other health care reforms, below are some of the issues being debated and commentary on how HCSC views each one:

- HCSC supports a plan that requires health insurance companies to offer coverage to all applicants. In other words, no one could be denied coverage for pre-existing medical conditions. However, this will only work if every American is required to carry health insurance. Of course, it's important that it be done carefully and as part of overall reform. For example, minimum benefit levels must be sensible, and the required insurance mandate must be enforceable.
- HCSC supports research to determine which medical interventions are most effective. We believe that an independent entity should be established to help determine which procedures, devices and treatments deliver value in terms of cost and benefit.
- HCSC supports the alignment of incentives to promote better care rather than just more care. HCSC, and our industry as a whole, has taken the lead in this area through the establishment of cost effective networks, tiered pharmacy coverage, disease management programs and other value-related innovations. It's important to note that health insurance plans are the only part of the system that is economically motivated and operationally organized to achieve this goal. By integrating outcome-based incentives into the system, we can go much further in this critical area.
- HCSC supports government efforts to improve consumer and provider access to the information they need to make informed decisions about care. We support efforts to expand health information technology, increase the use of electronic health records and create uniform standards for how health plans, providers and members connect to each other electronically. HCSC has led the industry in this regard through our enhanced medical care management model, Blue Care Connection, and the work we are doing with our health IT subsidiaries, MEDecision and Availity. We support government assistance in achieving broad implementation of efforts like ours.

As the country's fourth largest health insurance company and the largest customer-owned health insurer, HCSC will continue to advocate for health care system change that enhances our members' ability to have affordable and easy access to the right care at the right time so they can be as healthy as possible. Likewise, on behalf of our members, we also will object to any efforts that might diminish that ability. We firmly believe positive change can be achieved if all concerned make it their highest priority to find sustainable solutions that work for all Americans. For more information about HCSC's health care policy perspectives, please visit our Web site: www.hcsc.com/commitments/policy-perspective.html.