

# Report: Forum on Health Care Reform 2007

## Forum Draws A Crowd

On a sunny Friday in May, Nanette Mickiewicz, MD, President of Dominican Hospital, welcomed over 100 local leaders to Scotts Valley to address the increasing problems of health care coverage and cost. They included representatives of large and small employers, health care providers, social service agencies, schools, and advocacy, labor and consumer groups.

This newsletter provides highlights from the Forum's presentations and discussions, as well as information on next steps by the Health Improvement Partnership.



## About HIP

The Health Improvement Partnership of Santa Cruz County (HIP) is a nonprofit coalition of public and private health care leaders dedicated to increasing access to health care and building stronger health care systems.

HIP provides a common voice for health care improvement on behalf of the community and serves as an incubator of effective solutions.

The *Forum on Health Care Reform* is just one example of HIP's efforts to address our broken health care system through community engagement, education, resource sharing and creative problem solving.

### **HIP MEMBERS**

Central Coast  
Alliance for Health  
Community  
Foundation of Santa  
Cruz County  
Diabetes Health  
Center  
Dientes Community  
Dental Care  
Dominican Hospital  
Dominican Pediatric  
Clinic  
Pajaro Valley  
Community Health  
Trust  
Physicians Medical  
Group of Santa Cruz  
County  
Planned Parenthood  
Salud Para La Gente  
Santa Cruz County  
Health Services  
Agency  
Santa Cruz County  
Medical Society  
Santa Cruz Medical  
Foundation  
Santa Cruz Women's  
Health Center  
Sutter Maternity and  
Surgery Center  
Watsonville  
Community Hospital

### **SAVE THE DATE!**

**Sept 20 ~ 8:30 a.m.**

Health Care Reform  
Breakfast Briefing

with John Laird and other policy  
experts -- details to follow.

### **COMMUNITY TV**

### **FORUM BROADCAST DATES**

The first of a 3-part series will air:

**7/30 @ 11 am ~ 7/31 @ 5 pm**

**8/2 @ 7 pm ~ 8/7 @ 6 pm**

Dates for parts 2 & 3 coming soon!

## Peter Long Delivers Challenge in Keynote

Peter Long of the Henry J. Kaiser Family Foundation, a leading national health policy and research organization, reported that health care reform is rising from the ashes once again. The timing for a community discussion of these issues is ripe he said, considering the current health reform debates in both Sacramento and Washington, and the need to blend the exciting, but somewhat abstract reform proposals that are emerging, with the reality each of us experience at the local level.

Mr. Long had three messages to share: first, health reform is back on the national and state agenda and also on the minds of consumers and voters. Nationally, the 2008 Presidential campaigns are featuring health policy issues prominently, setting the stage for reform legislation when the new President and Congress begin work in 2009. Mr. Long cited several contributing factors, including leadership shown by Massachusetts and California, where comprehensive reform plans are already providing real world examples of what is possible.



Second, there appears to be considerable room to shape the final solutions that will emerge either by advocacy or by promising local demonstration projects. Elected officials are looking at amalgams of programs promoted by consumers, payers, businesses and health policy experts at the national, state and local level. Strange bedfellows are putting aside their ideological differences to develop viable health proposals.

Third, Santa Cruz is well-positioned to have a voice in health reform debates. Our history of collaboration and innovation such as Healthy Kids and One-E-App (a web-based enrollment tool) are excellent examples. Santa Cruz is also home to influential community advocacy groups such as the United Way as well as legislative leaders like Assembly Member John Laird.

Mr. Long closed by noting that it will be challenging to achieve consensus and we must be prepared to make trade-offs. The good news is that there is a strong local history of people uniting in support of a larger social goal.

## Health Care in Santa Cruz: A Snapshot

Linda Bergthold, an independent health policy consultant and local resident, provided a closer look at the challenges we face locally. She framed her presentation via the "3C's" – *Coverage, Cost and Capacity*, each of which drives the health care crisis.

### *Coverage*

According to 2005 CHS data, 30,000 Santa Cruz County adults (18-64) are uninsured. Like the rest of California, about 60% of locals have employer-based insurance. However *more than twice the number of locals purchase* their own insurance compared to the rest of the State.

(. . . continued on page 3)

## Snapshot ( . . . continued from page 2)

This is likely due to our high number of self-employed and small business owners: 1,500 businesses with less than 10 employees in the City of Santa Cruz alone. A closer look at the uninsured showed that half are defined by Federal guidelines as “poor”: a family of four makes no more than \$20,650. About 35% are Latino.

### Cost

The key to cost challenges is to understand that *rising costs are shared by everyone*. The cost shift (referred to by Governor Schwarzenegger as the “hidden tax”) amounts to an annual \$14.7 billion in care delivered to those who are uninsured or underinsured, which must then be subsidized by those with private insurance. The cost shift also compensates for low reimbursement rates for government programs like Medi-Cal and Medicare. Who pays the difference between how much the government pays for care and what it actually costs? Everyone, including consumers, taxpayers and business. All care gets paid for somewhere.

## Local Recipes for Success

Rama Khalsa, County Health Director, noted that Santa Cruz County has already made gains to improve local health care access. Our recipe: Community wide partnerships, commitment of local resources, creative thinking and a high level of support on the part of elected officials. Some examples:

**Healthy Kids of Santa Cruz County** has enrolled over 4,000 children in Medi-Cal and Healthy Families, as well as covered over 2,000 children who don’t qualify for these programs. Managed by the Health Improvement Partnership along with a Coalition of local leaders including United Way, Healthy Kids has helped ensure coverage to 98% of Santa Cruz County children.

**Project Connect** provides intensive case management to individuals who use the emergency room for services better provided elsewhere. Project Connect has reduced inappropriate emergency room use by 52%, hospital days by 49%; ambulance trips by 47% and jail bookings by 46%. The project is sponsored by the Santa Cruz County Health Department and the Homeless Persons Health Project.



Linda Bergthold, Independent Consultant

### Capacity

**Physician Workforce Capacity** ~ Because Medicare reimbursements in Santa Cruz County are 25% lower than Santa Clara (due to our outdated *Locality 99* rural designation), it’s not surprising that there are 40% fewer physicians per capita practicing in Santa Cruz compared to Santa Clara.

**Emergency Department Capacity** ~ The data dramatically illustrate overcrowding in our local ERs. In 2000 local ERs were closed to ambulance patients (“on diversion”) a total of 160 hours. In 2006, diversion had grown to 4,515 hours! Overcrowding is due to many factors, including use of emergency services for non-urgent care, as well as shortages in primary care

## Ideas for Local Action on Coverage

For new ideas, the Forum next explored some solutions attempted by other communities.

Peter Long moderated a panel which included David Joyner, Blue Shield of California, and Wells Shoemaker, MD, of the California Association of Physician Groups.

### **Compelling Ideas:**

- *Focus on coverage for local businesses*
- *Include community clinics in primary care insurance pools*
- *Focus on chronic conditions*
- *Explore coverage through the Central Coast Alliance for Health*

## Words of Caution and Promise

**Dr. Shoemaker** had words of caution about initiating a local coverage plan. High costs, our small size and lack of infrastructure are formidable challenges. Alternatively, advocacy is a valuable investment, especially because we can leverage the leadership of state and local representatives who are champions of health care issues. Advocacy for changing Locality 99 should be a priority. Another way to save costs is to focus on improving care for persons with chronic conditions such as diabetes.

**David Joyner** said that continued reduction in the number of small businesses providing health benefits is the “canary in the coal mine” when it comes to the viability of our health care system. One idea that might give small businesses an edge is a managed care plan that includes community health centers as well as private physicians. With a blend of providers, the product could be offered at a lower price point and help increase safety net clinic capacity. Mr. Joyner also recommended that we examine the high cost of local hospital services compared to most CA counties.



*David Joyner and Wells Shoemaker, MD*

## The Proposals

Four policy experts introduced specific reform proposals. Afterward, Robert Phillips, of The California Endowment, moderated a lively discussion with the audience. (page 7)

### **Governor Schwarzenegger's Proposal, presented by Ruth Liu:**

The Governor's proposal stresses shared responsibility: everyone contributes, and everyone benefits.

- Includes an individual mandate: *everyone* must purchase insurance; subsidies provided for low-income individuals
- Those above 250% of the Federal Poverty Level must purchase, at minimum, a \$5,000 high-deductible policy, with preventive services provided outside the deductible
- All children covered up to 300% of the Federal Poverty Level
- Guaranteed issue: no pre-existing conditions bar coverage
- Businesses with ten+ employees must purchase coverage or pay 4% into a pool to subsidize low-income coverage
- Physicians contribute 2%, hospitals contribute 4% to subsidize low-income coverage
- New regulation of insurance companies requires 85 cents out of every premium dollar to be spent on patient care
- Incentives to encourage individuals to lead healthier lives
- Support for hospitals to make seismic upgrades



*left to right: Sara Rogers, Jessica Rothhaar, Joe Parra and Ruth Liu*

### **Legislative Republican Proposals**

**presented by Joe Parra:** The focus is on improving access within the current system:

- No mandates; no coverage for undocumented
- Incentives to employers who do offer coverage
- Incentives for the creation and expansion of primary care clinics by redirecting existing funds and reducing regulations
- Provide a partial tax credit to physicians providing charity care
- Ensure that all children who are eligible for Healthy Families and Medi-Cal are enrolled
- Investing in medical education



*Robert Phillips*

## The Proposals . . . continued

### **Single Payer, presented by Sarah**

**Rogers:** Single Payer is the creation of a single risk pool, with care provided on a competitive, market basis by the same institutions that provide care today:

- All the providers, hospitals, medical groups, etc, will still be in place and still be providing care to the same patients they are today on a competitive basis
- This is a classic public-private partnership -- similar to our Medicare or Veterans systems -- that creates a larger risk pool as a finance mechanism
- Will cover every resident, regardless of employee status
- Studies show Single Payer contains growth in health care spending and doesn't compromise quality
- In other countries, single payer systems provide high quality care. Studies also show the cost of American health care is twice the cost of these countries yet we are behind in many quality measures.

### **Democratic Proposals presented by**

**Jessica Rothhaar:** The basic approach of SB 48 by Senator Perata and AB 8 by Assembly Speaker Nunez is to rely on employer-based coverage plus expansion of existing programs:

- Employer responsibility: Creation of a new, more affordable coverage option for small employers through the creation of a very large state-sponsored purchasing pool
- Expansion of Federal programs such as Healthy Families to include more children as well as their parents
- Intended to be a first step to get from where we are today to universal coverage.



### **Assembly Member John Laird**

(introduced by Supervisor Neal Coonerty) outlined the process of State health care reform including his legislation to cover all California children, AB 1. There are nearly 800,000 uninsured children in California and more than 85% are legal citizens. While the immigration issue is contentious, it's hard to argue that an epidemic will move into a classroom and selectively afflict only documented children. Ultimately, access to health care for all children is a vital public health issue. Assembly member Laird closed by urging Santa Cruzans to continue advocating for the best interests of all its residents.

### *The Audience Weighs In*

Our audience had a chance to ask questions as well identify challenges and opportunities from their perspective:

- Be careful how you define a “small” business. Assessing only the number of employees masks the real issue for locally-owned service businesses with low net income per employee.
- I’ve offered insurance to my employees for years but will not be able to continue unless there are major changes. This year my costs increased by 18% despite decreasing coverage and increasing employee co-pays.
- There is tremendous suspicion across California and this country as to whether the government is competent enough or can be trusted enough to run a health care insurance system.
- Hospitals face significant labor costs. Salaries and benefits represent 60% of costs and pharmacy represents 17%. Local hospitals are part of the solution including helping with physician recruitment.
- Private healthcare providers care for a large number of uninsured, indigent patients, donate services to community clinics, pay taxes and make financial contributions to the community.
- Undocumented individuals deserve health insurance like anyone else.
- Governor’s proposal is very strong due to its focus on prevention and wellness. Local partnerships between public health, business, schools and providers could improve health and reduce costs through greater prevention efforts.
- Any health care reform needs to include dental care, especially since it is so closely linked with overall good health.
- As a physician, I’m willing to contribute 2% of my gross income if everyone contributes. It’s a clever idea since physicians who don’t typically serve the uninsured would pay more than those of us who do.
- Labor is very attuned to this issue. We are willing to work closely with business to find solutions.
- Counties want less ideology out of Sacramento and more help providing coverage.
- Questions remained as to containing pharmacy costs as well as addressing the long-term care needs.

### What’s Next?

Larry deGhetaldi, MD, CEO of Sutter Santa Cruz and Eleanor Littman, RN, executive director of the Health Improvement Partnership, shared some final thoughts:

- HIP has a mandate to expand our advocacy and public policy work including engaging all sectors of our community in the local, state and national discussion on health care reform.
- The healthcare organizations represented in HIP need to continue to explore real-world solutions to improve our local health care system.
- To the 3-C’s – coverage, cost and capacity – we have added a 4<sup>th</sup> “c” – cuality (Quality).



Larry deGhetaldi, MD

#### HIP’s To Do List

- Reform Update Events
- Business Advisory Group
- Healthy Kids Advocacy
- Explore local solutions
- 2008 Health Care Forum



# Forum on Health Care Reform 2007

## **Forum Presenters**

- Linda Bergthold, PhD,  
Independent Consultant
- Neal Coonerty, County  
Supervisor
- Larry deGhetaldi, MD  
Sutter Santa Cruz
- David Joyner, Blue Shield  
of California
- Rama Khalsa, PhD, Santa  
Cruz County Health  
Director
- John Laird, Assembly  
Member
- Eleanor Littman, RN,  
Health Improvement  
Partnership
- Ruth Liu, Office of the  
Governor
- Peter Long, the Henry J.  
Kaiser Family Foundation
- Nanette Mickiewicz, MD,  
Dominican Hospital
- Joe Parra, Senate  
Republican Policy Office
- Robert Phillips, The  
California Endowment
- Sara Elizabeth Rogers,  
Office of Senator Sheila  
Keuhl
- Jessica Rothhaar, Health  
Access
- Wells Shoemaker, MD,  
California Association of  
Physician Groups

## **Forum Steering Committee**

Linda Bergthold, Independent Consultant  
Rama Khalsa, Santa Cruz County Health Director  
Marvin Labrie, Physicians Medical Group of Santa Cruz County  
Maria Love, Santa Cruz County Health Services Agency  
Cynthia Mathews, Santa Cruz City Council  
George Newell, former SC County Administrative Officer  
Ric Nichols, Administrator, Sutter Maternity & Surgery Center

## **Health Improvement Partnership Staff**

Eleanor Littman, RN, MSN, Executive Director  
Leslie Conner, Director of Programs and Policy  
Caitlin Carpenter, Administrative Coordinator  
Elyse Siegle, UCSC Intern

## **The following provided generous support:**

Blue Shield of California Foundation  
The California Endowment  
Santa Cruz County Health Services Agency

## **Very Special Thanks to:**

Peter Long, Henry J. Kaiser Family Foundation

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