

## Report of the Kansas Medical Society Task Force on Health Care Reform

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In May 2003 the KMS House of Delegates voted to convene a task force to serve as a forum for discussion on the topic of health care system reform. Increasing costs, the large number of uninsured, the time and cost burden of administrative complexity, concerns that the present health insurance scheme may contribute to higher costs and utilization, and the need to understand the various models being suggested for system reform, were just some of the issues that led delegates to establish the task force.

During the course of its deliberations the task force reviewed the major proposals for system reform. It also discussed in detail the problems, strengths, weaknesses and unique attributes of the current U.S. health care system, as well as models from other countries. The task force recognizes that strategies for system reform will be measured for the most part against how they address two key issues – high health care costs and the large number of uninsured. The task force believes that meaningful reform will require time and persistence, given the sheer size and complexity of the system, and the significant economic and political forces which impact the public policy debate. The following *Principles* are intended to be broad guidelines, or compass points, designed to assist KMS leaders as they work with others to achieve appropriate health care system reform.

### ***Preamble***

The Kansas Medical Society believes all Kansans should have health insurance. While health insurance coverage for every person is the ideal, mandating universal coverage by law is neither desirable nor likely in this country given the political and cultural dynamics which exist. Although the problems in the system are many, experience has shown that a key factor contributing to higher costs and thus, more uninsured, is the prevalence of insurance policies which insulate individuals from the financial consequences of their health care purchasing decisions. This disconnect has a profoundly inflationary impact on the cost and use of health care services. Efforts to address the problems of the uninsured and high health care costs should focus on strategies which make health insurance a more affordable and effective tool for appropriate purchasing of health care services as well as strengthening existing public programs and creating innovative public/private efforts to cover the indigent, chronically ill and others who are difficult to cover through conventional insurance products.

The Kansas Medical Society believes that quality patient care should always remain the focus and hallmark of our system. Reform efforts should build on the strengths of the current system, which promote quality, provide patient choice, and encourage technological advances, pharmaceutical research and delivery model innovation.

### ***Health Care Reform Principles***

1. A pluralistic, competitive delivery system, with choice of physician, facility and health plan should be encouraged, not only in private health plans, but to the extent practical, in government health care programs as well. The system should harness the power of choice, individual responsibility and market forces as a superior approach to a totally government controlled system. Government social safety net programs that cover the indigent, aged, disabled and other at-risk populations should be maintained and strengthened.
2. Public policies should encourage the development of health insurance products which emphasize greater consumer financial responsibility for their health care purchasing decisions, such as through the use of percentage-based coinsurance and Health Savings Accounts combined with higher deductible insurance policies. Where appropriate, Medicare, Medicaid and other government health programs should incorporate this model, recognizing that some populations because of their age, economic or health status may not be good candidates for such policies.

3. Government health programs should be strengthened by providing adequate funding so that reimbursement can be increased, thereby reducing the inflationary impact of cost-shifting, encouraging greater provider participation and improving access to care.

4. The health insuring mechanism should be stabilized by finding ways to spread insurance risk more broadly.

5. Duplication and excess capacity should be discouraged without creating barriers to the development of innovative technology, services and facilities which may improve quality and reduce costs.

6. Administrative simplification and standardization should be implemented wherever possible to eliminate complexity and reduce costs.

7. Government control of health care prices, resources, and services should be avoided because it ultimately results in market distortion and price inflation.

8. Education of the public is essential for health care reform to be successful. Reliable information should be made widely available about the strengths and weaknesses of the health care system, the complexity of reform, and the political and economic considerations involved in reform. Public education regarding the appropriate use of health care resources as well as the value of good nutrition, preventive health care and healthy lifestyles should also be encouraged.