

## Health bills pave the way to meaningful system reforms

By Linn Baker Editorial Columnist

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This session of the Legislature could be a watershed moment for health care. Either we will move down the path of meaningful reform, or we will continue to embrace the status quo.

Policymakers, led by House Speaker Dave Clark, have been developing reform measures over the past year. Although not comprehensive reform, they make an excellent start. They deserve our support because they would initiate unprecedented changes regarding transparency. These changes will make it possible to manage costs over the long term and stimulate the demand for quality care.

Most individuals would not purchase a television under the conditions we tolerate for health care. Imagine there was no way to determine which store had the highest quality TVs, or the lowest prices. Under such a system, stores offering mediocre, expensive TVs would be just as successful as those offering high-quality TVs.

The solution is transparency: Market competition is only effective when consumers know the true cost of the service at the point of purchase. Utah has already made important strides in this domain. House Bill 9 from 2006 directed the Department of Health to begin publishing information on the cost and quality of medical procedures. A bill introduced in this session would go even further by encouraging a payment system based on risk-adjusted episodes of care.

Imagine being able to find out, before choosing a hospital to have your baby, exactly what the total cost would be. If you are thinking to yourself "why don't we already have such information," you are not alone.

The truth is that our health-care system is riddled with waste, from providers to insurers. For example, several insurers use 20 percent of the premiums you pay on administrative expenses and profits before putting a single dime toward claims. Most insurance carriers have had their overhead and profits increase at double digit rates over the past decade, despite the much-touted savings associated with electronic claims payment.

These wasteful inefficiencies are dragging our entire health system down. Money spent on pushing paper should be spent on expanding coverage to the uninsured. Make no mistake: This is not a matter of paying for the uninsured versus not paying. We already are paying for their care, but in the most inefficient and expensive way possible: in emergency rooms.

In this economic crisis, our ability to compete worldwide has been severely compromised by increasing health-care costs. The time for reform is now, and our state needs to be a leader.

Increasing transparency in the health care system and reducing waste are not the only reforms that need to be made, but in these times of deficits they might as well be the first. Individuals and employers must be empowered with accurate information about the overhead charged by insurers, so that inefficient carriers can be driven out of business.

Transparency is also critical at the level of brokers, agents and "benefit consultants," who wield enormous power by recommending different carriers to their clients. Inefficient carriers thrive in our current market by paying hefty incentives to brokers to bring them healthy customers. The employer meanwhile, is none the wiser. Legislation has been crafted to require brokers and agents to disclose to customers all incentives paid to them by the carrier they recommend.

In short, we have a long road ahead of us in achieving meaningful health-care reform, but the bills currently under consideration in the Legislature make important strides by going after the waste in the current system. Transparency is the necessary force to drive effective competition.

**Linn J. Baker** is the recently retired CEO of the Public Employee Health Plan. He currently chairs the Utah Health Policy Project's board of trustees.