



Presented
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To
Pennsylvania Senate
Banking and Insurance
Committee

By
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President

Health System Reform Proposals and the Single Payer Initiative

Good morning Mr. Chairman and members of the Pennsylvania Senate Banking and Insurance Committee. I am James A. Goodyear, MD, president of the Pennsylvania Medical Society. I am an active practicing, Board Certified General Surgeon in Montgomery County.

While the purpose of today's hearing is to discuss Senate Bill 400 in the broader context of health system reform, I need to be clear that the language contained in this specific legislation is not only untenable to our physician members, but in my opinion contrary to our collective efforts to expand access to health care. The Medical Society's policy on a "single payer" health system is clear. We believe that any health system reform proposal that unfairly concentrates the market power of payors is detrimental to both our patients and physician colleagues. Furthermore, we believe that patient freedom of choice and physician ability to select mode of practice would be limited or even denied under a single payer system as proposed in Senate Bill 400. The bill also contains certificate of need provisions that have already been the subject of intense scrutiny at the federal level through the US Department of Justice (DOJ) and the Federal Trade Commission (FTC). Both the DOJ

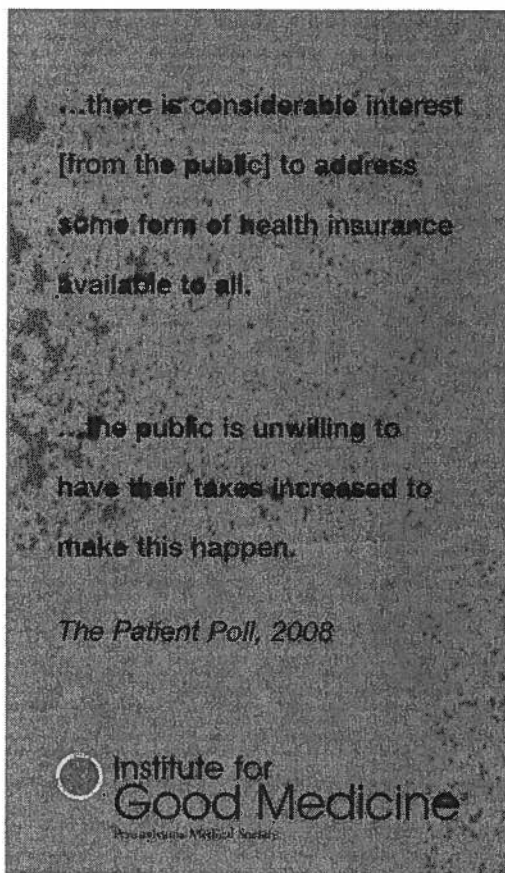
and the FTC have testified across the country in opposition to certificate of need. We obviously share that position and oppose reestablishing that program.

I do believe that the sponsor of Senate Bill 400, Senator Ferlo, as well as the co-sponsors, is well intentioned. We all recognize that our current health care delivery system is not as efficient as it should be and that in some cases fails those most in need. Moreover, efforts mentioned within the bill to control health care costs, achieve measurable improvement in health care outcomes, promote a culture of health awareness and develop an integrated health care database to support health care planning and quality assurance are

indeed laudable.

But to simply place the entire health system in the lap of state government would not help us to reach our objective. Additionally, such a program will poten-

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tially interfere with the patient-physician relationship, and the shared decision making so important to our already high quality care.

What we're really addressing is a much bigger picture...specifically the future of patient access to affordable, safe and quality health care.

The Pennsylvania Medical Society has recently taken extensive steps to develop core principles on the topic of Health System Reform. Over the course of multiple meetings, in coordination with an outside, independent facilitator, we

developed eight principles that we believe are essential to achieving effective and efficient health system reform.

As we begin our discussion this morning, I believe it is important to recognize that the national debate on health care is really about "systems" reform and not "health care" reform. Health care reform is too narrow, and doesn't do justice to what everyone is attempting to achieve. Pragmatically, this issue is much greater than how physicians and other health care providers treat patients. It must include all areas involving the delivery of patient care as well as how to expand access.

Regarding our Eight Essential Principles of Health System Reform, they include:

1. Health care coverage should be available and affordable to all American citizens and legal residents.
2. Patient care should be based on either demonstrated evidence of, or expert consensus on safety, efficacy, and effectiveness.
3. Health care business transactions and administrative processes should be transparent and use available technology to facilitate information sharing, reduce costs, and improve efficiency.
4. Health care expenditures should be adequate to improve population-based outcomes, sustain research and innova-

tion, and support workforce training needs.

5. Health care delivery markets should be constructed to be competitive, thus increasing efficiency, innovation, and quality as well as reinforcing a physician's ability to compete.
6. Comprehensive medical liability reform is essential.
7. The health care system must ensure the choice of provider and health plan or care system.
8. The health care system must promote the patient-physician relationship, with an emphasis on physician-directed primary and specialty care.

For the Pennsylvania Medical Society, the merits of any proposal, whether here in Harrisburg or in Washington, DC, will be judged on whether or not our core principles are addressed.

More importantly, we understand that the viability of any proposal must ultimately be acceptable to our patients. I believe that you will all agree that as the health care debate intensifies in Washington patients are growing increasingly uneasy. Everyday my patients ask me my opinion about the most recent proposal in the news and express concern about how it may or may not impact the care that I am able to provide to them. While the ongoing debate is essential, I can assure you that every time I walk into a patient exam room or draw a scalpel across a patient's abdomen I am focused on one

thing and one thing only...the health and well being of my patient. I hope that as policy makers you maintain your focus on my patient as well.

Last year, in the heat of the presidential race, the Institute for Good Medicine at the Pennsylvania polled Pennsylvanians and learned two things. First, there is considerable interest to address some form of health insurance available to all. Second, the public is unwilling to have their taxes increased to make this happen.

Hence, the big question—how do we create better health for all without unwanted taxation? And that's where our principles come into play.

As you can see, a number of our principles would wisely help lower overall costs and unnecessary spending. So consider several possible ways to reduce costs.

- First, the Pennsylvania Medical Society fully supports meaningful Comparative Effectiveness Research. Reform proposals must be based upon demonstrated scientific evidence of effectiveness for care. It will take some investment of both time and money to build a body of scientific evidence about efficacy of care. But in the long run it will save money by lowering utilization, and improving outcomes.

- Insurance industry reforms must be part of a comprehensive health system reform proposal. Duplicative, cumbersome and confusing insurance practices can directly increase costs. We need to streamline those processes. Managing and minimizing administrative costs is an important step to keep health care costs down.
- Competition must be encouraged to ensure competitive pricing. A truly competitive health insurance market can not only drive down premiums, but can also improve benefits and services to our patients.
- Defensive medicine, which is defined as unnecessary tests, consultations and treatments utilized to insulate a physician against frivolous lawsuits, needs to be addressed via meaningful medical liability reform. A 2009 analysis from the nonpartisan Congressional Budget Office estimates that government health care programs could save \$41 billion over 10 years if nationwide limits on jury awards for pain and suffering and other similar curbs were enacted.¹ That's about 5 percent of the cost of some of the federal propos-

als, which isn't small change. Estimates for costs of defensive medicine in the private sector have been reported as high as of \$100 Billion annually.

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The Pennsylvania Medical Society is actively comparing every health system reform proposal to the Eight

Essential Principles that we've developed. Whether we're discussing the merits of SB 400 or any other proposal here in Pennsylvania or Washington, our goal remains the same; objectively analyze each proposal based upon these core principles gauge our level of support accordingly.

As the issue of health system reform continues to heat up, let me conclude my remarks by saying that the Medical Society isn't simply sitting back waiting for reforms to take shape. There are a number of things we are doing everyday without legislative intervention to get patients on track for better health.

We are encouraging our youth to be physically active. We want Pennsylvanians to stop smoking. And, we want our patients to receive safe and effective treatments. And that's just a sampling of our many ongoing projects. Why? According to the 2009 Good

Medicine Report produced by the Institute for Good Medicine, the greatest need within health care is patient education so that patients themselves can become a more active participant in their own health and well being.

I would be remiss if I didn't add just one more comment before I conclude this morning. As our nation debates health system reform, please know that Pennsylvania physicians are rolling up their sleeves

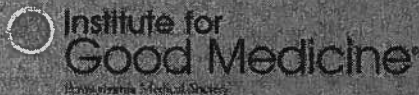
every day to treat, without compensation, your constituents who are not fortunate enough to have health care insurance. Interestingly enough, the Medical Society's 2008 Good Medicine Report also revealed that medical society members alone donated the equivalent of about \$400 million in charitable care and supplies. If I may, I'd like to repeat that. Every day patients are treated for free by physicians in private practice. I believe it is important that we don't lose sight of the caring and committed nature of the physician community.

As I mentioned at the beginning of my remarks, I care deeply about my patients. I appreciate this opportunity to provide our views, my views, to the Committee on these critical matters affecting Pennsylvania's patients and physicians. I am convinced that if physicians, patients and policy makers work together we can achieve our collective goal of ensuring that everyone has access to quality and cost effective health care services in Pennsylvania.

Thank you.

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Good Medicine Report, 2008



1 http://www.msnbc.msn.com/id/33623968/ns/health-health_care/