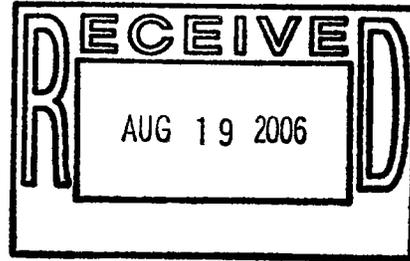




**Michael D. Maves, MD, MBA**, Executive Vice President, CEO

August 15, 2006



Mr. George F. Grob  
Executive Director  
Citizens' Health Care Working Group  
7201 Wisconsin Ave., Room 575  
Bethesda, MD 20814

Dear Mr. Grob:

On behalf of the American Medical Association (AMA) and its physician and medical student members, I am writing to congratulate you on the efforts of the Citizens' Health Care Working Group (Working Group). Covering the uninsured is a top priority of the AMA and we are pleased to provide the enclosed responses to the Working Group's Interim Recommendations.

The AMA is generally supportive of the direction of the Working Group's Interim Recommendations, except for the recommendation to define a "core" benefit package. As you will note in our comments, the AMA believes that our patients should be able to choose from among various benefit packages and coverage options.

Prior to your completion of the Final Recommendations, we would encourage the Working Group to review the AMA's proposal for expanding health insurance coverage. I have enclosed a copy for your information.

Thank you again for the opportunity to review and comment on the Working Group's Interim Recommendations.

Sincerely,

Michael D. Maves, MD, MBA

Enclosure

**Citizens' Health Care Working Group  
AMA Comments on the Interim Recommendations  
(July 18, 2006 Version)**

The preamble to the July 18, 2006 version of the Interim Recommendations of the Citizens' Health Care Working Group (Working Group), states that:

“we need to find a way to reconcile contrasting views about the role of the marketplace and government, of competition and planning, and of individual and shared responsibility.”

The American Medical Association (AMA) acknowledges these are important areas to reconcile, and believes the Working Group has crafted recommendations that go a long way toward that effort. As noted in our comments, the AMA supports a role for both the marketplace and government, encourages both private competition and public planning, and believes responsibility is required of both individuals and society.

**Recommendation 1:** Guarantee financial protection against very high health care costs. No one in America should be impoverished by health care costs. Establish a national program (private or public) that ensures:

- Coverage for all Americans;
- Protection against very high out-of-pocket medical costs for everyone; and
- Financial protection for low income individuals and families.

**AMA Response to Recommendation 1:**

The AMA conceptually supports Recommendation 1 of the Working Group. The AMA has a detailed proposal for expanding health insurance that rests on three pillars:

- 1) Financially enabling uninsured individuals and families to choose and purchase their own health insurance.
- 2) Focusing the federal subsidy for health insurance costs on those least able to afford coverage.
- 3) Encouraging the development of a wide range of affordable health insurance options from which individuals and families may choose their coverage.

The AMA proposal would leave employment-based coverage intact to the extent that it remains viable, and would add a federal tax credit (or a premium subsidy as suggested by the Working Group) to enable the uninsured to purchase coverage of their own choosing. Such subsidies should be of a size that enables those with the lowest incomes to purchase coverage, and should be inversely related to income. We believe a number of regulatory changes need to be made to foster a thriving and affordable individual health insurance market. In summary, the AMA proposal would establish a national program of subsidies that involve both public and private sectors (public funding for private coverage).

The AMA recognizes the importance of coverage for catastrophic costs and chronic illnesses, and notes that the illustration provided by the Working Group as a possible framework for such coverage is highly consistent with AMA policy. The AMA supports the establishment in each state of a risk pooling program, in which all health care underwriting entities in the state participate, to provide adequate health insurance coverage at a premium slightly higher than the standard group rate to those who are unable to obtain such coverage because of medical considerations. In addition, the AMA supports passage of legislation to allow individuals to "buy

in" to state employee purchasing pools or the Federal Employee Health Benefits Program (FEHBP); and use of state tax revenues as an alternative source for defraying excess pool costs.

**Recommendation 2:** Support integrated community health networks.

The federal government will lead a national initiative to develop and expand integrated public/private community networks of health care providers aimed at providing vulnerable populations, including low income and uninsured people, and people living in rural and underserved areas, with a source of high quality coordinated health care by:

- Identifying within the federal government the unit with specific responsibility for coordinating all federal efforts that support the health care safety net;
- Establishing a public-private group at the national level that is responsible for advising the federal government on the nation's health care safety net's performance and funding streams, conducting research on safety net issues, and identifying and disseminating best practices on an ongoing basis;
- Expanding and modifying the Federally Qualified Health Center concept to accommodate other community-based health centers and practices serving vulnerable populations; and
- Providing federal support for the development of integrated community health networks to strengthen the health care infrastructure at the local level, with a focus on populations and localities where improved access to quality care is most needed.

**AMA Response to Recommendation 2:**

This recommendation appears to emphasize safety nets, particularly the open-ended call for "research on safety net issues," possibly diminishing the impact of the Working Group's first recommendation. Although the AMA believes that the most important focus should be to enable the uninsured to obtain health insurance coverage, we do recognize the need to support the safety net until everyone has such coverage. The Working Group notes that building integrated community health networks will necessitate "coordinated and seamless revenue streams and services." If the estimated 46 million uninsured Americans obtained health insurance, their care would add to the revenue stream rather than add to the strain of uncompensated care. The AMA believes that the development of integrated community health networks should be appropriately financed and should adhere to AMA principles pertaining to the critical role of physicians in health plans and integrated delivery systems, guidelines for the integrated practice of physicians and nurse practitioners, and rural community health networks.

**Recommendation 3:** Promote efforts to improve quality of care and efficiency.

The federal government will expand and accelerate its use of the resources of its public programs for advancing the development and implementation of strategies to improve quality and efficiency while controlling costs across the entire health care system.

- Using federally-funded health programs such as Medicare, Medicaid, Community Health Centers, TRICARE, and the Veterans' Health Administration (VA), the federal government will promote:
  - Integrated health care systems built around evidence-based best practices;
  - Health information technologies and electronic medical record systems with special emphasis on their implementation in teaching hospitals and clinics where medical residents are trained and who work with underserved and uninsured populations;
  - Reduction of fraud and waste in administration and clinical practice;

- Consumer-usable information about health care services that includes information on prices, cost-sharing, quality and efficiency, and benefits; and
- Health education, patient-provider communication, and patient-centered care, disease prevention, and health promotion.

**AMA Response to Recommendation 3:**

The AMA is actively working with the U.S. Department of Health and Human Services to promote evidence-based quality and efficiency of health care. In 2005, physician performance measures developed by the AMA-convened Physician Consortium for Performance Improvement™ (Consortium) received endorsement by the National Quality Forum (NQF). Measures also were developed in collaboration with the Centers for Medicare & Medicaid Services (CMS), the National Committee for Quality Assurance (NCQA) and Mathematica Policy Research, Inc. Throughout 2006, the Consortium has continued to develop performance measures on additional topics. The NQF's endorsement paves the way for the use of the measures in a broad range of public- and private-sector quality improvement efforts. Designed to provide information on the quality of care for such conditions as asthma, depression, osteoarthritis, diabetes, heart disease and prenatal care, resulting data from the measures will be used to assist physicians in enhancing the quality of their care.

The AMA believes that health information technology can vastly improve efficiency, and supports measures to make affordable technology systems available to physicians. However, without significant financial assistance, many physicians will be unable to purchase information technology equipment. Regarding fraud and waste, the AMA continues to work with federal agencies to improve both their efforts to identify and deter health care fraud and abuse and their estimating and reporting techniques.

With growth in the types of health insurance offerings to the 46 million uninsured Americans, including new products in the individual market, health insurers should be encouraged to develop patient-oriented marketing that provides information about health education, health promotion, cost-sharing, and other valuable communications. In addition, the AMA supports health care price transparency in order to facilitate the ability of patients to be cost conscious while making informed decisions about their health care. Health plans and insurers must make available to enrollees and prospective enrollees, in a standard comparable format, information about the amount of payment provided for services associated with covered benefits. Without such information, price transparency from physicians, hospitals, pharmacies, durable medical equipment suppliers, and other health care providers is subject to misinterpretation and misunderstanding.

**Recommendation 4:** Fundamentally restructure the way that palliative care, hospice care and other end-of-life services are financed and provided, so that people living with advanced incurable conditions have increased access to these services in the environment they choose.

Individuals nearing the end of life and their families need support from the health care system to understand their health care options, make their choices about care delivery known, and have those choices honored.

- Public and private payers should integrate evidence based science, expert consensus, and culturally sensitive end of life care models so that health services and community-based care can better deal with the clinical realities and actual needs of chronically and seriously ill patients of any age and their families.

- Public and private programs should support training for health professionals to emphasize proactive, individualized care planning and clear communication between providers, patients and their families.
- At the community level, funding should be made available for support services to assist individuals and families in accessing the kind of care they want for last days.

**AMA Response to Recommendation 4:**

The AMA strongly supports the ability of patients to choose their health care at the end-of-life. Home health care should be an option, as should be the patient's decision to forego life-sustaining treatment if the patient possesses decision-making capacity. The AMA is a strong proponent of evidence-based science and culturally sensitive care.

The AMA supports a greater emphasis on community-based and home health care alternatives to hospital, nursing home, or institutional care. As such, the AMA supports increasing public and private investments in home and community-based care, such as adult day care, assisted living facilities, congregate living facilities, social health maintenance organizations, and respite care.

**Recommendation 5:** It should be public policy that all Americans have affordable health care.

All Americans will have access to a set of core health care services. Financial assistance will be available to those who need it.

**AMA Response to Recommendation 5:**

This recommendation appears somewhat duplicative of Recommendation 1. Under this recommendation, before the rationale, appeared the following text, which seems more like a rationale than a recommendation:

*Across every venue we explored, we heard a common message: Americans should have a health care system where everyone participates, regardless of their financial resources or health status, with benefits that are sufficiently comprehensive to provide access to appropriate, high-quality care without endangering individual or family financial security.*

The AMA concurs with the belief that all Americans should have health insurance and supports requiring that individuals with incomes greater than 500% of the federal poverty level obtain health insurance coverage. However, for the vast majority (89%) of the uninsured below 500% of the federal poverty level, AMA support for a requirement to obtain coverage is contingent upon public policy that provides individuals and families with tax credits or other forms of subsidy that enable them to obtain health insurance of their own choosing. The AMA believes that a number of regulatory reforms are needed to facilitate a health insurance market that offers choices for patients.

Regarding sources of financing, the AMA commends the Working Group for considering revoking or capping the exclusion from taxation of employment-based health insurance benefits, which we view as a regressive subsidy. Nevertheless, the AMA is concerned with the inclusion of a quality improvement discussion in the context of financing. There is some disagreement over the amount of monetary savings that can be extracted from such efforts, and even more disagreement on how such efforts should be financed. We urge the Working Group to move this

discussion to Recommendation 3, and provide more detail on “investments in health information technology, public reporting and quality improvement.”

**Recommendation 6:** Define a “core” benefit package for all Americans.

Establish an independent non-partisan private-public group to identify and update recommendations for what would be covered under high-cost protection and core benefits.

- Members will be appointed through a process defined in law that includes citizens representing a broad spectrum of the population including, but not limited to, patients, providers, and payers, and staffed by experts.
- Identification of high cost and core benefits will be made through an independent, fair, transparent, and scientific process.

The set of core health services will go across the continuum of care throughout the lifespan.

- Health care encompasses wellness, preventive services, primary care, acute care, prescription drugs, patient education, treatment and management of health problems provided across a full range of inpatient and outpatient settings.
  - Health is defined to include physical, mental, and dental health.
  - Core benefits will be specified by taking into account evidence-based science and expert consensus regarding the medical effectiveness of treatments.

**AMA Response to Recommendation 6:**

In recent years, the AMA has rescinded its policies related to minimum and standard benefit packages. The AMA notes the difficulty, if not the impossibility, of defining a core benefit package that would be appropriate for all Americans. Rather, the AMA believes that benefit mandates should be minimized to allow markets to determine benefit packages and permit a wide choice of coverage options. However, to ensure the health and well-being of children, the AMA strongly advocates that health plans or insurance policies intended for children include coverage for Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) services. In addition, the AMA fully agrees that covered benefits should be evidence-based.

Finally, the AMA believes that part of the patient education component of stabilizing our health system will require educating patients on the cost of health care and insurance coverage choices, and allowing those who demand comprehensive coverage to select it, potentially with additional costs.