Is health care headed for a meltdown?

The key change American health care must make is new ways of paying for services, says health policy expert Stuart H. Altman, PhD. That is the only way to create an integrated delivery system that will keep health care alive.

Altman will deliver a special lecture on “Promising Changes for Improving Our Health Care System” at 4:30 pm, Thursday, Oct 30 at the 2008 Managing Today’s OR Suite Conference in Washington, DC. His lecture is sponsored by Cardinal Health.

“We have to move away from fee-for-service payment toward more bundled payments and more integrated services,” Altman says. “If we don’t, we’re going to have a meltdown in the system.”

‘Dark clouds on horizon’

“I’m not a doom-and-gloom kind of guy normally, but I see some pretty dark clouds on the horizon,” the economist says. “We can wait for them to come to us and just get rained on—or we can develop some kind of umbrella.”

The spokes of the umbrella have to be built from the basic philosophy behind reimbursement for Medicare and Medicaid and be reflected by private insurers, he says.

Veteran health care policymaker Altman, who is dean and Sol C. Chaikin Professor, National Health Policy, in the Heller School for Social Policy and Management at Brandeis University, Waltham, Massachusetts, is an economist who focuses primarily on health policy.

Among his achievements are 12 years as chairman of the federal Prospective Payment Assessment Commission (ProPAC), which advised Congress and the administration on the DRG system and reforms. He is also chair of The Health Industry Forum, which brings together leaders from across health care to develop solutions for critical problems facing the health care system.

Impact on the OR

The needed changes in health policy are an issue for operating rooms, Altman argues, saying OR leaders need to be aware of the issues and work with policymakers to reverse the fee-for-service trend. The OR often is the economically healthiest part of a hospital, but it’s still connected to the rest of the facility, he notes.

“The OR is a critical part of any hospital. It can’t survive if the rest of the system is sick,” he said. And Altman has diagnosed some serious symptoms in the system.

“Hospitals are going to face very serious financial pressure in the near future,” he says, adding that change must start with health care advocates pressuring the Centers for Medicare and Medicaid Services and insurance boards. The future of American health care is at stake—both primary and specialty care.

“If we don’t change the way medical practices are reimbursed, services just won’t be there,” he warns. In the 1990s, he notes, the system started moving toward integrated care, beginning with primary care physicians and moving through the hospital and/or surgical care to skilled nursing care.

But payment was never bundled to encourage this integration, he says.

“The payment system didn’t reward that integration, and it all stopped,” he says. “If we don’t do the bundling of payment, if we just squeeze down on fee-for-service payments, it’s going to kill integration and kill services themselves. It’s a dead end.”
Ambulatory surgery centers are beginning to feel that squeeze already and are rethinking what services they can and cannot afford to offer, Altman notes. “It is an issue for them right now. And if we don’t change course, it will be an issue for all of the health care system.”

Altman has a master’s and PhD in economics from UCLA and taught at Brown University and the Graduate School of Public Policy at the University of California at Berkeley. He has served on the board of The Robert Wood Johnson Clinical Scholars Program and on the governing council of the Institute of Medicine. He is the chair of The Robert Wood Johnson Foundation-sponsored Council on Health Care Economics and Policy. The council is a private nonpartisan group that analyzes important economic aspects of the US health care system and evaluates proposed changes in the system.

— Kate McGraw

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