

## ***Book Review***

*Health Care Reform Now! A Prescription for Change*

George Halvorson

(John Wiley & Sons Inc., 384 pp., \$27.95)

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Not since the early 1990s has the prospect of health care reform been so bright. The recent election brought a Democratic president into the White House and Democratic majorities were strengthened in both houses of Congress. Policymakers from both branches of government have promised to make health care reform a top priority. Voters are also looking for reform. In a recent Kaiser Family Foundation/Harvard School of Public Health poll, 77 percent of Americans stated that health care reform was either “their top priority,” or “very important,” third behind improving the economy and deficit reduction (Kaiser Family Foundation/Harvard 2009).

The political landscape looks eerily similar to the early 1990s, when a young, charismatic Democratic President, Bill Clinton, had just been elected. Democratic majorities were strong in Congress, and Americans were thirsty for “radical change” within the health care system (McInturff et al. 2008). However, interest group opposition was a major roadblock to enacting health care reform. Most notably, the insurance industry executed an effective public relations campaign and introduced the United States to Harry and Louise—the ordinary American couple distraught by the complexity of the Clinton health care proposal. This public relations campaign came to symbolize the enormous industry-led opposition to health care

reform legislation. Due to a deterioration of public support, partly because of this campaign, the Clinton health care proposal failed to become law.

A similar level of industry-led opposition may decide whether today's efforts for health reform have the same fate as the efforts in the early 1990s. George Halvorson's book, *Health Care Reform Now! A Prescription for Change*, gives insight into the insurance industry's view on health care reform.

George Halvorson is Chairman and Chief Executive Officer of Kaiser Foundation Health Plan Inc., and Kaiser Foundation Hospitals. Halvorson has been a top executive in the insurance industry for over 30 years (Kaiser Permanente). Halvorson offers industry credibility, and his contribution signals that the insurance industry is open to some degree of health care reform—a shift from prior reform efforts. While his book lays out his vision of health care reform, it falls short of a completely effective proposal. The shift in industry thinking, however, remains significant.

Halvorson focuses heavily on the mechanisms by which medical care is delivered from a health care provider, such as a physician or hospital, to the patient. He emphasizes the need to transition from a paper-based medical record system to a complete electronic health record database. In order to cut health care costs, Halvorson argues that preventative services should focus on the five costliest medical conditions: congestive heart failure, asthma, diabetes, coronary heart disease, and depression. In addition, Halvorson believes that the relationship between health care providers and patients is dysfunctional, primarily because of the lack of comparable information from one provider to the next. He asserts that patients, playing the role of consumers, cannot effectively compare providers, based on quality or price, before receiving services. Finally, Halvorson outlines a plan to reach universal health insurance coverage through a mix of both public and private insurance options.

Halvorson begins with a long discussion of why electronic health records are an essential step to health reform. He argues that electronic records will lead to more efficient health care delivery, minimize harmful medical mistakes, and improve the overall quality of medical care. However, Halvorson offers no insight into why electronic medical records have

not been widely adopted by providers already, or why a policy requiring electronic medical records has not been enacted. Both should be critical pieces of health care reform. No serious policy experts dispute the need for electronic medical records. However, balancing the costs and privacy issues when adopting such a system present various challenges to health reform.

The costs associated with the health care system in the United States is highly skewed. Halvorson points out that 1 percent of the population of the United States accounts for 35 percent of total health care spending. Since health care spending continues to increase and consume more of our overall economy and federal budget, Halvorson advocates for preventative measures to address the five most costly medical conditions. He offers simple, common-sense steps that can be taken both by providers and patients, such as quick response plans for asthma attacks or a healthier diet. Halvorson also focuses on obesity, which has increased tremendously in the United States and often leads to other more costly and often fatal diseases. Halvorson correctly states that aggregate medical costs, including the costs associated with conditions such as heart disease and diabetes, will not decline without addressing the obesity epidemic.

Halvorson does not suggest any system-wide changes to specifically address these costly diseases. He does not mention coordinated care teams or medical homes—approaches specially designed to treat chronic conditions and people who suffer from comorbidities. While Halvorson should be applauded for identifying and addressing those conditions, which account for such a large proportion of health care spending, his plan lacks the radical change needed to bring runaway health care costs associated with these conditions under control.

The most innovative portion of Halvorson's vision is the changes made to the market between health care providers and patients. Halvorson identifies the enormous gap in information that exists today. In our current system, patients have little information regarding the true cost of a medical procedure or the quality of physicians from one office to another. As a result, patients often pay above-market prices for low quality care. To eliminate this asymmetric information, Halvorson advocates for the creation of Infrastructure Vendors (IVs), which, among other tasks, would

seek to disperse information about providers to the public. Halvorson uses the example of a breast cancer patient. He argues that if she knows that Oncologist A's patients have an average lifespan much greater than patients treated by Oncologist B, the breast cancer patient will obviously choose the former. Public knowledge creates more open competition in the market, which is currently lacking, and forces all physicians to strive for higher quality care.

Unfortunately, Halvorson's example simplifies the amount of information and medical knowledge the average patient can obtain and understand. Medicine is an enormously complicated field, which requires years of intense training to master. Distinguishing variations in health care delivery requires expertise far and above the avenues Halvorson suggests. For this reason, consumers of health care often remain rationally ignorant, rather than spending precious resources to master the difference between medical procedures and outcomes (Santerre and Neun 2007). Distinguished experts, due to their specialized background, are in a better position to identify best-practice medical procedures. Relying on this information when medical decisions are made will better promote competition within the medical care market.

Finally, Halvorson does offer a plan to reach universal health insurance coverage, albeit in the second to last chapter of his book. Unfortunately, and perhaps predictably, Halvorson does not address a major impediment to affordable and quality health care for many Americans: the dysfunctional market for health insurance. Currently, 45 million people in the United States lack health insurance, and many find health insurance unaffordable or unattainable due to a pre-existing medical condition. Halvorson's Universal Coverage Now, as he calls it, mentions nothing about reforming the health insurance market and mitigating discrimination based on pre-existing medical conditions.

However, Halvorson's plan does provide a path toward universal insurance coverage, which is the book's greatest strength. His plan calls for all individuals to obtain health insurance, or be auto-enrolled in a high-deductible, government-chosen health plan. It requires businesses to offer

insurance or pay a tax to the government. It expands Medicaid to insure all individuals below the poverty line, a significant expansion from current levels. It offers individuals who are too poor to buy private insurance, but who do not qualify for Medicaid, free or partially subsidized health insurance through state Medicaid programs. Halvorson's plan would be financed through a new sales tax on medical services and a tax levied on businesses that do not offer health insurance. While some of the details will still have to be formulated by policymakers, Halvorson's plan presents a workable framework toward universal coverage.

*Health Care Reform Now!* is an important contribution to the dialogue surrounding health reform. The policies offered in the book deserve much debate and critical review. However, the interest Halvorson has shown in reforming a broken health system and ensuring that all Americans have access to health insurance coverage is a deviation from the insurance industry's stance during past national health reform efforts. While any attempt to reform health care will be a monumental task for advocates, if Halvorson's book is any indication, powerful interest groups may plan a largely different role than they did during the 1990s.

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