

**Viewpoints: The Health Care Debate
American Hospital Association President and CEO Richard
Ummdenstock
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JACKIE JUDD: Rich Umbdenstock thank you for joining me today.

RICHARD UMBDENSTOCK: My pleasure.

JACKIE JUDD: Of all the pressures that are on the current health care system today, what impacts your members, the for profit hospitals, the not for profit hospitals, what impacts them the most in a negative way?

RICHARD UMBDENSTOCK: Well I think it's definitely the lack of coverage for so many Americans who need care, but don't have the financial resources. They appear at the hospital for care, often in the emergency room. We take care of them, want to, but also have to by law so there's no turning anybody away. But it creates an enormous economic impact on the organization to care for the uninsured. That results in the need to find that payment someplace else which leads to the cost shift onto other payers.

So, the lack of coverage or the lack of payment under public programs, lack of those programs, Medicare and Medicaid in particular, paying less than \$1 for a \$1 of care received. So those two things really add up to the financial challenge.

JACKIE JUDD: And so when there is a new administration in Washington beginning next January, what would your organization's first priority be to present to the President?

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RICHARD UMBDENSTOCK: It would definitely be coverage. We really believe you won't fix this system from a lot of different viewpoints unless you have everybody covered and everybody able to access the right care at the right place at the right time. That's obviously not hospital emergency rooms, but they often show up there because they can't access a primary care physician's office or some other location.

JACKIE JUDD: So universal coverage?

RICHARD UMBDENSTOCK: Yes,

JACKIE JUDD: By what means?

RICHARD UMBDENSTOCK: Well, we're wide open. We think that at the moment what most people don't focus on is that everybody's paying for care. There's no dollar of care that's provided that doesn't get paid for somehow by someone. They're very shifting kinds of targets to figure out where those dollars come from, but we think that if as employer's, as individuals and as the government we get realistic about the issue that, it's really not whether or not care gets paid for, it's the best way and the most efficient way with the right incentives to provide that care.

And so we think that you have to change many aspects of the system. You have to change coverage, you have to change the orientation towards wellness, you have to change the cost structure, you have to improve quality, and you have to have

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the information you need to provide the opportunity for patients and clinicians to make the right choice at the point of decision.

So, our focus is on comprehensive reform, even though we believe that coverage and costs are leading challenges. You can't address those two without addressing the structural problems of the system. So comprehensive reform over some period of time towards some blueprint that we agree on for the future is what we think we need.

JACKIE JUDD: What is the reality check here for what you call comprehensive reform? It's been tried before, it has failed before, making big changes at the federal level to the health care system, is very challenging. The economy as we speak is in trouble, so what are the chances?

RICHARD UMBDENSTOCK: Well, I think it's only a matter of when. It's not a matter of whether or not it's going to happen. It has to happen, we can't sustain the cost of this system on into the future the way it's currently organized and incented. So it's a matter of when. Now, maybe we've been thinking about this too simplistically, for as complex –

JACKIE JUDD: I think that's impossible –

RICHARD UMBDENSTOCK: For a complex subject like health care almost sounds ridiculous. [laughter] But in all seriousness, if you look at other areas of change within our

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nation over the past couple of decades, if you said the environment, clean water, clean air, people would say my goodness that's enormous. You're talking about infrastructure changes, regulatory changes, incentive changes, some policing and some self responsibility, media campaigns. And in fact you look back over time and the strides we've made in environmental issues have taken parts of all of those realms of strategy.

We're going to have to do the same thing in health care, but we talk about health care as though it's a single topic, as though it can be fixed in a single Bill, and then we argue over the ideology that's going to drive that Bill, it's much more complex than that. But I think if we looked at some other major areas we could see that in fact it's been a multi-pronged approach and if we had a better blueprint I think we could agree on what pieces have to fall into place over time. And we haven't even gotten to the blueprint discussion.

JACKIE JUDD: So are you saying that we need to get the blueprint to build the whole house, but then build each room as we go to do it in a kind of -

RICARD UMBDENSTOCK: No,

JACKIE JUDD: In a kind of piece part way?

RICHARD UMBDENSTOCK: Probably like you build a house from the bottom up, from the foundation, and I think foundational issues definitely are coverage issues. Again,

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people can't access the right care at the right time and that's a fundamental problem, so they start to access more care that's more expensive because the condition is more advanced and the location is more expensive.

We do have a culture in America that says, more is better in health care and the data is starting to show us that that's not the case. So let's dial back our expectations, get a good foundation, coverage, access to primary care and orientation towards prevention, maybe even a business case for prevention, something we don't have right now at all, its all towards treatment. So you got to get those foundational pieces in there.

JACKIE JUDD: How does the Association navigate through these two kind of competing interests? On the one hand costs containment, but on the other hand higher reimbursement rates.

RICHARD UMBDENSTOCK: Yes, it's a huge dilemma, there's no question about it. But we think that you can reallocate some of the money in the system today, so administrative costs for example, are huge, every insurance company having its own method of billing, submission of bills in adjudication of claims and payment, big issue, a clinical variation, why some treatments are used more in some areas of the country than others, not showing different results.

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The incentives towards utilization rather than towards prevention, you have to fundamentally change all of the pieces of this system. As Steven Cubby says, every system is perfectly designed for the results it gets. Well we know the results we're getting, we have to change some of the fundamentals and do so over time.

JACKIE JUDD: If you were to look at the proposals put forth by Senators McCain and Obama, and you could pick and choose. Are there pieces from each that you like?

RICHARD UMBDENSTOCK: Yes. I think it's, and it always gets addressed as an either or, and I think it's a both and kind of solution. Do we need more pooling of risks and more sharing of risks? Sure we do. We're 300 million people, we ought to be able to spread risks across the U.S. population, and actually manage risks rather than try to avoid it.

Do we need individual responsibility? Yes, we do. We need more awareness that a lot of the decisions we make in our lives day and day out affect our health, and that we have to be in one way or another incented to pay more attention to that, take better care of ourselves. Use the system less. Use our own choices and decision making more.

So you do get the more socially oriented approach from one party, the more individually market oriented approach from the other party and I think the balance is right down the

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middle somehow to say, we need both of those kinds of approaches if we're going to make this thing work, and if we're going to sell it politically.

JACKIE JUDD: Well I'm going to try and pin you down for a moment.

RICHARD UMBDENSTOCK: Sure.

JACKIE JUDD: Are there issues on which you would not negotiate, that there are certain lines in the sand. If you had a seat at the table come next January, where would you not negotiate?

RICHARD UMBDENSTOCK: I don't think you ever not negotiate. If you go into the situation like that you've come in with answers, rather than a desire to find common ground. So our board intentionally has not gone to that kind of approach.

Now, clearly if we don't have a payment system that enables providers to be in place to be up to date and to deliver the need it services, but they're caring all of the risks and responsibility for the quality of those services and so on, that's just out of balance. So you do have to have comprehensive reform, but you also have to have balanced reform, you see that the debate these days in terms of coverage. Should there be an individual mandate, should there

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be guaranteed issue by insurer's? Well you can't have one without the other, there has to be a balance.

So, yes, there are some areas in which we feel very strongly about the right way to do things. But I think you have to be open to a broader conversation if you hope to find common ground. Our major concern is that the hospitals, just speaking for us, obviously physicians and so on are key partners. We just can't sustain this system the way it is today. In an awful lot of communities we need some help and we know that we have to change as part of that in our operations, but we also need some changes on the other side to get the right balance into the system.

JACKIE JUDD: Let's say for a moment that the system does not change. Five years from now, what's the picture look like for your members?

RICHARD UMBDENSTOCK: I think greatly reduced access for the American public. I think -

JACKIE JUDD: Because hospitals have close down or -

RICHARD UMBDENSTOCK: Fewer facilities, fewer range of range of services in a given community, fewer physicians and nurses. We have a terrible shortage of health care personnel right now and we know that it takes 10 to 14 years for a physician, the farther they go in their specialty to come through, four years for a baccalaureate level nurse, so many

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years for a physician or nurse to gain the right experience afterwards. So we've got significant issues right now that are curtailing people's access to the system, it's just going to get worse if we don't address the needs.

JACKIE JUDD: Okay. Thank you very much for coming in today. I appreciate it.

RICHARD UMBDENSTOCK: You're welcome.

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